Out of the Ordinary since 1974

INVESTEC ANNUAL REPORT
2024

Investec Bank plc
annual financial statements

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

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

Page references
Refers readers to information elsewhere in this report.

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

Group sustainability
Refers readers to further information in the Investec Group's 2024 sustainability report which is published and available on our website:
www.investec.com

Reporting standard
Denotes our consideration of a reporting standard.

Unaudited information
Indicated information which has not been audited.

Strategic report
The operational and strategic overview section together with the financial review section (sections 1 and 2 of this report respectively, and together, the strategic report) provide an overview of our strategic position, performance during the financial year and outlook for the business. These should be read in conjunction with the sections referenced below which elaborate on the aspects highlighted in the strategic report:

- The risk management section in section 3 of this report which provides a description of the principal risks and uncertainties facing the company; and
- The Investec Group's 2024 sustainability report on our website which highlights the sustainability, economic, social and environmental considerations.

Integrating sustainability

Indicates where we have incorporated sustainability content, aims and ambitions.

Feedback

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

For queries regarding information in this document:

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www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html

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Operational and strategic overview

01

Our purpose is to create enduring worth. This underpins who we are and how we create long term sustainable value. This section provides an overview of Investec Bank plc.

IN THIS SECTION

OVERVIEW OF THE INVESTEC GROUP'S AND INVESTEC BANK PLC'S ORGANISATIONAL STRUCTURE

Investec Bank plc (IBP) is the main banking subsidiary of Investec plc.

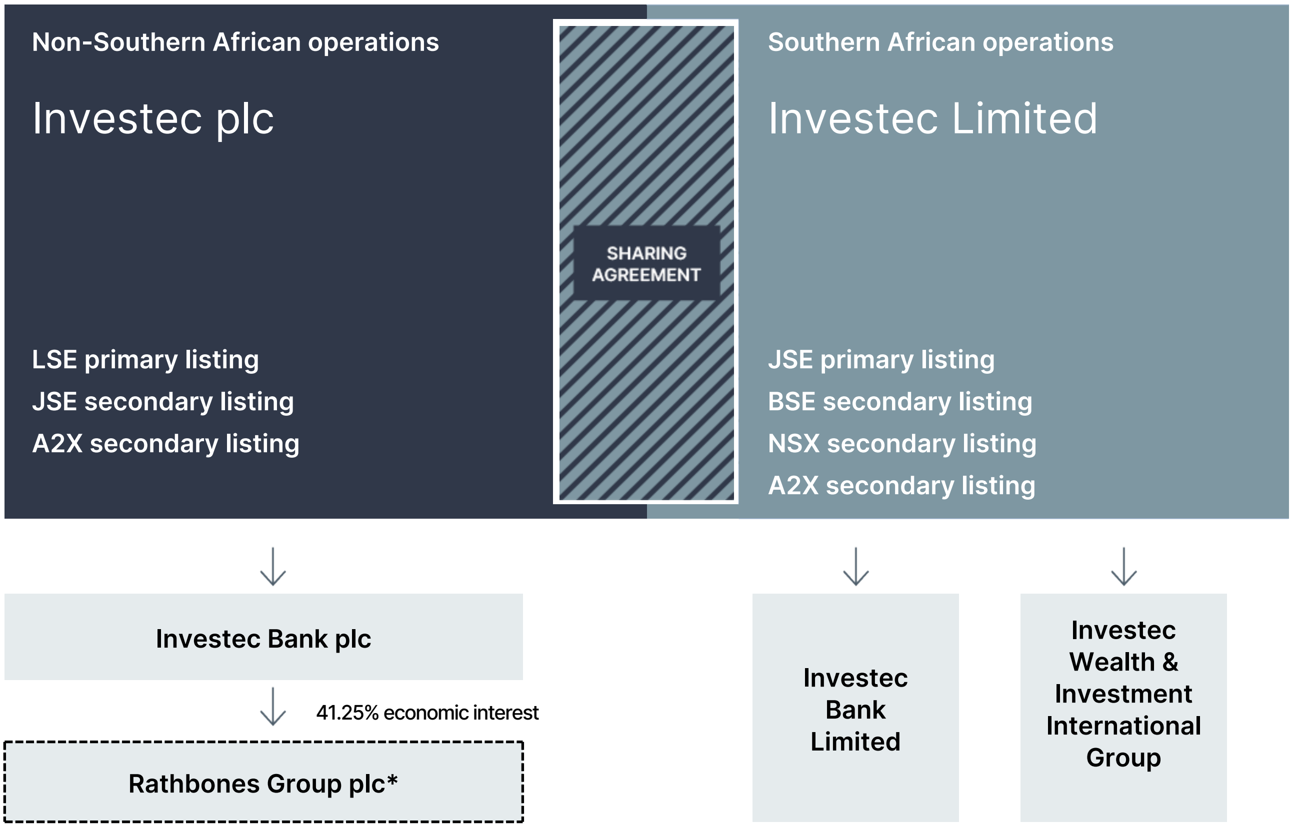
During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

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

All references in this report to the Bank, IBP or the Group relate to Investec Bank plc and its subsidiaries, whereas references to Investec, Investec Group or DLC relate to the combined DLC Group comprising Investec plc and Investec Limited.

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

Our DLC structure and main operating subsidiaries and associates



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

* See page 11 for further information on the Combination.

Salient features of the DLC structure

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

OUR BUSINESS AT A GLANCE

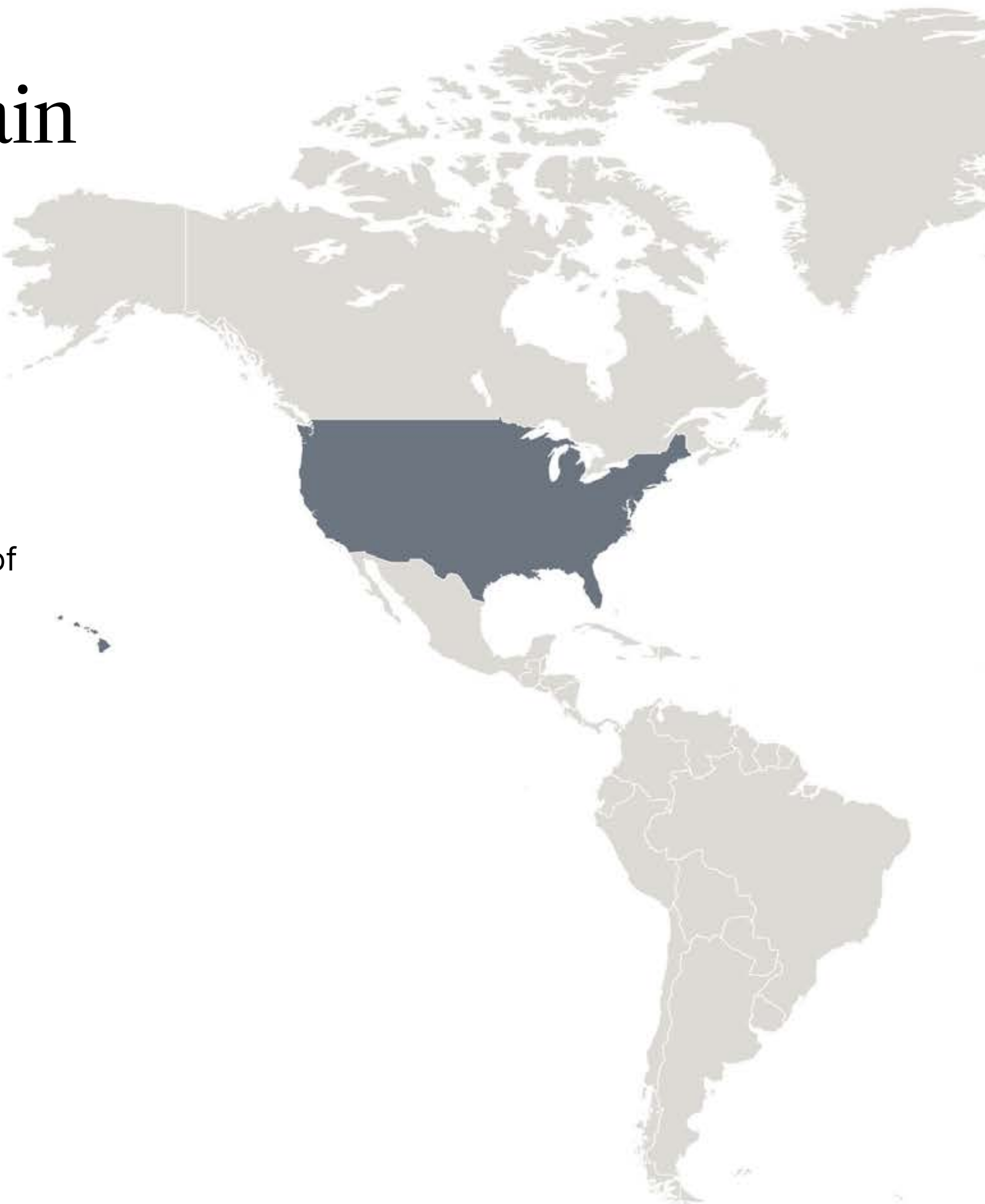
One Investec

Our purpose is to create enduring worth.

Our mission	Investec is a distinctive bank and wealth manager, driven by commitment to our purpose, values, core philosophies and culture. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and the planet.
Our distinction	The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance. Our unique positioning is reflected in our iconic brand, our high-touch and high-tech approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values purposeful thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team and our people are empowered and committed to our values and culture.
Our philosophies	Single organisation
	Meritocracy
	Focused businesses
	Differentiated, yet integrated
	Material employee ownership
	Creating an environment that stimulates extraordinary performance
Our values	Deep client partnerships, built on trust and out-of-the-ordinary service, are the bedrock of our business
	We are dedicated to building meaningful relationships with all our stakeholders
	We uphold cast-iron integrity in all we do
	We are committed to living in society, not off it
	We embrace our responsibility to the environment
	We thrive on change and challenge convention with courage, constantly adapting to an ever-changing world
	We believe in open and honest dialogue to test decisions, seek consensus and accept responsibility
	We trust our people to exercise their judgement, promoting entrepreneurial flair and freedom to operate within the context of prudent risk parameters and unwavering adherence to our values
	We embrace diversity in a deeply caring organisation in which everyone can bring their whole selves

INVESTEC'S OPERATIONAL FOOTPRINT

Investec's main international footprint



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

- Wealth & Investment Activities
- Private Client Banking Activities
- Corporate and Investment Banking Activities
- Corporate Advisory and Investment Activities
- Property Activities
- Securities

USA

Established a presence in 1998

Energy and Infrastructure Finance, Fund Solutions, Aviation Finance and Institutional Equities business providing research and sales activities

