Investec plc and Investec Limited (combined results)

Unaudited combined consolidated financial results for the year ended 31 March 2020

This announcement covers the statutory results of Investec plc and Investec Limited (together “the Investec group” or “the group”) for the year ended 31 March 2020 (FY2020). The financial impact of strategic actions undertaken to simplify and focus the group has been separately disclosed from adjusted operating profit in line with the group’s interim results. These actions include the closure, sale and restructure of certain businesses. Furthermore, during the year the group’s asset management business was demerged and separately listed and has hence been accounted for as a discontinued operation. The prior year has been restated to reflect a like-for-like basis aiding comparability between periods. Unless stated otherwise, comparatives relate to the restated 2019 financial year (FY2019). Further information is contained in the Notes to this announcement.

Results overview by Investec Chief Executive, Fani Titi:

“In the course of the last two months, the social and economic impact of the COVID-19 pandemic on our customers and the markets in which we operate has affected the performance of the group. Earnings were characterised by growth in client-related revenues and much tighter cost containment. This was more than offset by significantly lower investment and trading revenues, and higher expected credit loss charges given the economic backdrop. Group adjusted operating profit of £608.9 million was 16.8% behind the prior year and adjusted earnings per share of 46.5p was 23.6% behind the prior year.

I have been hugely impressed by the response of our people in this time of crisis. Our focus has been on ensuring that our colleagues and clients receive the support they need and have come to expect from Investec. We are doing this from a position of strength, with robust levels of capital and liquidity, while working with governments and regulators to channel additional support into the real economy.”

Financial performance

The financial year was characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geo-political tensions and persistent economic weakness in South Africa). This was exacerbated by the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year, impacting our trading income, investment income (through fair value adjustments) and expected credit loss charges.

The group navigated this challenging backdrop with its client franchises showing resilience:

- ***Group adjusted operating profit*** *of £608.9 million was 16.8% behind the prior year (2019: £731.9 million), while adjusted operating profit from continuing operations of £419.2 million was 24.1% behind the prior year (2019: £552.5 million). The* ***COVID-19 impact*** *on adjusted operating profit was £105 million.*
- ***Core loans and advances*** *were broadly flat at £24.9 billion, but increased 9.2% in neutral currency.* ***Customer deposits*** *increased 2.9% to £32.2 billion (31 March 2019: £31.3 billion), up 12.6% in neutral currency.* ***Funds under management*** *recorded net inflows of £599 million.*
- ***Total operating income*** *(before impairments) decreased 7.5% to £1,806.8 million (2019: £1,953.8 million) impacted by the aforementioned factors.*
- ***Credit loss ratio*** *increased to 0.52% (2019: 0.31%), primarily driven by COVID-19 related expected credit losses.*
- ***Operating costs*** *decreased 7.0% to £1,185.0 million (2019: £1,274.5 million) driven by cost containment across the business, resulting in a continuing operations cost to income ratio of 68.2% (2019: 67.3%).*
- ***Return on equity (ROE)*** *generated by the group was 11.0% (2019: 14.2%) and 8.3% on a continuing operations basis (2019: 12.0%).*
- ***CET1:*** *the Group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. The group retained a higher stake of 25% in Ninety One upon demerger.*
- *The fair value of the distribution of Ninety One shares to shareholders amounted to 73.4p per share.*
- ***Net asset value per share*** *at 31 March 2020 was 414.3p (31 March 2019: 434.1p), and* ***Tangible net asset value per share*** *was 377.6p (31 March 2019: 386.0p). Net asset value was positively impacted by profitability and the demerger but negatively impacted by the 17.8% depreciation of the Rand year on year.*

COVID-19 impact

The operational response of our business to the disruptions caused by COVID-19 has been a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. Approximately 95% of our employees across the world are currently working from home. To meet the challenges faced by our clients, we have mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period.

We have acted decisively to support our employees, clients and communities through this crisis, reaffirming Investec's position that "we live in society, not off it".

Strategy execution

The group continued to make progress in its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. We completed the demerger of the asset management business, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses, reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business.

The longer-term impacts of this crisis are hard to judge at present, and may necessitate a review of the performance targets that were set for achievement in 2022. We are strategising for a ''new normal" and will communicate further when in a position to do so. In the meantime, we remain focused on delivering our strategy and achieving a sustained improvement in our key financial metrics and outcomes for all our stakeholders.

Dividends

In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

Outlook

The outlook remains fluid and difficult to forecast with any reasonable degree of certainty in the light of the COVID-19 pandemic. We expect the year ahead to be challenging as the economic recovery from the devastating effects of COVID-19 is likely to be protracted. Client activity is likely to be muted, interest income impacted by lower interest rates and impairments likely to be elevated. We will continue to look for opportunity despite the current dislocations.

Continuous and close management oversight of the loan portfolio with ongoing stress testing, scenario modelling and client engagement to mitigate emerging risk will be key. As revenue pressures are likely to mount in light of the prevailing economic backdrop, we remain focused on controlling costs and improving efficiencies.

We entered this crisis with a robust balance sheet, characterised by a strong capital position, low gearing (strong leverage ratio) and good levels of liquidity which we continue to maintain.

We remain committed to supporting our people, our clients and communities. We remain focused on building the business for the long-term.

Financial highlights:

- Our client franchises showed resilience. Over the year, core loans were broadly flat (up 9.2% in neutral currency), customer deposits increased 2.9% (up 12.6% in neutral currency) and the Wealth & Investment business achieved net inflows of £599 million.
- Group adjusted operating profit of £608.9 million was 16.8% behind the prior year (2019: £731.9 million) and adjusted earnings per share of 46.5p was 23.6% behind the prior year (2019: 60.9p).
- Adjusted operating profit from Continuing operations of £419.2 million was 24.1% behind the prior year (2019: £552.5 million) and Continuing adjusted earnings per share of 33.9p was 30.4% behind the prior year (2019: 48.7p).
- The impact of COVID-19 across operating income and expected credit losses, net of variable remuneration, was approximately £105 million (£50 million in the South African Specialist Bank and £55 million in the UK Specialist Bank).
- The reported results are slightly below the guided range, reflecting a severe deterioration in the operating environment since the guidance was given.
- Specialist Banking:
  - Satisfactory performance from lending franchises supported growth in net interest income. This was offset by weak equity capital markets activity, lower associate income and the effects of COVID-19 which negatively impacted investment income, trading income and impairments. Operating costs reduced reflecting a strong focus on cost discipline.
  - The South African business generated adjusted operating profit of £276.4 million (2019: £310.3 million), a decline of 10.9% (8.5% in Rands) against the prior year. The UK business reported adjusted operating profit of £106.7 million (2019: £191.6 million), 44.3% behind the prior year.
  - The group credit loss ratio increased to 0.52% from 0.31% in the prior year, with the increase primarily driven by COVID-19 related expected credit losses. Pre COVID-19, the credit loss ratio was calculated at 0.28% for 31 March 2020.
- Wealth & Investment:
  - Net inflows and higher average assets under management supported stable revenue. Costs increased primarily from higher regulatory levies and discretionary technology spend to support growth over the long term.
  - The South African adjusted operating profit of £26.8 million (2019: £26.3 million) was 2.3% (5.7% in Rands) ahead of the prior year. The UK adjusted operating profit of £63.0 million (2019: £70.6 million) was 10.8% behind the prior year.
- Against this backdrop, the group generated a return on equity (ROE) of 11.0% (2019: 14.2%). The continued execution of our strategic cost initiatives saw operating costs reduce, however lower operating income year on year resulted in an increase in the cost to income ratio from 67.3% to 68.2%.
- As at 31 March 2020, net asset value per share was 414.3p (31 March 2019: 434.1p) and tangible net asset value per share was 377.6p (31 March 2019: 386.0p). Net asset value was positively impacted by profitability and the demerger but negatively by the depreciation of the Rand.
- The group has retained strong cash and near cash balances of £12.7 billion at 31 March 2020 (representing 39% of customer deposits and 25% of total assets). Capital and leverage ratios remain sound, ahead of internal targets and regulatory requirements.