Ireland

Established a presence in 1999

Treasury Risk Solutions and Institutional Equities business

United Kingdom

Established a presence in 1992

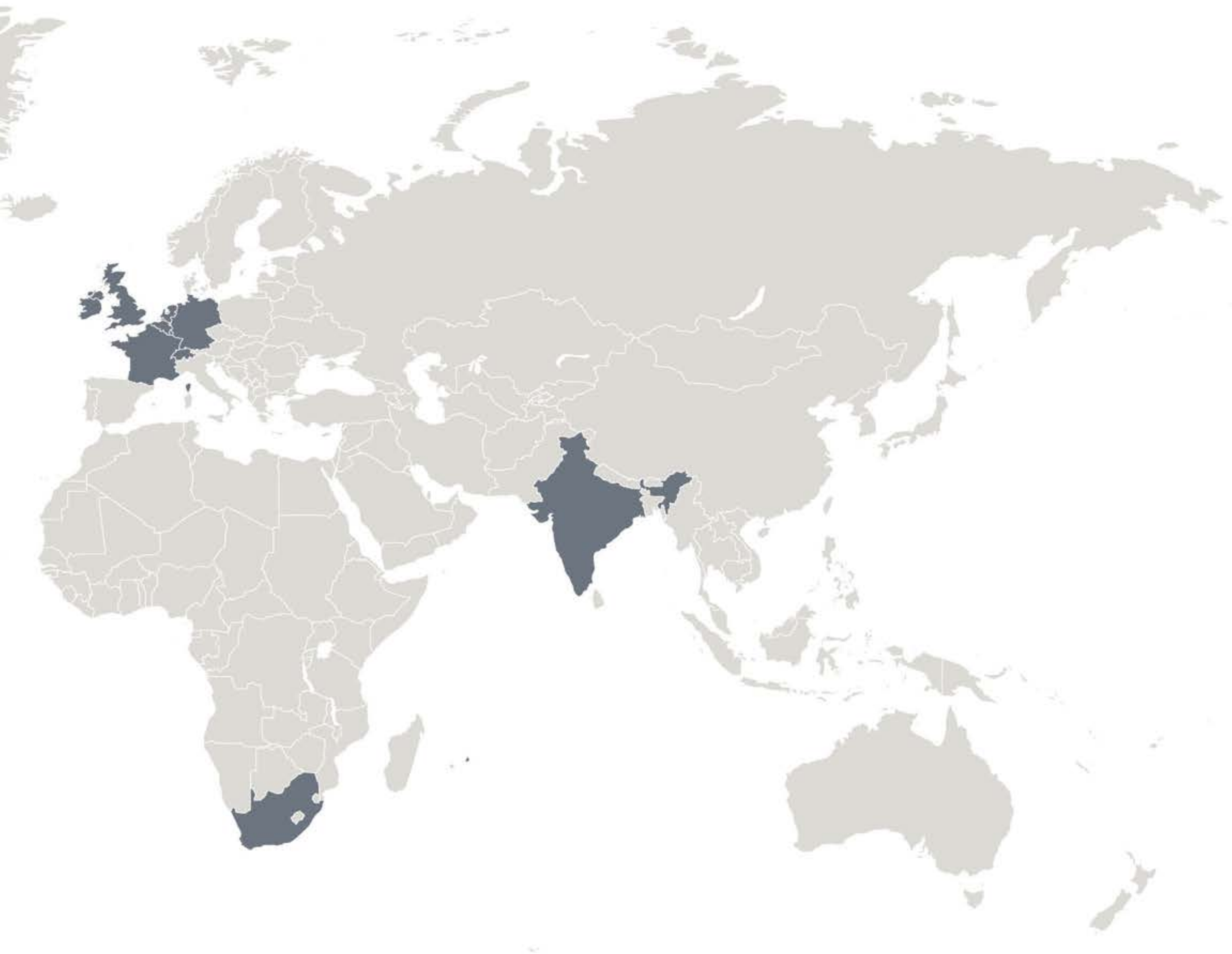
Corporate, institutional and private client banking activities
Wealth management services offered through our long-term strategic partnership with Rathbones

Channel Islands

Established a presence in Guernsey (1998), Jersey (2007) and Isle of Man (2018)

Private banking, lending and treasury services to private clients and financial intermediaries
Custody and Execution-only services through our independent nominee company
Wealth management services offered through our long-term strategic partnership with Rathbones

INVESTEC'S OPERATIONAL FOOTPRINT



Switzerland

Established a presence in 1974

Private banking and Wealth management services offered to private clients, family offices, trusts and corporate service providers

Corporate lending activities

Continental Europe

Established a presence in 2023

Investment banking activities including M&A advisory and corporate lending

South Africa

Established a presence in 1974

Corporate, institutional and private client banking activities
Wealth and investment management services with the ability to leverage off the global platform

Mauritius

Established a presence in 1997

Corporate, institutional and private client banking activities
Wealth management services

India

Established a presence in 2010

Institutional Equities business providing research, sales and trading activities

Sales desk located in Singapore for Indian equities to Singaporean institutional investors

Merchant banking business connecting Indian companies with domestic and international investors

Investment management services in structured credit and other products

OUR KEY BUSINESS HIGHLIGHTS

Creating sustainable, long-term value

Key highlights

Core areas of activity	Total employees	Core loans	Customer deposits	Funds under management
2	2 200+	£16.6bn	£20.9bn	£2.1bn

Rathbones Group – Funds under management and administration (FUMA)

£107.6bn

Our clients and offering

- Corporate • Institutional • Private Equity • Intermediary • Government

↓

Specialist Banking

Lending
Transactional banking
Advice
Hedging
Cash deposits and savings
Equity placement

- Private client (high net worth)/Charities/Trusts

↓

Wealth & Investment

Access to wealth management services through our long-term strategic relationship with Rathbones Group plc

Our approach

We have market-leading, distinctive client franchises

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

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

Our stakeholders

To see a full list of our stakeholders, read more on pages 17 to 26.

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

Our people
We continue to build a diverse and representative workforce, employing people who are passionate and empowered to perform extraordinarily.

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

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

OUR STRATEGIC OBJECTIVES

Our strategy defines the **strategic choices we make** in pursuit of our purpose of **creating enduring worth**.

We have formulated our strategy with a balanced consideration of our stakeholders' needs and priorities.

Our stakeholders

- Clients
- People
- Communities
- Planet
- Shareholders

Further integrating sustainability into our business strategy

Our growth objectives

- Continued execution with discipline to drive optimisation of returns
- Accelerate and scale growth initiatives
- Further develop connected client ecosystems across business units and geographies

Underpinned by

- Deepening our entrepreneurial culture (Out of the ordinary: speed of execution & client experience)
- Continuous digitalisation
- Strategic use of data

OVERVIEW OF THE ACTIVITIES OF INVESTEC BANK PLC

We provide our clients with an extensive depth and breadth of products and services in the corporate mid market, bespoke solutions to high net worth clients and access to a wealth management offering through our strategic partnership with Rathbones. We leverage our connected client ecosystem to deliver an exceptional client service with an entrepreneurial approach.

Specialist Banking

Our teams are well positioned to provide solutions to meet private, corporate and institutional clients' needs. Each business provides specialised products and services to defined target markets.

What makes us distinct?

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

Focus on helping our clients create and preserve wealth	A highly valued partner and adviser to our clients
High net worth private clients	**Corporate, private, intermediary, government and institutional clients**
Private client banking activities	**Corporate and investment banking activities**
• Lending • Private capital • Transactional banking • Savings • Foreign exchange.	• Lending • Treasury and risk management solutions • Advisory • Institutional research, sales and trading.
UK **Channel Islands**	**UK and Europe** **Channel Islands** **USA** **India**
Our high-touch and high-tech private client offering provides transactional banking, lending, private capital, savings and foreign exchange tailored to suit our clients' needs. Our target market includes high net worth (HNW) active wealth creators (with >£300 000 annual income and >£3mn NAV). Our savings offering targets primarily UK retail savers.	Our client-centric, solution-driven offering provides Corporate Banking and Investment Banking services to private companies, private equity and sponsor-backed companies and publicly listed companies.

Natural linkages between the private client and corporate business

SUMMARY OF IW&I UK AND RATHBONES ALL-SHARE COMBINATION CONTINUED

In April 2023, the Boards and Management of Investec Group and Rathbones Group plc ("Rathbones") announced a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited ("IW&I UK") and Rathbones (the "Combination"). The Combination brought together two trusted and prestigious UK wealth management businesses with closely aligned cultures and operating models.

The IW&I UK and Rathbones combination creates the **UK's leading discretionary wealth manager** with c.£107.6 billion in funds under management and administration ("FUMA"), delivering the scale that will underpin future growth.

The announcement on 21 September 2023 marked the completion of the combination and the beginning of an exciting **long-term strategic partnership** between Investec and Rathbones, with a **coordinated banking and wealth management offering** for clients.

Overview of the transaction

Under the terms of the Combination, Rathbones has now issued to Investec Bank plc as consideration:

i. 27,056,463 ordinary voting shares representing 29.9% of the Rathbones enlarged ordinary voting share capital; and
ii. 17,481,868 convertible non-voting ordinary shares,

such that Investec Bank plc now has an economic interest of 41.25% in Rathbones' enlarged share capital.

Strategic review and rationale

1 Created UK's leading discretionary wealth manager

— Scale and operating efficiencies to power future growth

— Enhanced client and employee proposition

— Increased investment in capability and technology

2 Reaffirmed Investec Group's commitment to the strategically attractive UK wealth management sector

3 Creates sustainable value for Investec's shareholders

4 Increases earnings contribution from capital light activities in the medium term

Further considerations

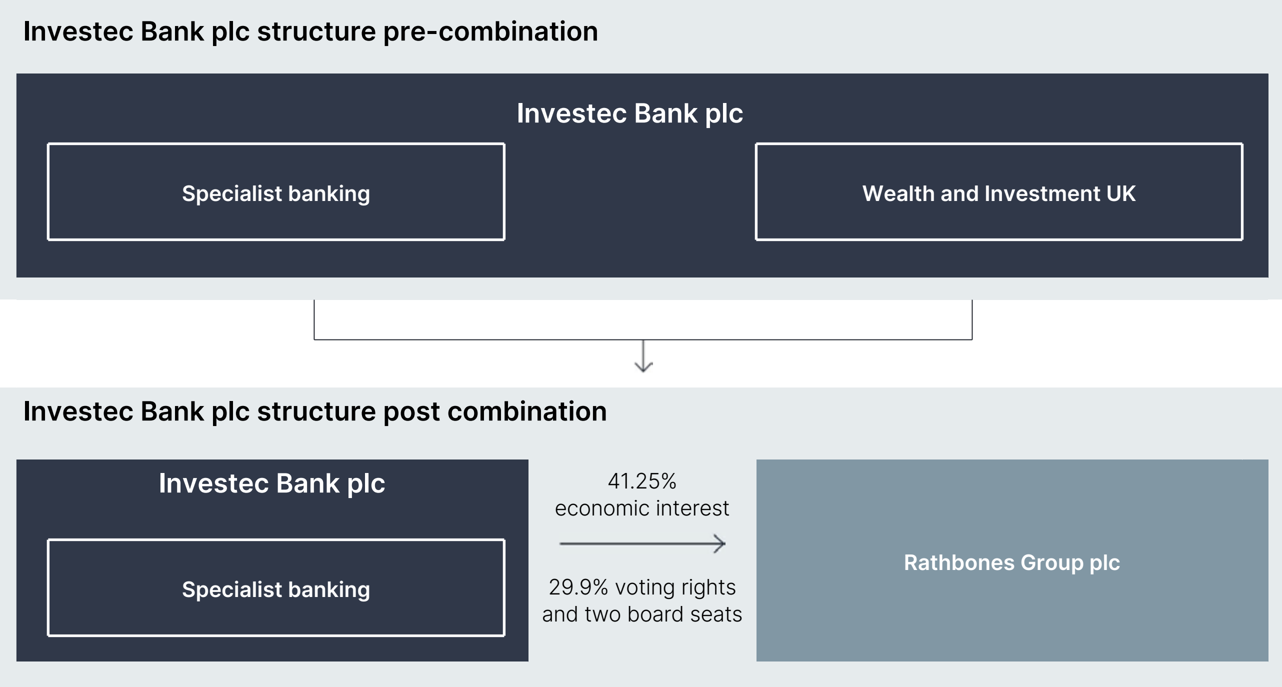
Accounting implications

The IW&I UK transaction included Investec Bank plc's wealth and investment businesses in the UK and Channel Islands but excludes Investec Bank (Switzerland) AG ("IBSAG") and Investec Wealth & Investment International (Pty) Ltd ("Investec W&I SA"). IBSAG remains a wholly-owned subsidiary of Investec Bank plc and Investec W&I SA remains wholly-owned subsidiary of Investec Limited.