Financial highlights[1]	**FY 2020**	FY 2019[2]	% change	Neutral currency % change
Total group[1]				
Adjusted operating profit (£'m)	608.9	731.9	(16.8%)	(15.8%)
Adjusted earnings attributable to shareholders (£'m)	439.9	573.9	(23.4%)	(22.8%)
Adjusted basic earnings per share (pence)	46.5	60.9	(23.6%)	(23.0%)
Basic earnings per share (pence)	115.3	52.0	121.7%	132.7%
Headline earnings per share (pence)	29.2	52.6	(44.5%)	(40.7%)
ROE	11.0%	14.2%		
ROTE	12.2%	16.1%		
Net asset value per share (pence)	414.3	434.1	(4.6%)	0.6%
Tangible net asset value per share (pence)	377.6	386.0	(2.2%)	3.7%

Continuing operations	**FY 2020**	FY 2019[2]	% change	Neutral currency % change
Adjusted operating profit (£'m)	419.2	552.5	(24.1%)	(23.0%)
Adjusted earnings attributable to shareholders (£'m)	320.7	458.8	(30.1%)	(29.2%)
Adjusted basic earnings per share (pence)	33.9	48.7	(30.4%)	(29.4%)
Basic earnings per share (pence)	17.5	40.4	(56.7%)	(57.2%)
Headline earnings per share (pence)	21.5	41.1	(47.7%)	(46.0%)
Credit loss ratio	0.52%	0.31%		
Cost to income ratio	68.2%	67.3%		
ROE	8.3%	12.0%		
ROTE	9.2%	13.3%		
Third party assets under management (£'bn)	45.0	55.8	(19.3%)	(15.5%)
Customer accounts (deposits) (£'bn)	32.2	31.3	2.9%	12.6%
Core loans and advances (£'bn)	24.9	24.9	(0.1%)	9.2%
Cash and near cash (£'bn)	12.7	13.3	(4.6%)	4.4%
Common equity tier 1 ratio - Investec Limited	10.9%	10.5%[3]		
Leverage ratio[4] - Investec Limited	6.4%	7.6%		
Common equity tier 1 ratio - Investec plc	10.7%	10.8%		
Leverage ratio[4] - Investec plc	7.8%	7.9%		

[1]*Refer to definitions in the Notes.*
[2]*Restated. Refer to the accounting policies and disclosures in the Notes for further detail.*
[3]*Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in a pro-forma CET1 ratio of 11.6% had the FIRB approach been applied as of 31 March 2019.*
[4]*Current Leverage ratios calculated on an end quarter basis.*

Strategic initiatives

The Group has made progress in the execution of its stated strategy to simplify and focus the business to create value over the long term:

- Completion of the demerger and listing of Ninety One (previously Investec Asset Management). This resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec decided not to proceed with the sell down of a 10% stake in Ninety One given market conditions at the time of Ninety One's listing.
- Decisive action to restructure, close and sell non-core and subscale businesses. In addition to the strategic actions taken in H1 2020 (see Notes for breakdown), additional write-downs were taken on certain exposures in the Hong Kong direct investment portfolio and additional costs related to businesses closed as part of the Irish business restructure were also taken.
- The net gain of these strategic actions of £711.3 million (2019: £71.5 million loss), including the gain and costs in relation to the demerger, has been disclosed separately from adjusted operating profit.
- Operating costs from continuing operations reduced by 7.0%. In the UK Specialist Bank, operating costs reduced by £95.9 million, of which fixed operating costs reduced by £31.6 million (6.9%) in FY2020.
- Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations as the group seeks to optimise the value of these investments.
- Conversion to the Foundation Internal Ratings Based (FIRB) measurement of credit capital in South Africa resulted in a 1.1% uplift to Investec Limited's CET 1 ratio, effective 1 April 2019. Investec Limited's application for conversion to the Advanced Internal Ratings Based (AIRB) approach is under review by the South African Prudential Authority and if successful is expected to result in a circa 2% uplift to the CET1 ratio.

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<u>Presentation/conference call details</u>
A presentation on the results will commence at 9:00 UK time/10:00 SA time on 21 May 2020. Viewing and telephone conference options as below:

- A live and delayed video webcast at www.investec.com
- Telephone conference:
  - SA participants: 011 535 3600
  - UK participants: 0 333 300 1418
  - Rest of Europe and other participants: +27 11 535 3500
  - Australian participants: 1 800 350 100
  - North American participants: 1 508 924 4326

  Alternatively, participants can pre-register for the conference call using the following link: www.investec.com/call

<u>About Investec</u>
Investec partners with private, institutional and corporate clients, offering international banking, investments and wealth management services in two principal markets, South Africa and the UK, as well as certain other countries. The group was established in 1974 and currently has approximately 8,700 employees.

In 2002, Investec implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. In 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. Investec's current market capitalisation is approximately £1.7 billion.

Investec plc and Investec Limited (combined results)
Unaudited combined consolidated financial results for the year ended 31 March 2020

Business unit review - Continuing operations

The adjusted operating profit from continuing operations decreased by 24.1% to £419.2 million (2019: £552.5 million). Further information detailing the performance of the Specialist Banking and Wealth & Investment businesses is provided below.

Specialist Banking

Specialist Banking	Southern Africa					UK & Other			
	FY20	FY19	variance			FY20	FY19	variance	
	£'m	£'m	£'m	%	% in Rands	£'m	£'m	£'m	%
Operating income	766.7	793.0	(26.3)	(3.3%)	0.0%	634.6	759.5	(124.9)	(16.4%)
ECL impairment charges	(57.5)	(41.9)	(15.6)	37.2%	45.6%	(75.8)	(24.5)	(51.3)	209.0%
Operating costs (including depreciation on operating leased assets)	(365.8)	(378.1)	12.3	(3.3%)	0.1%	(451.2)	(547.8)	96.6	(17.6%)
(Profit)/loss attributable to other NCI	(67.1)	(62.7)	(4.4)	7.0%	11.0%	(0.9)	4.5	(5.3)	(119.3%)
Adjusted operating profit	276.4	310.3	(34.0)	(10.9%)	(8.5%)	106.7	191.6	(84.9)	(44.3%)

Totals and variance determined in £'000.

Southern Africa Specialist Banking

The South African business reported a decrease in adjusted operating profit in Rands of 8.5%. The core client franchises reported revenue growth with private client interest and overall fee income up year on year. This, together with well-contained costs (flat year on year), supported earnings. This was offset by the base effects of a large realisation in an associate entity in the prior year, as well as the impact of the COVID-19 pandemic. COVID-19 resulted in a reduction in net operating income of £56 million (through higher impairment charges and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £6 million; resulting in an overall decrease in adjusted operating profit of £50 million due to COVID-19.

The credit loss ratio increased to 0.38% (2019: 0.28%), with the increase primarily due to the deterioration of the macroeconomic scenarios (which were adjusted for COVID-19 and the South African sovereign downgrades). Pre COVID-19, the credit loss ratio was calculated at 0.21% for 31 March 2020.

Net core loans increased by 6.5% to R288.9 billion (31 March 2019: R271.2 billion), with growth in private client lending partially offset by subdued corporate client activity.

During the year the business made progress in executing previously identified growth initiatives, including the launch of a transactional business banking offering and expansion of the private client base through our Young Professionals strategy. In addition, we are seeing client traction in the Investec Life and Investec for Business propositions.

The transition to the FIRB approach at the start of the financial year enhanced our ability to price competitively. Our application to the South African Prudential Authority to implement the AIRB approach remains under review.

Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations as the group seeks to optimise the value of these investments.

Against this backdrop, the business reported a cost to income ratio of 52.3% (2019: 51.8%) and a ROE of 10.5% (2019: 12.8%). The ROE of the South African Specialist Bank excluding group investments (see definition in the Notes) was 12.0% (2019: 13.6%).

UK & Other Specialist Banking

The UK & Other business reported a decrease in adjusted operating profit of 44.3%, impacted by lower equity capital markets fees due to persistent market uncertainty throughout the year under review as well as the impact of the COVID-19 pandemic. The sudden and extreme market dislocation in March 2020, triggered by COVID-19, resulted in a reduction in net operating income of £99 million (through higher impairment charges, hedging losses from structured products of approximately £29 million, and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £44 million; resulting in an overall decrease in adjusted operating profit of £55 million due to COVID-19.

Operating costs excluding variable remuneration reduced by £31.6 million (a 6.9% decrease) year on year, reflecting a strong focus on cost discipline and normalised premises charges. In addition, variable remuneration was reduced as a consequence of a weaker performance, including the impact on performance from the COVID-19 pandemic.

The credit loss ratio increased to 0.69% (2019: 0.38%), driven primarily by the impact of the COVID-19 pandemic (in the form of a provision overlay reflecting a deterioration in the macro-economic scenarios applied and a specific impairment provision). Pre COVID-19, the credit loss ratio was calculated at 0.34% for 31 March 2020.

The lending franchises performed well, despite the challenging macroeconomic backdrop that prevailed throughout the year under review. Net core loans increased by 12.9% to £11.9 billion (31 March 2019: £10.5 billion). The Corporate and Investment Banking and Specialist International Lending franchises saw reasonable levels of origination and sell-down activity with good fee generation. The Private Banking business had good traction in target client acquisition, retail funding and mortgage book growth (up 36.1% since 31 March 2019).