IW&I UK was previously 100% consolidated. Going forward the Group's investment in Rathbones is now equity accounted and recognised as an associate.

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), the Group's interest in IW&I UK up to the date of combination has been presented as a discontinued operation and the income statements for the prior periods have been appropriately re-presented.

SUMMARY OF IW&I UK AND RATHBONES ALL-SHARE COMBINATION CONTINUED



Governance and management

Following completion, and as described in the combined prospectus and circular published on 1 June 2023, Investec Group is entitled to appoint two Non-Executive Directors onto the Rathbones Board. Investec Group has nominated Ruth Leas (CEO of Investec Bank plc) and Henrietta Baldock (Non-Executive Director of Investec Group), and consequently their respective appointments have now taken effect.

> "The combination of Investec W&I UK and Rathbones brings together two businesses which have a long-standing heritage in UK wealth management and closely aligned cultures. The strategic fit of the two businesses is compelling with complementary strengths and capabilities to enhance the overall proposition for clients. This will be supported by the strategic partnership which offers attractive growth and collaboration opportunities for both groups. The transaction represents a real step-change and long-term opportunity for our UK wealth strategy, underscores our commitment to the UK wealth management market and enhances our UK business as a whole."

Fani Titi
Investec Group Chief Executive

OUR PERFORMANCE AT A GLANCE

Delivered a strong set of results in volatile markets

(Pro-forma results)

Adjusted operating profit*^ increased 22.7%

£480.4mn

2023: £391.6 million

Earnings attributable to ordinary shareholder increased 129.5%

£719.6mn

2023: £313.6 million

* Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

^ Calculated on a pro-forma basis. See page 41 for a pro-forma income statements.

- Pre-provision adjusted operating profit for the financial year ended 31 March 2024 increased, supported by diversification in our client franchises and geographies as well as the integrated approach in how we provide solutions for our clients
- The Specialist Banking client franchises performed strongly, showing continued traction in our growth strategies across the business. There was strong revenue growth across our key client franchises as we continued to successfully execute our client acquisition strategies to build scale and relevance in the UK and other markets in which we operate
- Net interest income benefitted from a larger average book and higher global interest rates. Our diversified client lending franchises allows us to continue growth notwithstanding the persistently uncertain operating environment. Our client acquisition strategies are the key underpin to the sustained loan book growth across diversified specialisations
- Operating costs increased by 8.6%. Fixed operating costs include a provision for the industry-wide FCA motor vehicle finance review of £30 million as well as £8.6 million for the first time consolidation of Capitalmind from 1 July 2023. Excluding these items, fixed operating costs increased by 2.9%
- Net core loans grew by 6.4% since 31 March 2023. This was driven by continued client acquisition and strong demand for corporate lending across diversified areas, which grew by 8.6% year to date. The residential mortgage lending book reported moderate growth of 4.3% as the elevated interest rates negatively affected demand for mortgages in the UK market in general
- ECL impairment charges totalled £86.0 million, resulting in a credit loss ratio of 58bps (2023: 37bps). The increase in ECL charges was largely driven by Stage 3 ECL charges on certain exposures. We have seen idiosyncratic client stresses with no evidence of trend deterioration in the overall credit quality of our books
- The all-share combination of IW&I UK and Rathbones successfully completed at the end of 1H2024, creating the UK's leading discretionary wealth manager with £107.6 billion FUMA at 31 March 2024
- In 1H2024 the IW&I UK business generated adjusted operating profit (post-tax) of £35.9 million (10.8% above 1H2023)
- In 2H2024 i.e. post combination, the Group's 41.25% economic interest in the combined Rathbones Group has been equity accounted, reporting £31.0 million share of post-taxation profit of associates
- FUM from the Wealth and Investment business in Switzerland increased to £2.1bn at 31 March 2024 (2023: £1.7bn) largely reflecting favourable market movements
- Taken together, Investec Bank plc reported an adjusted operating profit of £480.4 million million for the year (2023: £391.6 million).

OUR PERFORMANCE AT A GLANCE
CONTINUED

Financial performance
(pro-forma)

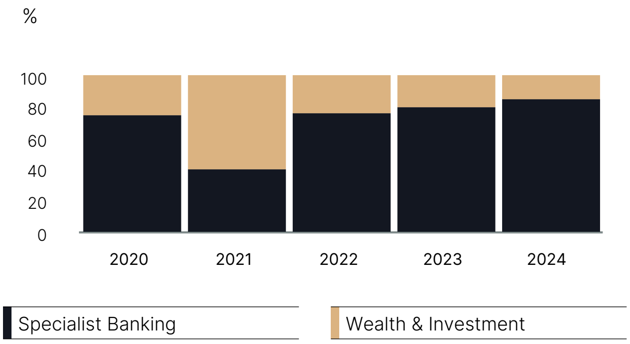
Adjusted operating profit increased 22.7%	**2024** £480.4mn **2023** £391.6mn

Cost to income ratio	**2024** 52.5% **2023** 55.7%

Credit loss ratio	**2024** 58bps **2023** 37bps

Diversified business model

Contribution of adjusted operating profit^



^ The current and prior years have been presented on a pro-forma basis, the current and prior year pro-forma income statements can be found on page 41.

Continued growth of our key earnings drivers

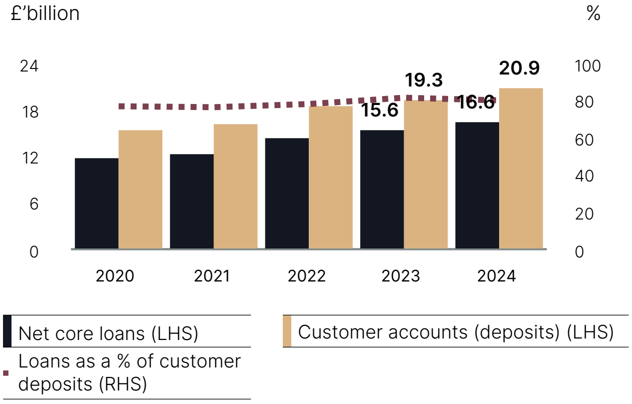
Customer accounts (deposits)

increased 8.3% to
£20.9 billion

Core loans

increased 6.4% to
£16.6 billion

Customer accounts (deposits) and loans



Funds under management

increased 27.2% to
£2.1 billion
reflecting favourable market movements

Rathbones* FUMA

of
£107.6 billion
at 31 March 2024

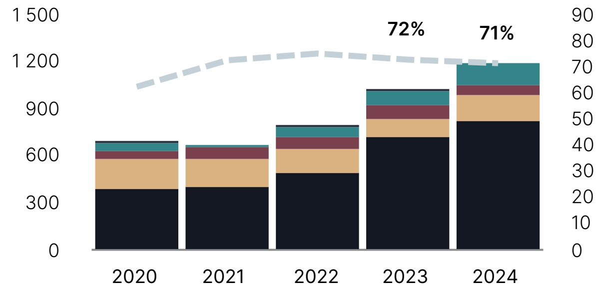
*IBP has a 41.25% economic interest in Rathbones

OUR PERFORMANCE AT A GLANCE
CONTINUED

Strong and improved annuity base

Total operating income^
£'million

Percentage

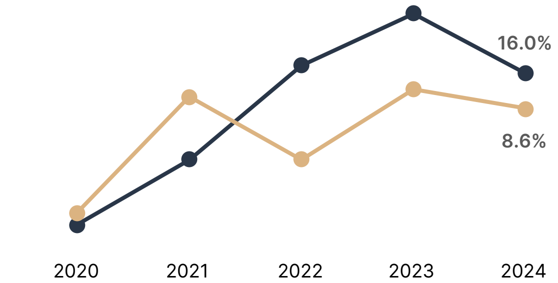


Net interest income	Net fees and commission income
Investment and associate income	Trading income
Other operating income	Annuity income* as a % of total operating income

* Where annuity income is net interest income and annuity fees.

Revenue was driven by strong growth across our key client franchises as we continued to successfully execute client acquisition strategies and build scale and relevance in the UK and other markets in which we operate.

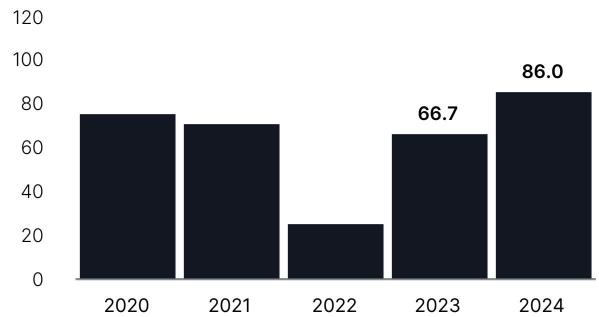
Revenue growth is ahead of cost growth, resulting in positive jaws^



- Period-on-period % change in revenue
- Period-on-period % change in costs

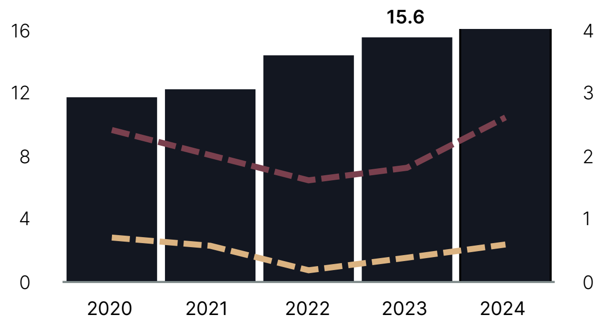
The cost to income ratio improved as revenue grew ahead of costs. Fixed operating costs include a provision for the industry-wide FCA motor vehicle finance review of £30 million as well as £8.6 million for the first-time consolidation of Capitalmind from 1 July 2023.

Expected credit loss (ECL) impairment charges
£'million



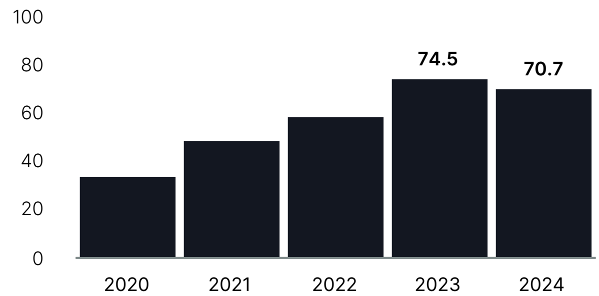
Default and core loans
£'billion

Percentage

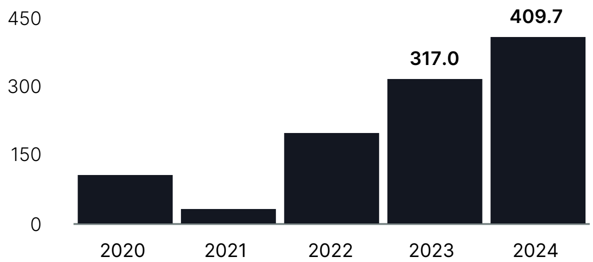


- Net core loans (LHS)
- Credit loss ratio (RHS)
- Net default loans before collateral as a % of net core loans/Stage 3 exposure net of ECL as a % of net core loans subject to ECL (RHS)

Adjusted operating profit – Wealth & Investment^
£'million



Adjusted operating profit – Specialist Banking
£'million



^ The current and prior years have been presented on a pro-forma basis The current and prior year pro-forma income statement can be found on page 41.

OUR PERFORMANCE AT A GLANCE
CONTINUED

Maintained a sound balance sheet

The involvement of executive management ensures stringent management of risk, capital and liquidity as set out below.

Capital management

Capital and leverage ratios remain sound, ahead of internal targets and regulatory requirements.

Investec Bank plc calculates capital requirements using the standardised approach under the Basel III framework, thus our risk weighted assets represent a large portion of our total assets.

We are comfortable with our Common Equity Tier 1 (CET1) ratio at 13.3% given our solid capital light revenues, and with the leverage ratio at 10.7%.

Capital ratios

	31 March 2024^	31 March 2023^
Common Equity Tier 1 ratio*	13.3%	12.7%
Common Equity Tier 1 ratio (fully loaded)**	13.2%	12.4%
Tier 1 ratio*	15.9%	14.1%
Total Capital ratio*	19.8%	18.5%
Leverage ratio	10.7%	9.8%
Leverage ratio (fully loaded)**	10.7%	9.6%

* The CET1, Tier 1 and Total Capital ratios are calculated applying the IFRS 9 transitional arrangements.
** The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9.
^ The capital adequacy and leverage disclosures for IBP include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 and Tier 1 capital. These disclosures differ from the disclosures included in the Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. IBP's CET1 ratio would be 34bps (31 March 2023: 21bps) and leverage ratio 23bps (31 March 2023: 14 bps) higher, on this basis.

Note: Refer to pages 299 to 302 for further details.

A well-established liquidity management philosophy remains in place

Continued to focus on:

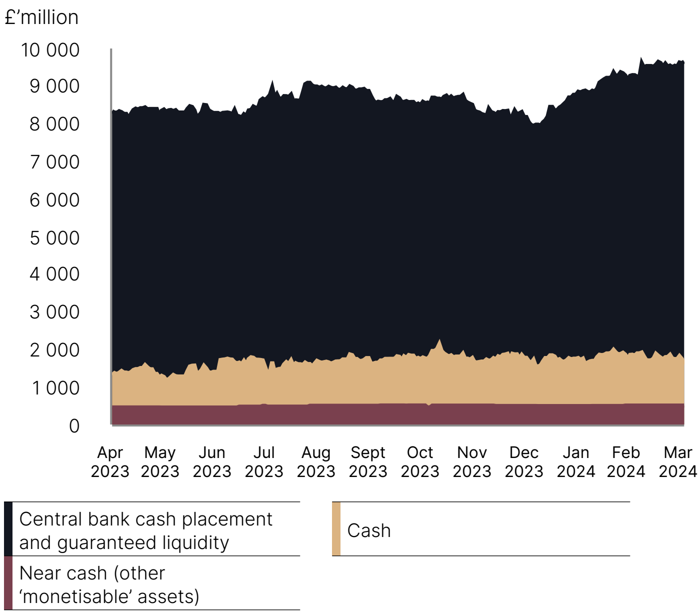
- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%, with the year-end ratio at 46.3%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Maintaining low reliance on wholesale funding
- Benefitting from a growing retail deposit franchise and recording an increase in customer deposits.

Liquidity remained strong with cash and near cash balances amounting to £9.7 billion (2023: £8.6 billion). Average cash balances remained high as we maintained a conservative position.

We exceeded the minimum regulatory requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

The Bank's loan to deposit ratio was 79.4% (2023: 80.9%).

Cash and near cash trend



STAKEHOLDER ENGAGEMENT

Listening to and engaging with our stakeholders

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

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

IBP is a wholly-owned subsidiary of Investec plc (refer to operational structure on page 4) and as such has one shareholder. The IBP Board communicates regularly with the Board of Investec plc. Certain IBP engagements with its stakeholders are performed on an Investec Group basis such as maintenance of its website, investor relations activity and ESG engagement.

Section 172(1) statement

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

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

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

We gather feedback through continuous dialogue with our stakeholders throughout the year to gain an understanding of their needs. This year, we have also conducted a double materiality assessment which has helped us further understand which sustainability-related topics are important to our stakeholders.

These interactions inform what we focus on, how we engage with our stakeholders and how, through our strategy and purpose, we can improve as a business.

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

STAKEHOLDER ENGAGEMENT
CONTINUED

Our clients

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

What we focus on
- Dependable engagement
- Innovative and creative solutions
- Financial support
- Enhanced cybersecurity
- Competitive pricing

Material topics
- Client engagement and marketing
- Ethical business conduct
- Data privacy and cybersecurity

How we engage
- Client engagement is managed by senior management and client relationship managers. The Board receives updates from senior management on key client issues
- Client engagement has returned to predominantly face-to-face meetings
- Comprehensive, user-friendly website and mobile app
- Regular telephone and email communications
- Industry-relevant events and client marketing events.

Value created in FY2024
- Continued success in HNW client acquisition, growing our client base by 5% in the UK
- We have further developed our 'One Investec' mindset, a client-centric approach which brings all of Investec that is relevant to every client, enabling us to leverage the whole of our capability to provide solutions most relevant to clients' needs
- Ranked second in the UK by The Banker in its annual list of best-performing UK banks
- Named #1 broker in the annual Institutional Investor UK Small & Mid Cap Survey 2023 and Lender of the Year at the Real Deals Private Equity Awards 2023.

Our people*

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

What we focus on
- Our purpose, culture and values
- Meaningful communication
- Learning, development and career progression
- Belonging, inclusion, diversity and equity
- Physical and mental wellbeing
- Flexible working conditions
- Fair remuneration

Material issues
- Employee mental and physical health
- Belonging, inclusion and diversity
- Employee remuneration
- Employee rights

How we engage
- A designated Non-Executive Director oversees workforce engagement for the Group across its multiple jurisdictions
- Ongoing communication from executive leadership via email updates and other digital platforms
- An induction programme hosted by senior leaders for new employees, seeking to induce and foster our culture, purpose and strategic intent
- Learning, leadership development and diversity programmes offered to all employees
- Regular staff updates on the Group's strategy and performance hosted by executive leadership
- A global employee app offering employees mobile access to our digital workplace
- Ongoing engagements with employees on diversity and inclusion
- Comprehensive wellbeing programme.

Value created in FY2024
- Introduced Investec Spaces, a global app for digital workplace access, with ongoing enhancements
- Reviewed our Private Medical Insurance provider in the UK to ensure the best of benefits available to staff and their families
- Focused on the implications of artificial intelligence (AI) in the workplace and designed learning resources on both AI and sustainability.

* includes permanent employees, temporary employees and contractors.

STAKEHOLDER ENGAGEMENT
CONTINUED

Our investors

We engage with debt investors who hold instruments in IBP.

What we focus on

- Progress against strategic objectives
- Financial performance and guidance on future performance
- Credit ratings
- Capital and liquidity position
- Balance sheet resilience
- Business sustainability.

Material issues

- Ethical business conduct
- Transparency and disclosures
- Energy transition finance
- Climate change

How we engage

- Regular meetings with executive directors, senior management and Investor Relations
- Investor roadshows and presentations
- Stock exchange announcements
- Comprehensive investor relations website
- Regular telephone and email communications
- Investor roadshows and presentations.

Value created in FY2024

- Successfully completed a £350mn AT1 issuance in February 2024
- Engaged with over 100 debt investors throughout the year during our deal and non-deal debt roadshows, as well as other investor conferences.

Our communities

Our commitment to societal contribution, diversity and nurturing entrepreneurship informs our community support, focused on education, entrepreneurship and the environment.

What we focus on

- Financial and non-financial support
- Staff volunteerism
- Education and learnership opportunities
- Skills training and job creation
- Environmental protection
- Climate change and net-zero commitments

How we engage

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

Value created in FY2024

- Achieved £2.0mn community spend on education and learnerships, entrepreneurship and job creation, as well as the environment and other philanthropy initiatives (2023: £2.0mn)
- Funded six social enterprises during the year through the Investec Beyond Business (IBB) programme
- 3 510 staff volunteering hours in the past year (2023: 3 336 hours)
- Supported 2 260 Arrival learners in the UK since inception (2023: 2 108 learners).

STAKEHOLDER ENGAGEMENT
CONTINUED

Our government and regulators

We maintain continuous engagement with government and regulators in our key markets to ensure our business adapts to evolving regulatory requirements.

What we focus on

- Regulatory compliance and governance adherence
- Accurate regulatory submissions and returns
- Strong prudential standards and oversight
- Fair treatment of clients and employees
- Financial and operational resilience
- Risk and capital management
- Capital, liquidity and reverse stress testing
- Group tax strategy
- Climate change and net-zero commitments

Material topics

- Regulatory and legal compliance
- Transparency and disclosures
- Data privacy and cybersecurity
- Climate change

How we engage

- Our Chair of the Board, Board members, CEO and executive directors hold regular meetings with the UK Prudential Regulation Authority
- Regular interactions with the UK Financial Conduct Authority
- Active participation in a number of policy forums
- Engagement with industry consultative bodies.

Value created in FY2024

- Approval received for the appointment of John Reizenstein as a non-executive director of IBP
- Approval received for the acquisition of Capitalmind
- Approval received for the all-share combination between IW&I UK and Rathbones Group.

Our ESG and climate-focused industry bodies and analysts

We actively support a transition to a clean and energy efficient economy, engaging with climate experts to refine our sustainability strategy.

What we focus on

- Our climate policy and framework
- Our commitment to net-zero carbon emissions and SBTi targets
- Managing and mitigating direct climate change impact within our operations
- Managing and mitigating indirect climate change impact through our loan book and investment portfolio
- Addressing ESG risks within our business

Material topics

- Climate change
- Energy transition finance

How we engage

- Annual sustainability report and sustainability factsheets
- Comprehensive sustainability website
- Comprehensive ESG disclosures, including a standalone TCFD report
- Our Chief Executive is a member of the UN Global Investors for Sustainable Development Alliance
- Regular and active participation in a number of ESG and climate forums relating to the TCFDs, e.g. PCAF.

Value created in FY2024

- Reduced our Scope 3 financed emissions within our various asset classes
- Reduction in coal exposure to 0.05% (2023: 0.10%)
- Renewables as a % of our energy lending portfolio increased to 52.35% from 42.47%
- Established the Sustainable Business Forum in the UK that develops and integrates sustainability strategies into our business processes, commercial plays and incentive frameworks.

STAKEHOLDER ENGAGEMENT
CONTINUED

Our suppliers

We collaborate with suppliers and sub-contractors and expect them to be resilient as well as operate and behave ethically and in an environmentally and socially responsible manner.

What we focus on

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

Material topics

- Ethical business conduct
- Regulatory and legal compliance

How we engage

- Engaging suppliers and involving other business functions as required. For example, the Group sustainability team may conduct a sustainability and ESG review once a supplier is engaged
- Centralised negotiation process
- Procurement questionnaires requesting information on suppliers' environmental, social and ethical policies
- Screening against ethical supply chain practices
- Due diligence on financial information, cyber security and business continuity.