The cost to income ratio of 71.1% (2019: 71.6%) and the ROE of 6.3% (2019: 11.2%) were impacted by the foregoing factors.

Wealth & Investment

Wealth & Investment	**Southern Africa**					**UK & Other**			
	FY20	**FY19**	**variance**			**FY20**	**FY19**	**variance**	
	£'m	**£'m**	**£'m**	**%**	**% in Rands**	**£'m**	**£'m**	**£'m**	**%**
Operating income	87.8	84.5	3.3	3.9%	7.9%	317.7	316.9	0.9	0.3%
Operating costs	(60.9)	(58.2)	(2.7)	4.6%	8.9%	(254.7)	(246.2)	(8.5)	3.5%
Adjusted operating profit	26.8	26.3	0.6	2.3%	5.7%	63.0	70.6	(7.6)	(10.8%)

Totals and variance determined in £'000.

Overall assets under management for the year decreased by 19.2% to £44.5 billion (31 March 2019: £55.1 billion) impacted by the extreme market volatility in the last quarter of the financial year as well as the sale of the Irish wealth management business in October 2019. The business achieved net inflows of £599 million.

The South African business performed well against a tough backdrop, with adjusted operating profit up 5.7% in Rands. Revenue was supported by higher average assets under management and by our offshore offering, as clients continued to seek international investment opportunities. The operating cost increase of 8.9% was above inflation due to certain once-off personnel costs. The cost to income ratio was 69.4% (2019: 68.9%).

The UK & Other business achieved positive net organic growth in assets under management in the prior and current year, particularly in our core discretionary managed services, underpinning steady operating income. This is despite challenging industry trading conditions where clients remained cautious, resulting in lower growth rates in net new funds across the industry. Overall fee income was impacted by the sale of the Irish Wealth business in October 2019. Higher discretionary technology investment costs and regulatory levies were the notable drivers of the operating cost increase of 3.5%. Overall, the UK & Other businesses reported a 10.8% decrease in adjusted operating profit, but with a marked improvement in the second half where adjusted operating profit decreased by 5.0% year on year, compared to the 16.2% decrease reported in the first half. The cost to income ratio was 80.2% (2019: 77.7%). The current operating environment requires the business to strike a balance between effective cost management and investing for the future. The business is committed to maintaining this balance and has put programmes in place to deliver on both objectives.

Group costs

Group costs increased by 16.1% to £53.8 million (2019: £46.3 million), driven primarily by a one-off cost relating to the exit of a contract, which will result in overall future cost savings in relation to the contract. Prior to this cost Group costs would have reduced year on year. We expect group costs in FY2021 to be below £35 million. Group costs now reflect a more equitable allocation across the two geographies.

Further information on key developments within each of the business units is provided in the group results analyst booklet published on the group's website: http://www.investec.com.

Discontinued Operations

On 13 March 2020, the Group successfully completed the demerger of its asset management business, which became separately listed as Ninety One on 16 March 2020. The results of the asset management business to 13 March 2020 have been consolidated into the group's results and reflected as Profit after tax from discontinued operations. Earnings from Ninety One from 16 March 2020 have been equity accounted and included in Share of post taxation profit of associates within continuing operations. For an analysis of the operational performance of Ninety One refer to its published results.

Financial statement analysis - Continuing operations

Total operating income

Total operating income before expected credit loss impairment charges decreased by 7.5% to £1,806.8 million (2019: £1,953.8 million).

Net interest income increased by 4.5% to £853.0 million (2019: £816.6 million) underpinned by private client activity and loan book growth.

Net fee and commission income decreased by 0.3% to £790.5 million (2019: £792.7 million). The South African and UK Wealth & Investment businesses reported an increase in annuity fees. Overall fees from the Wealth & Investment business were impacted by the sale of the Irish Wealth business in October 2019. The Specialist Bank reported lower fees impacted by the challenging macroeconomic environment in both South Africa and the UK.

Investment income decreased 63.6% to £39.3m million (2019: £107.8 million), reflecting the challenging macroeconomic backdrop during the year under review and the sudden extreme market dislocation in March 2020.

Share of post taxation profit of associates of £27.2 million (2019: £68.2 million) primarily reflects earnings in relation to the group's investment in the IEP Group. Prior year earnings had a large realisation which did not repeat in the current year. As of 16 March 2020 earnings from the group's 25% holding in Ninety One have been equity accounted and included in Share of post taxation profit of associates.

Trading income arising from customer flow amounted to £63.3 million (2019: £120.7 million). Reasonable activity levels were offset by losses arising from hedging of structured products in the UK (approximately £29 million) driven by the sudden global markets capitulation in March 2020 and the impact of market movements on Investec Property Fund's hedging instruments (largely offset in non-controlling interests).

Trading income from balance sheet management and other trading activities decreased 27.4% to £26.7 million (2019: £36.8 million). The decrease in the UK was primarily due to prior year asset sales and COVID-19 related market volatility in the current year. The year on year variance in South Africa was driven by COVID-19 related losses on certain trading portfolios, prior year translation gains on foreign currency assets which did not repeat in the current year, offset by currency translation gains in the current year on Investec Property Fund's UK and European investments (largely offset in non-controlling interests).

Expected credit loss (ECL) impairment charges

The total ECL impairment charges increased to £133.3 million (2019: £66.5 million). The main contributors to the increase were book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades). The increase in the UK charge was also impacted by the prior year release of provisions on non-core assets sold. The credit loss ratio increased to 0.52% (2019: 0.31%), with the ECL coverage ratio of our Stage 1 loan book also increasing to 0.4% from 0.2% in the prior year. Pre COVID-19, the credit loss ratio was calculated at 0.28% for 31 March 2020.

Since 31 March 2019, Stage 3 gross core loans and advances subject to ECL increased to £580 million from £521 million. Stage 3 net exposure as a percentage of net core loans and advances subject to ECL was 1.6% at 31 March 2020 (31 March 2019: 1.3%).

Operating costs

Operating costs decreased 7.0% to £1,185.0 million (2019: £1,274.5 million) driven by cost containment across the business (fixed costs and variable remuneration) and normalised premises costs. The cost to income ratio (net of non-controlling interests) was 68.2% (2019: 67.3%).

Taxation
The tax charge on adjusted operating profit from continuing operations was £54.7 million (2019: £49.1 million), resulting in an effective tax rate of 11.9% (2019: 9.1%). The year-on-year increase was due to the normalisation of the effective tax rate in South Africa, partially offset by the release of provisions associated with settlements in the UK.

Impairment of associates and joint venture holdings
Management critically evaluated the equity accounted value of the group's investment in the IEP Group (IEP) and resultantly recognised an impairment of £45.4 million in the current year. The recoverable amount of the investment in IEP was determined by calculating 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.

Profit attributable to non-controlling interests
Profit attributable to non-controlling interests of £68.0 million (2019: £58.2 million) relates to the profit attributable to non-controlling interests in the Investec Property Fund.

Financial impact of group restructures and closure and rundown of the Hong Kong direct investments business
In pursuit of the group's objective to simplify, focus and grow the business, a number of strategic actions have been effected during the year. Material actions include the closure of the Click & Invest operations, sale of the Irish Wealth & Investment business, restructure of the Irish branch, and the closure and rundown of the Hong Kong direct investments business. These strategic actions, as well as the gain and costs incurred in relation to the demerger of the asset management business, resulted in an after-tax gain of £711.3 million (2019: £71.5 million loss) (see Notes for detailed breakdown).

Balance sheet analysis
Since 31 March 2019:

- Ordinary shareholders' equity decreased by 6.3% to £3.9 billion, positively impacted by profitability and the demerger and negatively impacted by the depreciation of the Rand.
- Net asset value per share decreased 4.6% to 414.3 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased 2.2% to 377.6 pence.
- The group's ROE decreased from 14.2% to 11.0%.
- Net core loans and advances of £24.9 billion were broadly flat year on year (up 9.2% in neutral currency). The South African book increased by 6.5% to R288.9 billion, with growth in private client lending offset by slower corporate lending activity. In the UK net core loans increased by 12.9% to £11.9 billion comprising well diversified growth across the corporate loan book as well as significant targeted growth in our High Net Worth mortgage book.