Value created in FY2024

- Continued to improve our due diligence processes around financial crime, data and information security and financial screening. Critical third parties are monitored 24/7 to ensure compliance with agreed Service Level Agreements (SLAs).

Principal decisions

Here we outline the principal decisions made by the Board during the year and their impact on our stakeholders.

IW&I UK & Rathbones all-share combination

RATHBONES | Incorporating Investec Wealth & Investment (UK)

Context

In April 2023, the Board approved an agreement with Rathbones Group plc (Rathbones) for an all-share combination of Investec Wealth and Investment Limited (IW&I UK) and Rathbones.

The Boards and management of Investec consider the strategic fit of the two businesses to be compelling with complementary strengths and capabilities to enhance the overall proposition for clients and create sustainable value for shareholders. The strategic partnership offers attractive growth and collaboration opportunities for both groups.

How were stakeholder interests considered?

The Board believes that the transaction brings the following benefits to stakeholders:

- Greater scale, influence and market strength: Becoming an entity with over £100 billion in FUMA lends weight to stewardship and responsible investment activities, and provides growth opportunities to enhance shareholder returns
- Creates sustainable value for Investec shareholders: The transaction delivers significant value creation with at least £60 million of pre-tax cost and revenue synergies, earnings accretion (based on adjusted EPS), and results in material cost saving in respect of IW&I's planned technology spend through leveraging Rathbones' recent digital investment. In addition, the enlarged Rathbones Group has a robust capital base, with significant future capital generation, supportive of the Group's dividend policy
- An enhanced client proposition: The combination results in the ability to offer clients a broader range of services, as well as wider geographic coverage creating a multi-channel distribution capability across 23 locations in the UK and Channel Islands
- Operational efficiencies for client-facing and enablement teams: By developing a central investment research function, the business is able to deliver broader and deeper investment insights to investment managers. The combination also brings greater opportunity to invest further in our digital client engagement tools
- Culture and values: Both companies have client-centric values and closely aligned cultures, which is particularly important when considering a transaction of this nature. The combination also enhances the combined group's ability to attract and retain the best industry talent.

Stakeholders considered in the decision:

Outcomes

The transaction completed on 21 September 2023, with IW&I UK becoming part of Rathbones, creating the UK's leading discretionary wealth manager. IBP is now a supportive, long-term shareholder, owning 41.25% of the economic interest in the combined Rathbones Group Plc. The transaction represents a real step-change and long-term opportunity for IBP's UK wealth strategy, underscores the Board's commitment to the UK wealth management market and enhances IBP's business as a whole.

STAKEHOLDER ENGAGEMENT
CONTINUED

Acquisition of Capitalmind

Context

Capitalmind Investec is an M&A advisory business operating in the major Western European economies, with offices in Benelux, Germany, France and Switzerland. The business is primarily focused on the mid-market and on advising privately owned businesses and the private equity community.

Investec has worked closely with Capitalmind for over the past six years to build cross-border businesses together. The businesses share an entrepreneurial DNA and similar values, focused on servicing growth-orientated companies. The two firms' advisory operations have strong geographic complementarity: Investec has advisory teams in the UK, India, and South Africa, while Capitalmind complements Investec's advisory business across most of Western Europe. Jointly, Investec and Capitalmind have had an exclusive partnership in the USA since 2020.

In June 2023 the Board approved the decision to acquire a majority stake in Capitalmind Investec by increasing our shareholding to approximately 60%, following the 30% position acquired in 2021. The remaining 40% of the equity is retained by the most senior employees in the business, demonstrating their continued commitment to its long-term success.

How were stakeholder interests considered?

The acquisition is consistent with the Group's stated strategy of growing in Europe whilst also expanding capital light activities and provides the Group with a wide range of new relationships across some of the largest economies in Europe. The Board believes that the transaction is beneficial to stakeholders in the following ways:

- Allows Investec and Capitalmind to fully integrate their M&A and corporate finance teams
- Creates an M&A Group that provides clients with access to the major developed markets of Europe, USA as well as important emerging markets in Asia and Africa;
- Preserves Capitalmind's agile and entrepreneurial culture, with its senior practitioners continuing to lead the day-to-day client activity and transaction execution, and
- Enhances the opportunity to leverage a broader selection of investment banking products in Europe.

Stakeholders considered in the decision:

Outcomes

Following the successful completion of the transaction the respective advisory teams have become more closely integrated, sharing knowledge, expertise and client coverage, together identifying new client opportunities and integrating operations by adopting best practices.

The Board believe that combining the practices that operate across the major economies of Continental Europe will allow Investec to accelerate the growth of not only the advisory business, but also a broader range of client solutions.

STAKEHOLDER ENGAGEMENT
CONTINUED

FCA Consumer duty

Context

The FCA's rules and guidance under Consumer Duty took effect from 31st July 2023 in relation to on sale products with off sale products falling into scope from 31st July 2024.

The Board recognises Consumer Duty sets the standard of care IBP should provide to clients in retail financial markets and acknowledges it also sets expectations which apply dynamically to products, services and business models as they develop in a changing and increasingly digital environment.

It is recognised by the Board that a core tenet of the Duty is to protect clients from current and emerging drivers of harm, with a focus on delivering good outcomes for them.

The Board understands that the bank must ensure clients' interests are central to firm culture and purpose and embedded throughout the organisation. It is the Board's expectation that monitoring and regular reviews of client outcomes drive actions to address risks to good outcomes.

As IBP's governing body, the Board takes full responsibility for ensuring that the Duty is properly embedded and senior managers are accountable for the outcomes clients experience in line with their accountability under the Senior Managers and Certification Regime.

How were stakeholder interests considered?

IBP's purpose "to create enduring worth" is well aligned with the principles of the Duty and our culture is one of unrelenting client focus, which naturally lends itself to ensuring the interests of stakeholders are considered.

To help demonstrate IBP's approach and its effectiveness, the Board reviewed and approved an initial assessment of client outcomes in July 2023. The assessment is now an annual process and the next iteration is due in July this year. Regular updates are also provided to the Board on ongoing basis. The annual assessment demonstrates how stakeholder interests are considered:

- Target markets are now reviewed and documented at a more granular level
- Complaints and other data-based insights are analysed through a Duty lens to provide greater assurance that products perform as expected
- Approach to vulnerable clients is more specifically outlined and documented on an enhanced basis
- Enhanced information flows for relevant distribution networks have been adopted
- Fair value assessments are compiled and kept up to date
- Client communications are assessed for compliance with the Duty
- Client journeys are tested from a 'consumer support' angle
- Internal training is conducted to ensure everyone understands their role and contributes
- Independent, 2nd and 3rd line monitoring activity is performed with a focus on outcomes.

Stakeholders considered in the decision:

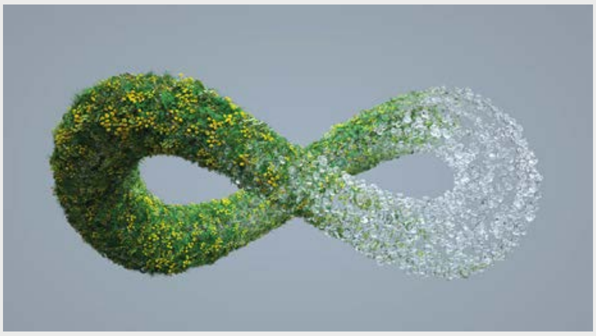
Outcomes

Oversight of work to develop IBP's data and monitoring capabilities for assessing client outcomes and identifying potential and actual risks continues to be an aspect the Board is focused on. There has been extensive engagement by the Board's Consumer Duty Champion and its delegated committee (BRCC) on this subject.

Based on the high level of analysis of monitoring and testing performed to date, the Board is confident clients are achieving good outcomes. IBP prioritises clear communications, harm prevention and a rolling programme of continuous improvements to ensure clients' interests are protected and their trust in the Bank's service is upheld.

STAKEHOLDER ENGAGEMENT
CONTINUED

Double materiality assessment



Context

During the financial year, both the Investec Group and the IBP Board endorsed the undertaking of a double materiality assessment to identify and evaluate the most significant sustainability-related topics affecting our business. This assessment aimed to deepen our understanding of the sustainability-related topics that matter to the Group and its stakeholders as well as our impact on society and the environment.

How were stakeholder interests considered?

The assessment, prompted by new regulations such as the Corporate Sustainability Reporting Directive (CSRD), was carried out by an independent third party. This ensured an unbiased and transparent collection of feedback from all our stakeholders, including investors, employees, senior management, and non-executive directors. The process considered both the outward impact of our business operations on the environment and people, as well as the financial impact of these environmental, social, and governance-related topics on our financial performance.

Stakeholders considered in the decision:

Outcomes

The double materiality assessment confirmed that climate change, energy transition, and financed emissions are the most material concerns to our stakeholders. Informed by this assessment, we are addressing these issues by

1. Meeting our fossil fuel commitments
2. Driving sustainable and transition finance activities through our enhanced Sustainable and Transition Finance Classification Framework
3. Influencing our clients and suppliers to effectively pursue decarbonisation.

These strategic focuses will guide our efforts to mitigate our environmental impact and align with stakeholder expectations.

For detailed insights, refer to the ‘Material Topics’ section in the Investec Group’s 2024 Integrated and Strategic report

STAKEHOLDER ENGAGEMENT
CONTINUED

Board succession planning

Context

During the year, Brian Stevenson indicated his intention to step down as Chair and non-executive director of IBP in July 2024. Additionally, it was announced that Zarina Bassa will be stepping down as non-executive director of IBP and member of the IBP Audit Committee following the Investec plc Annual General Meeting (AGM) in August 2024. In response, the IBP Board undertook a review of its succession plan.

How were stakeholder interests considered?

The review of the Board's succession plan considered planned retirements of Board members and their impact on the Board's composition and oversight of the planned transition. Additionally, the Board regularly reviews the structure, size, and composition of the Board and its committees to maintain a balanced mix of knowledge, skills, experience, and diversity.

The Board oversaw a comprehensive selection process to identify suitable candidates for the role of non-executive director and Chair of IBP. This process took into consideration the expectations of stakeholders and was subject to regulatory approval. By considering stakeholder interests, the Board aimed to ensure that the new Board member would effectively represent and serve the needs of all relevant parties.

Stakeholders considered in the decision:

Outcomes

Following an extensive process, the Board approved the appointment of John Reizenstein as a non-executive director of IBP, and future Chair, effective from 1 July 2024.

Diane Radley, who has been appointed to the Investec Group Board, has been identified as Zarina's successor as Chair of the Investec Group Audit Committee and will be appointed as a member of the IBP Audit Committee.

These decisions demonstrate the Board's dedication to maintaining effective governance practices, strengthening independent governance, and fostering connectivity between the Board, its committees and corresponding DLC forums.

Climate-related disclosures

Our climate-related disclosures as at the end of 31 March 2024 are in accordance with sections 414CA and 414CB of the Companies Act 2006 which outline requirements for non-financial reporting. The table on page 28 to 37 is intended to provide our stakeholders with the content they need to understand our development, performance, position and the impact of our activities with regards to non-financial and sustainability matters. Further information on these matters is included within the nonfinancial reporting section in the 2024 Investec Group sustainability report on our website.

The Bank believes that its widest and most positive influence is realised when our businesses use their specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy.

01 Maintaining carbon neutral status within our global operations

Highlights

- The Bank is incorporating environmental values into our culture and decision making
- The Bank has maintained carbon neutral status for the sixth consecutive year
- The Bank has procured 100% global electricity from renewable sources using green tariffs and renewable electricity certificates where feasible
- The Bank has committed to net-zero in our Scope 3 financed emissions by 2050.