Liquidity and funding
As at 31 March 2020 the group held £12.7 billion in cash and near cash balances (£6.0 billion in Investec plc and R147.2 billion in Investec Limited) which amounted to 39% of customer deposits. Average cash balances increased in the UK largely driven by prefunding ahead of the closure of our Irish deposit raising business as a result of Brexit, as well as higher levels of group cash balances held since the onset of the COVID-19 pandemic. Loans and advances to customers as a percentage of customer deposits amounted to 76.3% (31 March 2019: 78.4%). The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Investec Bank Limited (solo basis) ended the period to 31 March 2020 with the three-month average of its LCR at 133.2% and an NSFR of 116.2%. Further detail with respect to the bank's LCR and NSFR in South Africa is provided on the website. For Investec plc and Investec Bank plc (solo basis) 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 2020 was 396% for Investec plc and 411% for Investec Bank plc (solo basis). The internally calculated NSFR was 122% for Investec plc and 120% for Investec Bank plc (solo basis) at 31 March 2020.

Capital adequacy and leverage ratios
The group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. Leverage ratios are strong and remain ahead of the group's target of 6%. The group is targeting a minimum CET1 ratio above 10%, a Tier1 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.

Completion of the demerger and listing of Ninety One (previously Investec Asset Management) resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec decided not to proceed with the sell down of a 10% stake in Ninety One given market volatility. The lower than guided capital impact is as a result of retaining this 10% stake.

Investec Limited adopted the FIRB approach effective 1 April 2019. Investec Limited's application for the conversion to AIRB is under review and if successful is expected to result in a circa 2% uplift to the CET1 ratio. Investec Limited's CET1 ratio includes a reduction of 85bps in the current year associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads in March 2020, impacting valuations at 31 March 2020. More than half of this impact reversed post year end. In South Africa, on 6 April 2020, the South African Prudential Authority reduced the Pillar2A capital requirement by 1% (0.5% in CET1), thereby increasing our surplus to regulatory requirements.

As part of the Prudential Regulation Authority's (PRA) most recent Individual Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar 2A capital requirement was reduced from 1.51% to 1.12%. This together with the reduction in the UK Countercyclical Capital Buffer (CCYB) (which was reduced by the PRA in light of the current economic environment) has resulted in a lower CET1 regulatory minimum for Investec plc, substantially increasing our regulatory capital surplus.

	31 March 2020	**31 March 2019**	**31 March 2019**
Investec plc[1]	*Standardised approach*	*Standardised approach*	
Total capital ratio	14.9%	15.7%	
Tier 1 ratio	12.4%	12.6%	
Common equity tier 1 ratio	10.7%	10.8%	
Common equity tier 1 ratio ('fully loaded'[3])	10.3%	10.4%	
Leverage ratio (current)	7.8%	7.9%	
Leverage ratio ('fully loaded'[3])	7.4%	7.5%	
Leverage ratio – current UK leverage ratio framework[4]	8.9%	10.0%	
Investec Limited[2]	*FIRB approach*	*Standardised approach*	*Pro-forma FIRB approach*
Total capital adequacy ratio	15.0%	14.9%	16.0%
Tier 1 ratio	11.5%	11.2%	12.4%
Common equity tier 1 ratio	10.9%	10.5%	11.6%
Common equity tier 1 ratio ('fully loaded'[3])	10.9%	10.5%	11.6%
Leverage ratio (current)	6.4%	7.6%	7.4%
Leverage ratio ('fully loaded'[3])	6.3%	7.3%	7.2%

[1]*The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc this does not include the deduction of foreseeable charges and dividends when calculating CET1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £0 for Investec plc (31 March 2019: £63 million) would lower the CET1 ratio by 0bps (31 March 2019: 41bps).*

[2]*Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's CET1 ratio would be 24bps (31 March 2019: 27bps) lower.*

[3]*The CET 1 fully loaded ratio and the fully loaded leverage ratio assume full adoption of IFRS 9 and full adoption of all CRD IV rules or South African Prudential Authority regulations, as applicable in the relevant jurisdictions. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will have been redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2020 of £9 million (31 March 2019: £18 million) (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the instrument.*

[4]*Investec plc is not subject to the UK leverage ratio framework, however for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.*

On behalf of the boards of Investec plc and Investec Limited

Perry Crosthwaite	**Fani Titi**
Chairman	Chief Executive

20 May 2020

Notes to the commentary section above

- **Presentation of financial information**

Investec operates under a Dual Listed Companies (DLC) structure with primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Limited.

In terms of the contracts constituting the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies.

Accordingly, the year-end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling. In the commentary above, all references to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Unless the context indicates otherwise, all comparatives included in the commentary above relate to the year ended 31 March 2019.

Amounts represented on a neutral currency basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2020 remain the same as those in the prior year. Amounts represented on a neutral currency basis for balance sheet items assume that the relevant closing exchange rates at 31 March 2020 remain the same as those at 31 March 2019.

- **Foreign currency impact**

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

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

	Year to 31 March 2020		**Year to 31 March 2019**	
Currency per GBP1.00	**Year end**	**Average**	**Year end**	**Average**
South African Rand	22.15	18.78	18.80	18.04
Australian Dollar	2.03	1.87	1.83	1.80
Euro	1.13	1.15	1.16	1.13
US Dollar	1.24	1.27	1.30	1.31

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average exchange rate over the year has depreciated by 4.1% compared to the year ended 31 March 2019 and the closing rate has depreciated by 17.8% since 31 March 2019.

- **Accounting policies, significant judgements and disclosures**

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

The accounting policies applied in the preparation of the results for the for the year to 31 March 2020 are consistent with those adopted in the financial statements for the year ended 31 March 2019 except as noted below.

On 1 April 2019 the group adopted IFRS 16 'Leases' which replaced IAS 17 'Leases'. The group's accounting as a lessor under IFRS 16 is substantially unchanged from its approach under IAS 17, apart from certain subleases which are now classified as finance lease receivables. For lessees, IFRS 16 removes the distinction between finance and operating leases and introduces a single lease accounting model that will, with some limited exemptions, apply to all leases and result in bringing them on balance sheet. The impact on adoption was the recognition of Right of Use assets of £233 million, finance lease receivables of £330 million relating to certain subleases, and lease liabilities of £597 million, with no impact on retained income. An existing accrual of £34 million was adjusted against the Right of Use assets.

The group remains committed to its objective to simplify and focus the business in pursuit of disciplined growth over the long term. In this regard the following strategic actions have been effected: Demerger of the asset management business, closure of the Click & Invest operations which formed part of the UK wealth management business, sale of the Irish Wealth & Investment business, restructure of the Irish branch, sale of the UK Property Fund, closure and rundown of the Hong Kong direct investments business.

The group has elected to separately disclose the financial impact of these strategic actions as the Financial Impact From Group Restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Other Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before goodwill, acquired intangibles and strategic actions, whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after taxation for the year to 31 March 2019 by £3.2 million.

These reclassifications in the income statement for the prior reported periods and the consequential restated comparatives have been shown in the Restatements table in this announcement. The net effect on restated earnings attributable to shareholders relates solely to the tax previously included directly in equity which is now being reported in the income statement. The net effect on restated adjusted earnings per share relates to:

- the inclusion of the tax relief previously recorded directly in equity which is now being recognised in the income statement; and
- the exclusion of the financial impact of the strategic actions, which were included in adjusted operating profit in prior periods.

There has been no impact to Earnings per share or Headline earnings per share.

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

The financial results have been prepared under the supervision of Nishlan Samujh, the Group Finance Director. The financial statements for the year to 31 March 2020 are available on the group's website: http://www.investec.com.

- **Events after the reporting date**

The significant judgements and estimates applied to prepare the financial statements as at 31 March 2020 reflected the impact of COVID-19 and the resulting lockdown as at the reporting date. These judgments, specifically those relating to the impairment of loans and advances and valuation of fair value instruments were determined by considering a range of economic scenarios including the adverse impact of the lockdown and by applying the guidance issued by various international regulators and standard-setting bodies. The action of various governments and central banks, in particular in the United Kingdom and South Africa, provides an indication of the potential severity of the downturn and that the recovery environment could be significantly different from past crises with a duration which is also difficult to predict. Subsequent to the reporting date, extensions to lockdown periods have been announced and there has been further deterioration in certain macro-economic forecasts. In South Africa various government and social programmes were launched, aimed at reducing the impact of COVID-19 and to stimulate the economy and in the UK previously launched schemes have been extended in an attempt to mitigate the economic impact of COVID-19. Some of the markets in which we operate are showing signs of recovery with less new COVID-19 cases being reported, lockdown rules beginning to ease and economic activity starting to increase slightly. The Group believes that the significant judgements and estimates made at the reporting date incorporated the impact of COVID-19 and that the level of uncertainty relating to the deterioration in macro-economic forecasts and the positive impact of government assistance is currently too uncertain to be able to quantify a subsequent impact. However, should the COVID-19 crisis cause disruption to global economic activity for an extended period than forecasted this could put upward pressure on our ECLs and downward pressure on other valuations. The Group is not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted or that would require additional disclosures.

- **Proviso**
  - Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
    - changes in the political and/or economic environment that would materially affect the Investec group
    - changes in the economic environment caused by COVID-19, the resulting lockdowns and government programmes aimed to stimulate the economy
    - changes in legislation or regulation impacting the Investec group's operations or its accounting policies
    - changes in business conditions that will have a significant impact on the Investec group's operations
    - changes in exchange rates and/or tax rates from the prevailing rates outlined in this announcement
    - changes in the structure of the markets, client demand or the competitive environment.
  - A number of these factors are beyond the group's control.
  - These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
  - Any forward looking statements made are based on the knowledge of the group at 20 May 2020.
  - The information in the announcement for the year ended 31 March 2020, which was approved by the board of directors on 20 May 2020, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2019 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
  - This announcement is available on the group's website: http://www.investec.com.

- **Definitions**
  - Total group represents the group's results including the results of discontinued operations.
  - Adjusted operating profit refers to operating profit before goodwill, acquired intangibles and strategic actions and after adjusting for earnings attributable to other non-controlling interests. Trends within the divisional sections relate to adjusted operating profit before group costs. Adjusted operating profit is considered an important measure by Investec of the profit realised by the group in the ordinary course of operations. In addition, it forms the basis of the dividend pay-out policy. Non-IFRS measures such as adjusted operating profit are considered as pro forma financial information as per the JSE Listing Requirements. The pro forma financial information is the responsibility of the group's Board of Directors. Pro forma financial information was prepared for illustrative purposes only and because of its nature, it may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows. The external auditors performed a review of the pro forma financial information and the opinion is available for inspection at the registered office of Investec upon request.
  - Adjusted earnings attributable to shareholders is defined as earnings attributable to shareholders before goodwill, acquired intangibles and strategic actions and after the deduction of earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders.
  - Adjusted basic earnings per share is calculated as adjusted earnings attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year.
  - Dividend cover is calculated as adjusted earnings per share divided by the dividend per share.
  - Annuity income is defined as net interest income plus net annuity fees and commissions expressed as a percentage of total operating income.
  - The credit loss ratio is calculated as expected credit loss (ECL) impairment charges on gross core loans and advances as a percentage of average gross core loans and advances subject to ECL.
  - The cost to income ratio is calculated as: operating costs divided by operating income (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests).
  - Return on average ordinary shareholders' equity (ROE) is calculated as adjusted earnings attributable to ordinary shareholders divided by average ordinary shareholders' equity.
  - Return on average tangible ordinary shareholders' equity (ROTE) is calculated as adjusted earnings attributable to ordinary shareholders divided by average tangible ordinary shareholders' equity.
  - Core loans and advances is defined as net loans and advances to customers plus net own originated securitised assets.
  - NCI is non-controlling interests.
  - Group investments comprises the group's 25% holding in Ninety One (held 16% through Investec plc and 9% through Investec Limited), 24.31% holding in the Investec Property Fund, 11.37% holding in the Investec Australia Property Fund, 47.4% holding in IEP and certain other historical unlisted equity investments.

Financial assistance

Shareholders are referred to Special Resolution number 3, which was approved at the annual general meeting held on 8 August 2019, relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies. Shareholders are hereby notified that in terms of S45(5)(a) of the South African Companies Act, the boards of directors of Investec Limited and Investec Bank Limited provided such financial assistance during the period 1 October 2019 to 31 March 2020 to various group subsidiaries.

Johannesburg and London

Sponsor: Investec Bank Limited

Salient financial features

	Results in Pounds Sterling					Results in Rands		
Total group	Year to 31 March 2020	Year to 31 March 2019*	% change	Neutral currency^ Year to 31 March 2020	Neutral currency % change	Year to 31 March 2020	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£609	£732	(16.8%)	£616	(15.8%)	R11 307	R13 208	(14.4%)
Earnings attributable to shareholders (million)	£1135	£534	128.8%	£1189	122.7%	R21 938	R9 653	127.3%
Adjusted earnings attributable to shareholders (million)	£440	£574	(23.4%)	£443	(22.8%)	R8 198	R10 344	(20.7%)
Adjusted earnings per share	46.5p	60.9p	(23.6%)	46.9p	(23.0%)	867c	1098c	(21.0%)
Basic earnings per share	115.3p	52.0p	121.7%	121p	132.7%	2232c	939c	137.7%
Interim dividend per share	11.0p	11.0p	0.0%	n/a	n/a	211c	206c	2.4%
Final dividend per share	**	13.5p	**	n/a	n/a	**	245c	**

	Results in Pounds Sterling					Results in Rands		
Continuing operations	Year to 31 March 2020	Year to 31 March 2019*	% change	Neutral currency^ Year to 31 March 2020	Neutral currency % change	Year to 31 March 2020	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£419	£552	(24.1%)	£425	(23.0%)	R7 779	R9 970	(22.0%)
Earnings attributable to shareholders (million)	£210	£426	(50.7%)	£209	(50.9%)	R3 783	R7 596	(50.2%)
Adjusted earnings attributable to shareholders (million)	£321	£459	(30.1%)	£325	(29.2%)	R5 949	R8 287	(28.2%)
Adjusted earnings per share	33.9p	48.7p	(30.4%)	34.4p	(29.4%)	629c	880c	(28.5%)
Basic earnings per share	17.5p	40.4p	(56.7%)	17.3p	(57.2%)	312c	721c	(56.7%)

	Results in Pounds Sterling					Results in Rands		
	At 31 March 2020	At 31 March 2019*	% change	Neutral currency^^ at 31 March 2020	Neutral currency % change	At 31 March 2020	At 31 March 2019*	% change
Net asset value per share	414.3p	434.1p	(4.6%)	436.8p	0.6%	9 178c	8 159c	12.5%
Net tangible asset value per share	377.6p	386.0p	(2.2%)	400.3p	3.7%	8 365c	7 256c	15.3%
Total equity (million)	£4 898	£5 251	(6.7%)	£5 343	1.8%	R108 495	R98 911	9.7%
Total assets (million)	£50 656	£57 724	(12.2%)	£55 279	(4.2%)	R1 122 162	R1 085 125	3.4%
Core loans and advances (million)	£24 911	£24 941	(0.1%)	£27 051	8.5%	R551 878	R468 882	17.7%
Cash and near cash balances (million)	£12 683	£13 288	(4.6%)	£13 869	4.4%	R280 960	R249 793	12.5%
Customer deposits (million)	£32 221	£31 307	2.9%	£35 260	12.6%	R713 774	R588 525	21.3%
Third party assets under management (million)#	£45 018	£55 754	(19.3%)	£47 116	(15.5%)	R1 043 735	R1 048 088	(0.4%)

* Restated.

^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.04.

^^ For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2019.

** In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

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

Condensed combined consolidated income statement

For the year to 31 March **£'000**	**2020**	**2019***
Interest income	2 698 420	2 631 822
Interest expense	(1 845 416)	(1 815 173)
Net interest income	853 004	816 649
Fee and commission income	837 590	831 663
Fee and commission expense	(47 118)	(39 005)
Investment income	39 268	107 819
Share of post taxation profit of associates and joint venture holdings	27 244	68 167
Trading income arising from		
– customer flow	63 254	120 662
– balance sheet management and other trading activities	26 720	36 829
Other operating income	6 877	11 036
Total operating income before expected credit loss impairment charges	**1 806 839**	**1 953 820**
Expected credit loss impairment charges	(133 301)	(66 458)
Operating income	**1 673 538**	**1 887 362**
Operating costs	(1 185 020)	(1 274 517)
Depreciation on operating leased assets	(1 407)	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**487 111**	**610 688**
Impairment of goodwill	(145)	(155)
Impairment of associates and joint venture holdings	(45 400)	–
Amortisation of acquired intangibles	(16 104)	(15 816)
Closure and rundown of the Hong Kong direct investments business	(89 257)	(65 593)
Operating profit	**336 205**	**529 124**
Financial impact of group restructures	(25 725)	(14 591)
Profit before taxation from continuing operations	**310 480**	**514 533**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(54 690)	(49 128)
Taxation on acquired intangibles and strategic actions	21 693	18 399
Profit after taxation from continuing operations	**277 483**	**483 804**
Profit after taxation from discontinued operations	954 979	134 377
Profit after taxation	**1 232 462**	**618 181**
Profit attributable to other non-controlling interests	(67 952)	(58 192)
Profit attributable non-controlling interests of discontinuing operations	(29 347)	(25 658)
Earnings attributable to shareholders	**1 135 163**	**534 331**