02 Financing a resilient economy and partnering with our clients

Highlights

- The Bank introduced an enhanced Sustainable and Transition Finance Classification Framework to guide our decision-making processes as we actively pursue our 2050 net-zero ambition
- The Bank is developing and rigorously testing targets to be released by the end of March 2025. These targets will be integrated with executive KPIs, ensuring that leaders are held accountable for achieving our sustainability ambitions.
- The Bank has established a Sustainable Business Forum in the UK that develops and integrates sustainability strategies into our business processes, commercial plays, and incentive frameworks, addressing our own aspirations as well as the expectations of our stakeholders.

03 Managing and steering our portfolios towards a net-zero world

Highlights

- The Bank has committed to zero coal exposures in our loan book by 31 March 2027
- The Bank is monitoring and managing our exposures to fossil fuels and other high-emitting sectors
- The Bank has made significant progress in improving the data quality and processes for our Scope 3 financed emissions. This involved implementing rigorous data collection processes to ensure that the data we use is accurate, reliable, and up-to-date
- The Bank has dedicated significant resources to automate the Scope 3 financed emissions calculations using the PCAF methodology which improved alignment across our jurisdictions and improved the consistency of applied methodologies.

04 Continuing our participation in advocacy and collaboration

Highlights

- The Bank's commitment to sustainability is evident from the many organisations with whom we engage and support
- Active collaboration and participation in sustainable initiatives can direct capital towards environmentally and socially responsible projects
- Actively working with regulators allows us to stay informed around regulatory changes and ensure compliance with evolving sustainability frameworks. Furthermore, participation and engagement can help shape policies and standards that promote sustainability within the industry.

CLIMATE RELATED DISCLOSURES
CONTINUE

Climate-related disclosures overview

The following complies with the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022. Additionally, Investec Group has prepared a comprehensive Climate Report that provides a more detailed and tailored perspective for our stakeholders, as required by the Financial Conduct Authority (FCA) Listing Rule 9.8.6R(8). The information provided, along with Investec Group's extensive Climate Report available on the Investec Group's website, demonstrates its recognition and alignment with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. These disclosures outline how the Investec Group integrate climate-related risks and opportunities into its governance, strategy, risk management, metrics, targets, and our approach to meeting stakeholder expectations.

Investec Group publicly committed to support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2019 and released its first stand-alone TCFD report in 2019. During the year ended 31 March 2024, the Investec Group has made progress in improving the data quality and processes for its Scope 3 financed emissions. In addition, the Investec Group has dedicated significant resources to automate the financed emissions calculations using the PCAF methodology which improved alignment across all jurisdictions and improved the consistency of applied methodologies.

Please refer to the Investec Group's 2024 climate and nature-related financial disclosures report for further detail.

Governance

The Board's oversight of climate and nature-related risks and opportunities

Reporting requirements: Climate-related financial disclosures: **CFD-a.** TCFD: **G-a**

Board

Responsibility
At the highest governance level, the Investec Group Board establishes the purpose of the Investec Group, incorporates sustainability, climate and nature-related matters when reviewing and guiding strategy and strategic objectives, and monitors progress against sustainability-related targets and ambitions. In addition, the IBP Board is responsible for overseeing the Bank's response to climate change and the prevention of nature loss. They receive support from the Investec Group executive forums and management teams in managing climate and nature-related risks and identifying opportunities.

Board meetings
The composition of the Board has been designed to ensure that we have the appropriate mix of knowledge, skills, experience, independence and diversity. The Board considers the collective skills, knowledge and experience of the directors when assessing the overall composition and suitability of the Board. In addition to a range of skills and experience, the Board also values the innate difference in approach and thinking styles, which results from the varied backgrounds and experiences of our directors.The skills and experience of the members of the Board are detailed on pages 80 to 83.

All members have a strong awareness of climate-related and sustainability matters. The Board met six times during which climate-related and sustainability matters were presented in written format at every meeting. All the members of the IBP board have sustainability-related experience.

Information and escalation channels
Climate-related and sustainability risk matters are escalated to the IBP Board through the Investec Group ESG Executive Committee, with documented feedback provided at every meeting.

Monitoring and oversight
The Bank's climate-related goals and targets are set at an operational level with the overarching commitment to remain carbon neutral within its operations (Scope 1 and 2 and operational Scope 3). This has resulted in the Bank being carbon neutral for the sixth consecutive year. Additionally, the Board had oversight over its enhanced climate impact roadmap, which outlines the Bank's strategy for sustainable finance and its pathway to achieving net zero carbon emissions by 2050. The Bank will establish sustainable finance targets by the end of March 2025 that will be overseen by the Board. The Board has received regular updates throughout the financial year, both written and verbal.

Key achievements for the year ending FY2024
- The concept of double materiality - in which the Bank understand the impacts of climate change on our business, and the impact of climate change has been reviewed by the Board
- The Board approved the enhanced Sustainable and Transition Finance Classification framework
- The Board noted the emerging sustainability disclosure regulations, specifically the ISSBs IFRS S1 and IFRS S2 recommendations and the CSRD
- The Board was upskilled in climate-related matters, specifically in sustainable and transition finance as a result of our enhanced Sustainable and Transition Finance Classification Framework.

Focus areas for the year ending FY2025
- Oversee progress of establishing sustainable finance targets for the the Bank
- Monitor sustainable and transition finance initiatives across the Bank
- Oversee the developments regarding the inclusion of additional asset classes in the calculations of our Scope 3 financed emissions
- Further enhancements of skills in climate and sustainability-related matters.

DLC Social and Ethics Committee (DLC SEC)

CLIMATE RELATED DISCLOSURES
CONTINUE

Responsibility
The DLC SEC is a Board-appointed committee with a direct reporting line to the DLC Board. The DLC SEC has accountability for monitoring the non-financial elements of sustainability and monitors the Investec Group's performance in terms of sustainability, climate and nature-related matters. Furthermore, it is accountable for monitoring the Investec Group's activities with regard to any relevant legislation, other legal requirements, or prevailing codes of best practice. The responsibilities of the DLC SEC is documented on page 101 of the 2024 Investec Group risk and governance report.

Governance continued

The Board's oversight of climate and nature-related risks and opportunities continued

Management's role in assessing and managing climate and nature-related risks and opportunities: BEIS (a), G-b

Investec Group ESG Executive Committee

Responsibility
The Investec Group ESG Executive Committee align and coordinate ESG strategy and governance efforts across geographies and businesses. The Investec Group ESG Executive Committee, mandated by the Investec Group's Executive Directors, reports relevant sustainability, climate and nature-related matters to the Board.

Information and escalation channels
Key sustainability, climate and nature-related matters raised by the business and forums mentioned below are escalated to the Chief Strategy and Sustainability Officer who presents these matters verbally and in written format at each Investec Group ESG Executive Committee meeting.

The forums include:
- The Investec Group sustainability team
- Investec plc Sustainable Business Forum
- Investec Group ERC
- IBP ERC.

Monitoring and oversight
- Receives updates on sustainability, climate and nature-related matters at each meeting in a verbal or presentation format
- Reviews Investec Group's ESG ratings (in particular Sustainalytics, MSCI, CDP, CSA Dow Jones and ISS), assessing and engaging on suggested actions to improve ratings and performance of climate and nature-related goals and targets
- Discusses and approves actions towards carbon neutrality to meet our net-zero ambitions
- The Investec Group ESG Executive Committee met six times during FY2024 where sustainability, climate and nature-related matters were discussed at every meeting.

Key achievements for the year ending FY2024

- Initiated a collaborative process to enhance the Sustainable and Transition Finance Classification Framework, which will serve as the foundation for establishing sustainable finance targets
- Endorsed the automation of the Scope 3 financed emissions, aiming to enhance accuracy and efficiency
- Reviewed and discussed the emerging sustainability regulations from the Prudential Authority, the ISSB's recommendations specifically relating to IFRS S1 and IFRS S2, and the CSRD
- Reviewed the double materiality assessment conducted in accordance with the requirements of the CSRD
- Reviewed the sustainability strategy of the Investec Group, with a particular focus on our net-zero pathway
- Provided capacity building for frontline staff on the application of sustainable finance in commercial activities.

Focus areas for the year ending FY2025

- Engage actively in the process of establishing sustainable finance targets for the Investec Group
- Track sustainable and transition finance initiatives across the Investec Group
- Review decarbonisation efforts
- Monitor the developments regarding the inclusion of additional asset classes in the calculations of our Scope 3 financed emissions
- Monitor new product offerings, with a strict focus on identifying greenwashing practices and staying informed about emerging anti-greenwashing regulations
- Oversee the development of sustainability competencies across all global business units.

Executive responsibility within the Specialist Bank
- The Investec Group Board assigned executive responsibility to Marc Kahn (Chief Strategy and Sustainability Officer) to drive the sustainability agenda across the Investec Group. Mark Currie, our Investec Group Chief Risk Officer as well as Kevin McKenna, our UK Chief Risk Officer are members of the Investec Group ESG Executive Committee. Kevin McKenna is also the Senior Management Function (SMF) for climate risk for Investec Bank plc.

Chief Strategy and Sustainability Officer
- The Chief Strategy and Sustainability Officer, has a direct reporting line to the Investec Group Chief Executive, Fani Titi. Any sustainability, climate and nature-related matters are reported to the Investec Group CEO verbally as and when they arise. In addition any sustainability-related matters directly associated with Investec Bank plc will be reported to Ruth Leas, the CEO of Investec Bank plc.
- The Chief Strategy and Sustainability Officer is the Chair of the Investec Group ESG Executive Committee and collaborates with a range of directors, executives and senior leaders on sustainability matters. The sustainability teams within each of our jurisdictions report directly to the Chief Strategy and Sustainability Officer.

CLIMATE RELATED DISCLOSURES
CONTINUE

Strategy

Climate and nature-related risks and opportunities identified over the short, medium and long term

Reporting requirements: Climate-related financial disclosures: **BEIS (d1) (d2).** TCFD: **S-a**

Time horizons: The Bank's time horizons are shown below and defined according to the average maturity of our portfolio:

- Short-term (0 – 1 year): Sectors already experiencing some risk implications as a result of transition or physical risk
- Medium-term (1 – 5 years): Sectors with exposure to transition or physical risk that is broadly manageable
- Long-term (5 – 40 years): Modest sector-wide exposure to transition or physical risk or where the consequences are not likely to be material to credit quality.