* *The year to 31 March 2019 has been re-presented to reflect the discontinued operations and financial impact of strategic actions.*

Earnings per share

For the year to 31 March	**2020**	**2019**
Earnings per share – pence	115.3	52.0
Diluted earnings per share – pence	114.4	50.9
Earnings per share from continuing operations – pence	17.5	40.4
Diluted earnings per share from continuing operations – pence	17.3	39.6

Consolidated statement of total comprehensive income

For the year to 31 March £'000	2020	2019*
Profit after taxation from continuing operations	277 483	483 804
Other comprehensive (loss)/ income 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^	(40 304)	1 797
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^	(140 604)	(7 116)
Gain on realisation of debt instruments at FVOCI recycled through the income statement^	(5 503)	(12 918)
Foreign currency adjustments on translating foreign operations	(314 075)	(293 574)
Items that will never be reclassified to the income statement		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(1 134)	(1 572)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(3 931)	–
Remeasurement of net defined benefit pension liability	(1 217)	(1 924)
Movement in post retirement benefit liabilities	51	–
Net gain attributable to own credit risk	9 515	8 887
Total comprehensive (loss)/income from continuing operations	(219 719)	177 384
Total comprehensive (loss)/income attributable to ordinary shareholders from continuing operations	(235 957)	151 177
Total comprehensive (loss)/income attributable to non-controlling interests from continuing operations	(28 022)	(18 560)
Total comprehensive income attributable to perpetual preferred securities from continuing operations	44 260	44 767
Total comprehensive (loss)/income from continuing operations	(219 719)	177 384
Profit after taxation from discontinued operations	954 979	134 377
Other comprehensive income from discontinued operations:		
Items that will never be reclassified to the income statement		
Foreign currency adjustments on translating foreign operations	(13980)	(9024)
Total comprehensive income from discontinued operations	940 999	125 353
Total comprehensive income attributable to ordinary shareholders from discontinued operations	914 448	101 500
Total comprehensive income attributable to non-controlling interests from discontinued operations	26 551	23 853
Total comprehensive income from discontinued operations	940 999	125 353
Profit after taxation	1 232 462	618 181
Other comprehensive income:		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income^	(40 304)	1 797
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^	(140 604)	(7 116)
Gain on realisation of debt instruments at FVOCI recycled through the income statement^	(5 503)	(12 918)
Foreign currency adjustments on translating foreign operations	(328 055)	(302 598)
Items that will never be reclassified to the income statement		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(1 134)	(1 572)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(3 931)	–
Re-measurement of net defined benefit pension asset	(1 217)	(1 924)
Movement in post retirement benefit liabilities	51	–
Net gain attributable to own credit risk	9 515	8 887
Total comprehensive income	721 280	302 737
Total comprehensive income attributable to ordinary shareholders	678 491	252 677
Total comprehensive income attributable to non-controlling interests	(1 471)	5 293
Total comprehensive income attributable to perpetual preferred securities	44 260	44 767
Total comprehensive income	**721 280**	**302 737**

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

^ Net of taxation of £55.8 million (March 2019: £27.4 million).

Combined consolidated balance sheet

At 31 March £'000	2020	2019
Assets		
Cash and balances at central banks	3 932 048	4 992 820
Loans and advances to banks	2 666 851	2 322 821
Non-sovereign and non-bank cash placements	632 610	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	2 964 603	1 768 748
Sovereign debt securities	4 593 893	4 538 223
Bank debt securities	604 921	717 313
Other debt securities	1 430 419	1 220 651
Derivative financial instruments	2 034 399	1 034 166
Securities arising from trading activities	1 044 445	1 859 254
Investment portfolio	998 935	1 028 976
Loans and advances to customers	24 588 074	24 534 753
Own originated loans and advances to customers securitised	324 638	407 869
Other loans and advances	132 486	195 693
Other securitised assets	134 865	133 804
Interests in associated undertakings	701 311	387 750
Deferred taxation assets	265 896	248 893
Other assets	1 934 428	1 735 956
Property and equipment	356 573	261 650
Investment properties	863 864	994 645
Goodwill	270 625	366 870
Intangible assets	86 300	107 237
Non-current assets classified as held for sale	58 905	–
	50 621 089	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	8 217 573
	50 656 316	**57 724 212**
Liabilities		
Deposits by banks	3 498 254	3 016 306
Derivative financial instruments	2 248 849	1 277 233
Other trading liabilities	509 522	672 405
Repurchase agreements and cash collateral on securities lent	1 577 346	1 105 063
Customer accounts (deposits)	32 220 976	31 307 107
Debt securities in issue	1 737 191	3 073 320
Liabilities arising on securitisation of own originated loans and advances	76 696	91 522
Liabilities arising on securitisation of other assets	110 679	113 711
Current taxation liabilities	51 308	162 448
Deferred taxation liabilities	44 788	23 590
Other liabilities	2 211 487	1 765 649
	44 287 096	42 608 354
Liabilities to customers under investment contracts	32 845	8 214 634
Insurance liabilities, including unit-linked liabilities	2 382	2 939
	44 322 323	**50 825 927**
Subordinated liabilities	1 436 361	1 647 271
	45 758 684	**52 473 198**
Equity		
Ordinary share capital	247	245
Perpetual preference share capital	31	31
Share premium	1 686 339	2 471 506
Treasury shares	(272 881)	(189 134)
Other reserves	(976 297)	(577 491)
Retained income	3 593 384	2 611 256
Shareholders' equity excluding non-controlling interests	4 030 823	4 316 413
Other Additional Tier 1 securities in issue	295 593	303 728
Non-controlling interests	571 216	630 873
– Perpetual preferred securities issued by subsidiaries	69 259	81 616
– Non-controlling interests in partially held subsidiaries	501 957	549 257

Total equity	**4 897 632**	**5 251 014**
Total liabilities and equity	**50 656 316**	**57 724 212**

Condensed consolidated statement of changes in equity

For the year to 31 March **£'million**	**2020**	**2019**
Balance at the beginning of the year	5 251 014	5 162 583
Total comprehensive income	721 280	302 737
Share-based payments adjustments	39 336	72 714
Dividends paid to ordinary shareholders	(244 323)	(238 072)
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(14 857)	(14 742)
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	(29 403)	(30 025)
Dividends paid to non-controlling interests	(79 106)	(63 897)
Issue of ordinary shares	64 644	108 414
Issue of other Additional Tier 1 securities in issue	–	5 852
Issue of equity by subsidiaries	45 256	4 319
Net equity impact of non-controlling interest movements	(27 100)	50 643
Employee benefit liability recognised	(7 570)	–
Movement of treasury shares	(121 298)	(103 841)
Net equity movements of interest in associated undertakings	(2 387)	(5 671)
Distribution to shareholders	(697 854)	–
Balance at the end of the year	4 897 632	5 251 014

Condensed consolidated cash flow statement

At 31 March **£'000**	**2020**	**2019**
Cash inflow from operating activities	509 779	697 877
Decrease/(increase) in operating assets	(6 192 818)	(3 283 153)
(Decrease)/increase in operating liabilities	5 756 619	3 990 382
Net cash inflow from operating activities	73 580	1 405 106
Net cash inflow from investing activities	30 831	(65 425)
Net cash outflow from financing activities	(590 663)	(218 027)
Effects of exchange rates on cash and cash equivalents	(435 146)	(136 927)
Net (decrease)/increase in cash and cash equivalents	(921 398)	984 727
Cash and cash equivalents at the beginning of the year	7 115 106	6 130 379
Cash and cash equivalents at the end of the year	6 193 708	7 115 106

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).

Combined consolidated segmental analysis

Segmental geographical and business analysis of adjusted operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests

For the year to 31 March **£'000**	**UK and Other**	**Southern Africa**	**Total group**
2020			
Wealth & Investment	63 018	26 848	89 866
Specialist Banking	106 735	276 362	383 097
Specialist Banking excluding Group investments	102 644	263 729	366 373
Group Investments	4 091	12 633	16 724
Group costs	(36 288)	(17 516)	(53 804)
Continuing operations adjusted operating profit	**133 465**	**285 694**	**419 159**
Discontinued operations	109 103	80 656	189 759
Total group adjusted operating profit	**242 568**	**366 350**	**608 918**
Other non-controlling interests			67 952

Operating profit before non controlling interests			**676 870**
2019			
Wealth & Investment	70 628	26 250	96 878
Specialist Banking	191 632	310 329	501 961
Specialist Banking excluding Group investments	191 632	283 040	474 672
Group Investments	–	27 289	27 289
Group costs	(31 518)	(14 825)	(46 343)
Continuing operations adjusted operating profit	**230 742**	**321 754**	**552 496**
Discontinued operations	107 835	71 527	179 362
Total group adjusted operating profit	**338 577**	**393 281**	**731 858**
Other non-controlling interests			58 192
Operating profit before non controlling interests			**790 050**

Net fee and commission income

For the year to 31 March 2020 **£'000**	**UK and Other**	**Southern Africa**	**Total Group**
Wealth & Investment net fee and commission income	**304 412**	**84 173**	**388 585**
Fund management fees/fees for assets 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**	**224 099**	**401 887**
Corporate and institutional transactional and advisory services	179 296	179 751	359 047
Private client transactional fees	11 650	75 731	87 381
Fee and commission expense	(13 158)	(31 383)	(44 541)
Net fee and commission income	**482 200**	**308 272**	**790 472**
Annuity fees (net of fees payable)	280 214	261 793	542 007
Deal fees	201 986	46 479	248 465

Included in Specialist Banking corporate and institutional and advisory services is net fee income of £88.6 million (2019: £95 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

Discontinued operations

Asset management

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 gain 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 Ninety One 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 the distribution of Ninety One shares (before tax)	**820 233**
Taxation on gain	(14 405)
Related taxation	592
Gain on the 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

Discontinued operations

The table below presents the income statement from discontinued operations for the period to 13 March 2020 included in the total group income statement for the year to 31 March 2020 and the year to 31 March 2019.

Combined consolidated income statement of discontinued operations

£'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	(2 235)	3 962	1 727	568	5 115	5 683
Net fee and commission income	392 591	191 388	583 979	378 180	178 721	556 901
Investment income	(2 042)	35	(2 007)	–	25	25
Trading income/(loss) arising from						
– balance sheet management and other trading activities	1 634	(76)	1 558	5 120	(62)	5 058
Other operating income	4 697	745	5 442	3 773	1 622	5 395
Total operating income before expected credit loss impairment charges	394 645	196 054	590 699	387 641	185 421	573 062
Expected credit loss impairment charges	–	–	–	7	(1)	6
Operating income	394 645	196 054	590 699	387 648	185 420	573 068
Operating costs	(285 542)	(115 398)	(400 940)	(279 813)	(113 893)	(393 706)
Operating profit before strategic actions and non-controlling interests	109 103	80 656	189 759	107 835	71 527	179 362
Profit attributable to non-controlling interests from discontinued operations	(18 106)	(11 241)	(29 347)	(15 942)	(9 716)	(25 658)
Operating profit	90 997	69 415	160 412	91 893	61 811	153 704
Gain on distribution net of implementation costs	549 263	270 970	820 233	(6 190)	(500)	(6 690)
Profit before taxation	640 260	340 385	980 645	85 703	61 311	147 014
Taxation on operating profit before strategic actions	(19 112)	(22 088)	(41 200)	(18 796)	(19 856)	(38 652)
Taxation on strategic actions	1 253	(15 066)	(13 813)	161	196	357
Earnings attributable to shareholders from discontinued operations	622 401	303 231	925 632	67 068	41 651	108 719

Restatements

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

In this regard the following strategic actions have been effected:

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

We have elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Other Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before goodwill, acquired intangibles and strategic actions, whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after taxation for the year to 31 March 2019 by £3.2 million.

These reclassifications in the income statement for the prior reported period have been shown on the following page.

The net effect on restated earnings attributable to shareholders relates solely to the tax previously included directly in equity which is now being reported in the income statement.

The net effect on restated adjusted earnings per share relates to:

- the inclusion of the tax relief previously recorded directly in equity which is now being recognised in the income statement; and
- the exclusion of the financial impact of the strategic actions which were included in adjusted operating profit in prior periods.

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

Financial impact of strategic actions

£'000	Year to 31 March 2020	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(89 257)	(65 593)
Financial impact of group restructures	(25 725)	(14 591)
Closure of Click & Invest	(4 309)	(14 265)
Sale of the Irish Wealth & Investment business	19 741	–
Restructure of the Irish branch	(41 110)	(326)
Other	(47)	–
Financial impact of strategic actions	**(114 982)**	**(80 184)**
Taxation on financial impact of strategic actions from continuing operations	19 856	15 023
Net financial impact of strategic actions - continuing operations	**(95 126)**	**(65 161)**
Gain on distribution of Ninety One shares net of taxation and implementation costs	806 420	(6 333)
Net financial impact of strategic actions - Total group	**711 294**	**(71 494)**

* Included within the balance are fair value adjustments of £83.2 million (March 2019: £57.8 million).

£'000	Year to 31 March 2019 as previously reported	Re- presentation as a discontinued operation	Reclassification	Year to 31 March 2019 restated
Interest income	2 641 920	(5 677)	(4 421)	2 631 822
Interest expense	(1 826 493)	(6)	11 326	(1 815 173)
Net interest income	815 427	(5 683)	6 905	816 649
Fee and commission income	1 590 004	(731 401)	(26 940)	831 663
Fee and commission expense	(216 452)	174 500	2 947	(39 005)
Investment income	49 985	(25)	57 859	107 819
Share of post taxation profit of associates and joint venture holdings	68 317	–	(150)	68 167
Trading income arising from				
– customer flow	120 662	–	–	120 662
– balance sheet management and other trading activities	41 966	(5 058)	(79)	36 829
Other operating income	16 431	(5 395)	–	11 036
Total operating income before expected credit loss impairment charges	**2 486 340**	**(573 062)**	**40 542**	**1 953 820**
Expected credit loss impairment charges	(66 452)	(6)	–	(66 458)
Operating income	**2 419 888**	**(573 068)**	**40 542**	**1 887 362**
Operating costs	(1 695 012)	393 706	26 789	(1 274 517)
Depreciation on operating leased assets	(2 157)	–	–	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**722 719**	**(179 362)**	**67 331**	**610 688**
Impairment of goodwill	(155)	–	–	(155)
Amortisation of acquired intangibles	(15 816)	–	–	(15 816)
Closure and rundown of the Hong Kong direct investments business	–	–	(65 593)	(65 593)
Operating profit	**706 748**	**(179 362)**	**1 738**	**529 124**
Financial impact of group restructures	(19 543)	6 690	(1 738)	(14 591)
Profit before taxation	**687 205**	**(172 672)**	**–**	**514 533**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(78 210)	38 652	(9 570)	(49 128)
Taxation on goodwill, acquired intangibles and strategic actions	5 979	(357)	12 777	18 399
Profit after taxation from continuing operations	**614 974**	**(134 377)**	**3 207**	**483 804**
Profit after taxation from discontinued operations	–	134 377	–	134 377
Profit after taxation	**614 974**	**–**	**3 207**	**618 181**
Profit attributable to other non-controlling interests	(58 192)	–	–	(58 192)
Profit attributable to Asset Management non-controlling interests	(25 658)	–	–	(25 658)
Earnings attributable to shareholders	**531 124**	**–**	**3 207**	**534 331**
Earnings per share (pence)				
– Basic		52.0		52.0

– Diluted		50.9		50.9
– Basic for continuing operations		n/a		40.4
– Diluted for continuing operations		n/a		39.6
Adjusted earnings per share (pence)				
– Basic		55.1		60.9
– Diluted		54.0		59.7
– Basic for continuing operations		n/a		48.7
– Diluted for continuing operations		n/a		47.7