Transition risks

Risk	Drivers	Potential impacts	Expected time horizon	Mitigation actions
Policy and legal risk	• Efforts to remain carbon neutral • Carbon tax • Climate and nature-related reporting regulations • Litigation actions • Potential risk of regulatory breaches from existing climate-related regulation	• Increased operating costs • Potential write offs due to early retirement of assets • Changes in asset valuations	• Short term • Medium term • Long term	• Apply a balanced approach towards meeting stakeholder demands through active stakeholder engagement • Participating in industry initiatives to test and develop climate and nature-related reporting
Technology risk	• New technologies favoured due to lower carbon footprint • Investment in new technologies	• Costs associated with the substitution of technology to cleaner alternatives • Write off or early retirement of technology assets • Research and development expenses towards newer and greener technologies	• Short term • Medium-term	• Reduce environmental footprint through operational efficiencies • Adoption of cloud services and reduction of the reliance of on-premise data centres • Research on new and innovative technologies to mitigate cost issues
Market risk	• Competitor entrance with innovative sustainable finance product offerings • Change in consumer behaviour toward low carbon products • Increased costs and volatility in prices for carbon heavy products	• Scaling costs associated with implementing sustainable finance product offerings • Research and development costs for new product offerings • Operational costs associated with increased client engagements	• Medium term • Long term	• Increase sustainable finance offerings in line with client and market demand • Manage exposures to high emitting industries (e.g. fossil fuels)
Reputational risk	• Risk of greenwashing in product offerings and disclosure • Increased stakeholder concern and pressure on emission reduction strategies	• Increased costs relating to penalties associated with greenwashing • Potential increase in costs relating to additional reporting requirements	• Short term • Medium term	• Transparent disclosures • Targeted stakeholder engagement

CLIMATE RELATED DISCLOSURES
CONTINUE

Strategy continued

Climate and nature-related risks and opportunities identified over the short, medium and long term continued

Reporting requirements: Climate-related financial disclosures: **BEIS (d1) (d2).** TCFD: **S-a** continued

Physical risks

Risk	Drivers	Potential impacts	Expected time horizon	Mitigation actions
Acute risk	• Damage to fixed assets, infrastructure and supply chain due to extreme climate events	• Supply chain disruption due to impacted production capacity • Disruption in operations due to extreme climate events • Costs associated with geospatial analysis of assets • Increased impairments for assets that are impacted severely by acute climate events • Forgone returns from riskier property assets	• Short term • Medium term • Long term	• Ensure resilience of operations to acute climate events (business continuity) • Identification and assessment of assets impacted by climate-related physical risks within our loan book • Evaluate our supply chain for potential exposure to physical climate risks • Ensure resilience through acute physical risk scenario analysis • Given the (relative) short-term nature of our loan book, we may be able to realign our loan book relatively frequently to pivot away from assets that may be at risk for acute physical events
Chronic risk	• Change in average temperature and precipitation patterns • Increase in sea level rise	• Cost associated with geospatial analysis of physical assets • Cost relating to adaptation measures within our own buildings	• Medium term • Long term	• Evaluate asset classes that may be exposed to chronic physical risks • Ensure resilience through chronic physical risk scenario analysis • Evaluate risks in supply chain that might be exposed to chronic physical risks

Opportunities

Within the Bank's business, we contribute to climate action and protecting nature through our financing activities. The Bank actively supports climate action by addressing critical environmental concerns, reducing greenhouse gas emissions, and fostering resilient communities. Through its investments, the Bank promotes a sustainable future where climate change impacts are mitigated, clean energy is accessible to all, and cities are environmentally friendly and adaptable.

Opportunity	Time horizon
Renewable energy Financing renewable energy projects not only helps to decarbonise the energy sector but also contributes to energy access, security and affordability, especially in underserved communities. In addition, these financing activities can accelerate the transition towards a low-carbon economy and foster climate resilience.	• Short term
Water solutions and infrastructure Financing water projects that enhance water infrastructure, promote water conservation, and improve sanitation systems. Through these projects we contribute to mitigating the adverse effects of climate change and building resilient communities.	• Medium term
Urban planning, green infrastructure and transportation Financing projects that enhance urban planning, promote green infrastructure, and invest in public transportation systems contribute to reducing carbon emissions from transportation and buildings. By building sustainable cities that prioritise energy efficiency, renewable energy integration, and resilient infrastructure, we address the risks posed by climate change and promote sustainable development.	• Short term

CLIMATE RELATED DISCLOSURES
CONTINUE

Strategy continued

The impact of climate and nature-related risks and opportunities on our businesses, strategy and financial planning

Reporting requirements: Climate-related financial disclosures: **BEIS (e).** TCFD: **S-b**

Products and services
- Climate and nature-related risk has led to an enhanced ESG screening process, with transactions that fall within high-risk industries subject to even further due diligence.
- The Bank has committed to zero coal exposures within our loan book by 31 March 2027
- There are numerous opportunities presented by climate change to move towards lower carbon product offerings as noted above.

Adaptation and mitigation activities: To date the Bank's activities largely focused on financing mitigation activities. These include:
- Offering various sustainability-linked loans
- Financing renewable energy solutions and water infrastructure (adaptation).

Operations
- Within the Bank's operations, we manage our own carbon footprint and source 100% of our Scope 2 energy from renewables, through the purchase of renewable energy certificates
- In the UK, Investec's Corporate Estate Facilities Management upheld its commitment to environmental stewardship and energy efficiency by maintaining the certification of our integrated Environmental and Energy Management Systems. This system adheres to the internationally recognised ISO 14001 standard, and is implemented across six of our offices in the UK and the Channel Islands. We continued to meet the rigorous requirements of the ISO 50001 standard, which was first achieved in 2018, across ten of our UK, Ireland and Channel Island locations

Investment in research and development: The Bank has invested in research and development through the following:
- Co-chairing the production of International Chamber of Commerce (ICC) Export Finance Sustainability White Paper: Global Trade Review (GTR), a leading publication in the trade and export finance market
- Member in a network to transform industry ESG practices: The Bank is part of a membership network, Sustainable Trading, that launched a non-profit membership to transform ESG practices within the financial markets trading industry.

Supply chain
Our Investec Group procurement statement acknowledges the potential for our procurement and supply chain practices to be agents of change for different aspects of sustainability. Our supply chain statement incorporates standards on human rights, labour rights and environmental and anti-corruption principles, as set out in the UN Global Compact. All suppliers undergo a rigorous online screening and ESG due-diligence process before they are onboarded. With regards to environment- and climate-related conditions, we aim to only engage with suppliers who:
- Operate in compliance with all applicable environmental laws and regulations of the countries in which they operate, manufacture or conduct business
- Maintain an effective environmental policy and/or environmental management system that supports environmental protection.

The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Reporting requirements: Climate-related financial disclosures: **BEIS (f).** TCFD: **S-c**

Within Investec plc: Climate change-related financial risks are becoming increasingly significant for firms and the financial system. During April 2024, the Bank of England released their expectations for Banks regarding climate change1. This included an expectation for banks to further advance and demonstrate the development and integration of processes to identify, measure, manage, and mitigate climate-related financial risks, based on our previous feedback. In addition, banks should also consider incorporating relevant and ambitious stress scenarios to enhance their assessment of the impact of climate change on their business resilience. Furthermore, they have started to initiate work to update the supervisory statement SS3/19, which will include effective practices and developments in broader regulatory thinking. **Investec Bank plc** performed climate scenario analysis and risk assessments in line with the requirements stipulated by Supervisory Statement SS3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change', on a proportionate basis for the size and complexity of the firm. The Bank of England's '2021 Climate Biennial Exploratory Scenario' has been used as the framework for scenario analysis.

CLIMATE RELATED DISCLOSURES
CONTINUE

Risk management

Our processes for identifying and assessing climate and nature-related risks

Reporting requirements: Climate-related financial disclosures: **BEIS (b).** TCFD: **R-a** continued

Credit risk: Credit risk increases if climate risk drivers reduce borrowers' ability to repay and service debt (income effect) or the Banks' ability to fully recover the value of a loan in the event of default (wealth affect).

- The Investec Group supports international best practice regarding the responsibility of the financial sector in financing and investing in transactions. Social, environmental and ethical risk considerations are implicit in our values, culture and code of conduct, and are applied as part of our risk frameworks
- The Investec Group's approach to managing the risks from climate change is continually evolving as we improve our understanding of this complex and interconnected risk. We are also aware of the enormity of the challenge of navigating through continuously changing methodologies
- Climate risk was incorporated into the Investec Group's risk frameworks as a principle risk in 2018
- Environmental, nature, climate-related and broader sustainability considerations are implicit in the Investec Group's values, culture and code of conduct and are applied as part of its environmental, nature and climate-related risk frameworks. The Investec Group assesses sustainability risk as part of its credit committee and investment committee's evaluation of lending and investment decisions. This includes additional due diligence for transactions that fall into the high-risk ESG category (as defined by the IFC), which involves a comprehensive review by the Investec Group sustainability team. This review identifies any potential risks relating to:
  - Social injustice (including human rights, diversity, inclusion and modern slavery, community displacement and health and safety risk) to support SDG 10
  - Environmental impacts (including climate, nature degradation and animal welfare) so support SDG 13
  - Governance matters (including corruption, fraud and controversies)
  - Macro-economic impacts (including poverty, growth, and unemployment) to support SDG 13 and SDG 10.
- The Investec Group considers double materiality as a critical factor to inform our decisions. The Investec Group takes a cautious approach to industries known to have an adverse effects on the environment, biodiversity and climate
- If the Investec Group sustainability team flags a transaction as a high concern issue, it will be escalated to a IBP, or Investec Group ERC before any credit or investment decision is made. Moreover, the DLC SEC is informed of any transaction identified as high concern issues.

Potential risks include:

- Stranded assets where these assets are seen to be carbon intensive. This is particularly the case in fossil fuel assets
- Lower earnings resulting from carbon intensive assets could lead to a need for higher capital expenditure to adapt to the changing market or higher operational expenditure due to fines and taxes imposed on these activities
- Decrease in the value of collateral for high carbon intensive assets, leading to higher loss given defaults (LGDs)
- Concentration risk in GHG-intensive sectors may arise, as many banks are aiming to divest from carbon intensive exposures.

Market risk: Market risks may occur due to shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.

- New competitors may emerge with product offerings with greener credentials. This could impact market share and potentially lead to a loss of customers
- Consumer behaviours may change as they become more conscious of their carbon footprint and actively seek out lower carbon-intensive products and greener alternatives. This may lead to a decline in demand for non-green product offerings
- The transition to a low-carbon economy can have an impact on equities, bonds, and derivatives. If we are not aligning our operations and strategies with market expectations for sustainability, financial instruments may be at risk of devaluation or becoming less attractive to investors.

CLIMATE RELATED DISCLOSURES
CONTINUE

Risk management continued

Our processes for identifying and assessing climate and nature-related risks continued

Reporting requirements: Climate-related financial disclosures: **BEIS (b).** TCFD: **R-a** continued

Liquidity risk: Access to stable sources of funding could be reduced as market conditions change. Climate risk drivers may cause counterparties to draw down deposits and credit.
- The Bank may face challenges in obtaining funding from retail and corporate clients, or may pay substantially higher costs if we are perceived as not transitioning in line with market expectations. This could result in a loss of business opportunities and limited access to capital
- The Bank may face higher borrowing costs as lenders may perceive us as higher risk if we are lagging behind in the transition to a more sustainable business model.

Operational risk: Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes.
- The Bank may have an increased likelihood and impact of business disruption events due to physical climate risks.

Reputational risk: Increasing reputational risk as a result of changing market or consumer sentiment.
- The Bank may face reputational damage due to an association with clients who are perceived to be negatively affected by climate change or other risks. A link to clients that are viewed unfavorably by the market, could harm our reputation and undermine stakeholder confidence
- Changing customer and community perceptions regarding a detraction from the transition to a lower-carbon economy could lead to a loss of trust and potentially impact client or investor sentiment

Regulatory and compliance risk: Changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate can have an impact on the Investec Group's operations, business prospects, costs, liquidity and capital requirements.
- As governments and regulatory bodies continue to address climate change, we may need to adapt to new requirements and comply with evolving standards. This can lead to increased legal and regulatory compliance risks, particularly in relation to climate-sensitive investments and businesses
- Maintaining carbon neutrality is crucial for the Investec Group, as any failure to do so may result in additional cost implications for our operations. We may incur expenses to reduce our carbon footprint or offset emissions to maintain carbon-neutral status
- The Bank may face the potential for increased claims in the form of environmental liability exposures. As awareness of environmental issues grows, stakeholders may hold Investec accountable for any negative environmental impacts resulting from our activities or investments
- The Bank may face increased costs due to the pricing of emissions or the imposition of carbon taxes.
- Non-adherence to new requirements can result in fines or penalties.
- The Bank may face the potential for litigation as a means to drive increased climate change mitigation activity across various sectors.