Analysis of assets and liabilities by measurement category

At 31 March 2020 £'000	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Assets				
Cash and balances at central banks	–	3 932 048	–	3 932 048
Loans and advances to banks	–	2 666 851	–	2 666 851
Non-sovereign and non-bank cash placements	24 605	608 005	–	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	907 988	2 056 615	–	2 964 603
Sovereign debt securities	4 398 133	195 760	–	4 593 893
Bank debt securities	384 463	220 458	–	604 921
Other debt securities	685 638	744 781	–	1 430 419
Derivative financial instruments	2 034 399	–	–	2 034 399
Securities arising from trading activities	1 044 445	–	–	1 044 445
Investment portfolio	998 935	–	–	998 935
Loans and advances to customers	2 117 296	22 470 778	–	24 588 074
Own originated loans and advances to customers securitised	–	324 638	–	324 638
Other loans and advances	–	132 486	–	132 486
Other securitised assets	112 440	22 425	–	134 865
Interests in associated undertakings	–	–	701 311	701 311
Deferred taxation assets	–	–	265 896	265 896
Other assets	120 024	1 111 316	703 088	1 934 428
Property and equipment	–	–	356 573	356 573
Investment properties	–	–	863 864	863 864
Goodwill	–	–	270 625	270 625
Intangible assets	–	–	86 300	86 300
Non-current assets held for sale	–	–	58 905	58 905
	12 828 366	**34 486 161**	**3 306 562**	**50 621 089**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	–	–	35 227
	12 863 593	**34 486 161**	**3 306 562**	**50 656 316**
Liabilities				
Deposits by banks	336	3 497 918	–	3 498 254
Derivative financial instruments	2 248 849	–	–	2 248 849
Other trading liabilities	509 522	–	–	509 522
Repurchase agreements and cash collateral on securities lent	165 001	1 412 345	–	1 577 346
Customer accounts (deposits)	2 013 379	30 207 597	–	32 220 976
Debt securities in issue	219 915	1 517 276	–	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	–	–	51 308	51 308
Deferred taxation liabilities	–	–	44 788	44 788
Other liabilities	42 282	1 350 933	818 272	2 211 487
	5 309 963	38 062 765	914 368	44 287 096
Liabilities to customers under investment contracts	32 845	–	–	32 845
Insurance liabilities, including unit-linked liabilities	2 382	–	–	2 382

	5 345 190	38 062 765	914 368	44 322 323
Subordinated liabilities	343 233	1 093 128	–	1 436 361
	5 688 423	**39 155 893**	**914 368**	**45 758 684**

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 2020 **£'000**	**Total instruments at fair value**	**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	907 988	–	907 988	–
Sovereign debt securities	4 398 133	4 398 133	–	–
Bank debt securities	384 463	250 257	134 206	–
Other debt securities	685 638	264 939	277 704	142 995
Derivative financial instruments	2 034 399	3 611	2 001 143	29 645
Securities arising from trading activities	1 044 445	1 017 861	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	–	–
	12 863 593	**6 231 942**	**4 396 257**	**2 235 394**
Liabilities				
Deposits by banks	336	–	–	336
Derivative financial instruments	2 248 849	13 853	2 208 315	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	–	–
	5 688 423	**664 775**	**4 885 367**	**138 281**
Net financial assets/(liabilities) at fair value	**7 175 170**	**5 567 167**	**(489 110)**	**2 097 113**

Transfers between level 1 and level 2

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

Measurement of financial assets and liabilities at level 2

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

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

Level 3 instruments

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

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets	Total
Assets					
Balance at 1 April 2019	**829 971**	**1 209 580**	**118 169**	**135 044**	**2 292 764**
Total gains or losses in the income statement	(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	–	(398)	(6 125)
Balance at 31 March 2020	**848 670**	**1 101 666**	**106 218**	**178 840**	**2 235 394**

£'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 or losses in the income statement	(2 094)	10 341	8 247
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 as at 31 March 2020	**110 679**	**27 602**	**138 281**

During the current year there were transfers from level 3 into Level 1 of £4.8m due to a listing of securities. £13.2 million of instruments have been transferred from level 2 into level 3 due to delisting.

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

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

For the year to 31 March 2020 £'000	**Total**	**Realised**	**Unrealised**
Total gains or (losses) included in the income statement for the year			
Net interest expense	77 586	60 922	16 664
Fee and commission expense	(3 184)	-	(3 184)
Investment income	(48 949)	67 274	(116 223)
Trading income arising from customer flow	(1 895)	–	(1 895)
Trading income arising from balance sheet management and other trading activities	8 981	–	8 981
Other operating income	–	–	–
	32 539	**128 196**	**(95 657)**
Total gains or (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**

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 following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2020	**Balance sheet value £'000**	**Significant unobservable input changed**	**Range which unobservable input has been changed**	**Favourable changes £'000**	**Unfavourable changes £'000**
Assets					
Other debt securities	142 995	Potential impact on income statement		4 418	(12 430)
		Credit spreads	0.38% -0.88%	23	(144)
		Discount rate	5.56%	7	(43)
		Underlying asset value^^	^^	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		736	(869)
		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%&	1 099	(7 041)

			PAR		
		Price earnings multiple	3.85x-7x	636	(466)
		Underlying asset value^^	^^	647	(352)
		Property values	(5%)/5%	23	(23)
		Cash flows	*	1 903	(3 145)
		Underlying asset value	#	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)
Liabilities					
Deposits by banks	336	Potential impact on income statement	^^	–	48
		Underlying asset value^^		–	48
Derivative financial instruments	26 681	Potential impact on income statement		(7 929)	7 937
		Discount rate	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		(546)	489
		Cash flow adjustments	CPR 6.8%	(546)	489
Other liabilities	585	Potential impact on income statement Property values	(10%)/10%	(58) (58)	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.*

^ *Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.*

^^ *Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.*

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

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

Within the Hong Kong direct investments portfolio in rundown there are exposures within the investment portfolio with a balance sheet value of £26 million. The consideration of reasonably possible alternative assumptions with respect to the fair value of this exposure results in a favourable change of £2.8 million and a unfavourable change of £8.4 million

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

Credit spreads

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

Discount rates

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

Volatilities

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

Cash flows

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

EBITDA

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

Price-earnings multiple

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

Property values and precious and industrial metals

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

Underlying asset value

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

Fair value of financial instruments at amortised cost

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

At 31 March 2020 **£'000**	**Carrying amount**	**Fair value**
Assets		
Cash and balances at central banks	3 932 048	3 932 058
Loans and advances to banks	2 666 851	2 666 694
Non-sovereign and non-bank cash placements	608 005	608 009
Reverse repurchase agreements and cash collateral on securities borrowed	2 056 615	2 056 440
Sovereign debt securities	195 760	229 207
Bank debt securities	220 458	215 915
Other debt securities	744 781	680 602
Loans and advances to customers	22 470 778	22 502 695
Own originated loans and advances to customers securitised	324 638	324 640
Other loans and advances	132 486	120 244
Other assets	1 111 316	1 059 487
Liabilities		
Deposits by banks	3 497 918	3 523 419
Repurchase agreements and cash collateral on securities lent	1 412 345	1 417 853
Customer accounts (deposits)	30 207 597	30 242 606
Debt securities in issue	1 517 276	1 532 509
Liabilities arising on securitisation of own originated loans and advances	76 696	76 696
Other liabilities	1 350 933	1 350 025
Subordinated liabilities	1 093 128	1 123 017

Investec plc
Incorporated in England and Wales
Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541
LEI: 2138007Z3U5GWDN3MY22

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 28

Notice is hereby given that preference dividend number 28 has been declared by the Board from income reserves for the period 01 October 2019 to 31 March 2020 amounting to a gross preference dividend of 8.43287 pence per preference share payable to holders of the non-redeemable non-cumulative non- participating preference shares as recorded in the books of the company at the close of business on Friday, 05 June 2020.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 8.43287 pence per preference share is equivalent to a gross dividend of 187.48647 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday, 20 May 2020.

The relevant dates relating to the payment of dividend number 28 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 02 June 2020
On the International Stock Exchange (TISE)	Wednesday, 03 June 2020
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 03 June 2020
On the International Stock Exchange (TISE)	Thursday, 04 June 2020
Record date (on the JSE and TISE)	Friday, 05 June 2020
Payment date (on the JSE and TISE)	Monday, 15 June 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 03 June 2020 and Friday, 05 June 2020, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 03 June 2020 and Friday, 05 June 2020, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 149.00000 cents per preference share for preference shareholders liable to pay the Dividend Tax and 187.48647 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

20 May 2020

Investec plc
Incorporated in England and Wales
Registration number: 3633621
JSE share code: INPPR
ISIN: GB00B4B0Q974
LEI: 2138007Z3U5GWDN3MY22

Rand-denominated preference share dividend announcement

Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares ("preference shares")

Declaration of dividend number 18

Notice is hereby given that preference dividend number 18 has been declared by the Board from income reserves for the period 01 October 2019 to 31 March 2020 amounting to a gross preference dividend of 468.29795 cents per preference share payable to holders of the Rand-denominated non-redeemable non- cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 05 June 2020.

The relevant dates relating to the payment of dividend number 18 are as follows:

Last day to trade cum-dividend	Tuesday, 02 June 2020
Shares commence trading ex-dividend	Wednesday, 03 June 2020
Record date	Friday, 05 June 2020
Payment date	Monday, 15 June 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 03 June 2020 and Friday, 05 June 2020, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued Rand-denominated preference share capital of Investec plc is 131 447 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 374.63836 cents per preference share for preference shareholders liable to pay the Dividend Tax and 468.29795 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

20 May 2020