To address these risks, the Bank incorporate sustainable practices, diversify product offerings with greener alternatives where feasible, and monitor market trends. The Bank prioritise sustainability and communicate its commitment to responsible business practices. Where possible the Bank aligns its operations with market expectations and engage with its clients and stakeholders on environmental issues. In addition, the Bank monitors and adapts to changing regulations, proactively manage its environmental impact, and ensure compliance with evolving standards.

Our processes for managing climate and nature-related risks

Reporting requirements: Climate-related financial disclosures: **BEIS (b).** TCFD: **R-b**

The Investec Group has a holistic approach to sustainability, and supports the precautionary approach to sustainability management, guided by international best practices regarding the responsibilities of the financial sector in financing and investing transactions. This approach runs beyond recognising the Investec Group's own footprint on the environment and is based on a broader responsibility to the environment and society.

The Bank recognise the complexity and urgency of climate change. The Bank are committed to supporting the transition to a clean and energy efficient world while preserving our planet and the wellbeing of our people.

The Investec Group ESG Executive Committee mandated by the Investec Group's Executive Directors reports relevant sustainability-related matters to the DLC SEC and Investec Group ERC. The main objectives of the committee are to coordinate sustainability-related efforts across geographies and businesses

Accordingly, sustainability risk considerations are considered by the relevant credit committee or investment committee when making lending or investment decisions.

The Investec Group's climate change position statement stems from the belief that one of the greatest socio-economic impacts the Investec Group can have is to partner with its clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

The Investec Group's environmental policy considers the risks and opportunities that climate change and nature degradation present to the global economy.

CLIMATE RELATED DISCLOSURES
CONTINUE

Risk management continued

How our processes for identifying, assessing, and managing climate and nature-related risks are integrated into overall risk management

Reporting requirements: Climate-related financial disclosures: **BEIS (c).** TCFD: **R-c**

The Investec Group assess sustainability risks as part of the credit committee or investment committee's evaluation of lending or investment decisions. This includes additional due diligence for transactions that fall into the high-risk ESG category (as defined by the IFC), which involves a comprehensive review by the Investec Group sustainability team.

The Investec Group continuously support and adhere to international best practices regarding the responsibilities of the financial sector in financing and investing in transactions. The Investec Group adopts a precautionary approach to environmental, nature, climate-related, and broader sustainability matters. These risk considerations are integrated into multidisciplinary, company-wide management processes throughout the Investec Group and are effectively managed within its lending and investment portfolios. The Investec Group has established an environmental policy, climate change statement, biodiversity statement, and a fossil fuel policy.

The Investec Group conducts screening to identify possible adverse climate and nature-related impacts in both our lending and investment activities, as well as in its deposit-taking activities. The Investec Group has a strict policy of not onboarding clients who do not comply with its Investec Group environmental policy, climate change statement, biodiversity statement, or fossil fuel policy.

Regular training is provided to business units to identify any potential high-risk transactions as classified by the IFC.

High risk transactions are escalated to the Investec Group sustainability team who will conduct screening and additional due-diligence. In the case where the Investec Group sustainability team flag a transaction as high concern, the transaction will be escalated to IBP, or Investec Group ERC before any credit or investment decision is made. Additionally, the Investec Group ESG Executive Committee and the DLC SEC are informed at every meeting regarding the number of transactions screened, high risk transactions identified, and high concern transactions escalated.

Credit risk:

The Investec Group continues to enhance its screening process across all its business activities. The identification of high-risk industries has been automated within Investec Bank plc. Transactions are classified according to the World Bank IFC guidelines into high, medium and low risk.

- **High risk:** Proposed funding or investment is likely to have significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented without mitigation measures
- **Medium risk:** Proposed funding or investment is likely to have limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Low risk:** Proposed funding or investment is likely to have minimal or no social or environmental impacts. This largely relates to services, consulting, training and education, trading, retail sales, etc.

Once a transaction has been identified as being in a high-risk industry, these activities go through a comprehensive due diligence process performed by the Investec Group sustainability team. In depth analysis is done by the team to:

- Assess the alignment of the transaction with the Investec Group's climate-related and sustainability (including ESG) policies
- Ensure there is no contravention of the Investec Group's ESG screening requirements or zero-tolerance activities
- Assess the client's ambitions towards net-zero pathways
- Assess ESG ratings by globally accredited bodies (e.g. CDP, Sustainalytics)
- Assess public reporting on climate-related and sustainability (including ESG) matters and impacts
- Assess disclosures in line with the GRI and TCFD
- Assess alignment with the UN SDGs
- Assess any other publicly available information around their contribution to, and positive/negative impact on ESG aspects
- Investigate any media controversies or reputational issues facing the client involved.

For each high-risk transaction, an ESG opinion is provided by the Investec Group sustainability team for consideration by our credit committees.

Operational risk:

The Investec Group has reviewed its exposure to physical risk within Investec Bank plc's operations. The Investec Group's operational risk systems incorporate climate change in their risk assessments. The Investec Group's business units complete a climate-related risk impact assessment annually. In addition,the Investec Group perform sustainability due diligence on all suppliers when they are onboarded.

Litigation/liability:

Where required legal documentation includes sustainability and climate-related terms and conditions.

CLIMATE RELATED DISCLOSURES
CONTINUE

Metrics and targets

The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

Reporting requirements: Climate-related financial disclosures: **BEIS (g).** TCFD: **M-a**

For the year ending 31 March 2024 we have reported on a range of metrics to measure progress against our climate ambitions.

Measure		Target
Carbon footprint: Refer to the Basis of Reporting on our website		
Scope 1: This includes natural gas, LPG stationary, CO_2 purchased, diesel, refrigerant and vehicle fleet (measured in km and converted to tCO_2e).	350tCO2e (2023: 44tCO2e) The increase relates to more KPI's included in 2024*	The Bank's target is to remain carbon neutral for its Scope 1, Scope 2 and operational Scope 3 emissions, through the use of renewable energy certificates and carbon offsets for unavoidable residual emissions.
Scope 2: This includes emissions from electricity and district heating and cooling used in Investec Group premises. These emissions are evaluated based on market-based and location-based factors. Measured in kWh and converted to tCO_2e.	937tCO2e (2023: 974**tCO2e)	
Scope 3: Category 1: Purchased goods and services (paper) Category 5: Waste generated in our operations Category 6: Business travel (includes rail travel, road travel, taxi and commercial airlines) Category 7: Work from home emissions.	6 996tCO2e (2023: 5 623**tCO2e)	
Total operational footprint: location based	8 283tCO2e (2023:6 641**tCO2e)	
Total operational footprint: market based	7 346tCO2e (2023: 5 667**tCO2e	
Fossil fuels • Fossil fuels as a % of core loans and advances 2.50% (2023: 2.43%) • Coal as a % of core loans and advances 0.05% (2023: 0.10%) • Coal exposure as a % of total energy lending portfolio 0.90% (2023: 2.26%) • Renewables exposure as a % of total energy lending portfolio 52.35% (2023: 42.47%).		The Investec Group has set the following targets: • Investec Bank plc to have zero coal exposure in their loan book by 31 March 2027 • To cease financing of new oil and gas, exploration,extraction or production projects directly, regardless of jurisdiction, from 1 January 2035.
High-risk industries in our loan book (as defined by the IFC) • 8.0% of our loan book is within high-risk industries (as defined by the IFC).		The Investec Group has not explicitly set a target for high-risk industries, however we remain under the IFC targets being 5% towards one particular industry. The Investec Group's high risk transactions across all industries account for only 8% of its loans and advances.
Financed emissions within our loans and investments • 1 422 299tCO2e (March 2023: 2 223 963tCO2e)		Efforts to influence the Banks client ecosystem have focused on improving the quality and accuracy of its Scope 3 financed emissions rather than expanding the scope of asset classes included in these calculations. While the Bank acknowledges that this is just the beginning, the Bank recognises the importance of active client engagement and advocating for better quality data and sustainability practices. Although the Bank has not set sector targets yet, the Bank endeavours to do this in the next 2 years, however, the Bank's target remains to be net zero by 2050 through its commitment to the Net-Zero Banking Alliance.

* The increase is due to the improved data available for Scope 1 refrigerants,LPG stationary and vehicle fleet reported in Investec Bank plc.

** Restated, the information in this report includes estimates or other information that are subject to uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and/or underlying data that is obtained from third parties. As a result, we expect that certain disclosures made in this report may be amended, updated, recalculated and restated in the future as the quality and completeness of our data and methodologies continue to improve.

CLIMATE RELATED DISCLOSURES
CONTINUE

Metrics and targets continued

The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process continued

Reporting requirements: Climate-related financial disclosures: **BEIS (g).** TCFD: **M-a** continued

Measure	Target
Sustainable and transition finance The Investec Group's enhanced Sustainable and Transition Finance Classification Framework outlines the methodology and supporting policies and procedures to support sustainable and transition finance practices within the Investec Group. This framework describes the Investec Group's approach for classifying sustainable and transition finance activities. The framework enables the classification of environmentally-sustainable finance, transition finance and social sustainable finance activities. The framework is based on a combination of best practice guidelines and taxonomies, including the harmonised framework for impact reporting released by the International Capital Market Association (ICMA), the Net-Zero Banking Alliance (NZBA) transition finance guidance, the Loan Market Association (LMA) principles, the South African Green Finance Taxonomy, and the EU Taxonomy for sustainable finance activities. The framework is built on the principles of addressing climate action (SDG 13) and reduced inequalities (SDG 10) being fundamental to the success of our business.	In the year under review, the Investec Group introduced an enhanced Sustainable and Transition Finance Classification Framework to guide its decision-making processes as it actively pursue its 2050 net-zero ambition. A Sustainable Business Forum was established in the UK that develops and integrates sustainability strategies into the Bank's business processes, commercial plays, and incentive frameworks, addressing the Bank's own aspirations as well as the expectations of its stakeholders. The Bank is developing and rigorously testing targets to be released by the end of March 2025.

Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Reporting requirements: Climate-related financial disclosures: **BEIS (h).** TCFD: **M-b**

- The Bank's operational footprint increased by 25% compared to March 2023. Every year, the Bank endeavour to improve the accuracy and completeness of its data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions. The Bank will continue to pursue further decarbonisation in line with its net-zero ambition for 2050. The Bank maintained carbon neutrality in its direct emissions for the sixth financial year as part of its commitment to ongoing carbon neutrality in its Scope 1, Scope 2 and operational Scope 3 emissions. The Bank continues to source 100% of its Scope 2 emissions from renewable sources through the purchase of renewable energy certificates. Refer to page 63 of the 2024 Investec plc annual report for the SECR disclosures.
- In line with the Investec Group's ambition to be net-zero by 2050, the focus this year was on improving the process to calculate the Investec Group's financed emissions, while concurrently working on the foundations of new sectors to be included. The Investec Group has made substantial progress in improving the quality of its data inputs. This involved implementing rigorous data collection processes to ensure that the data the Investec Group uses is accurate, reliable, and up-to-date. The Investec Group has dedicated significant resources to automate the financed emissions calculations using the PCAF methodology which improved alignment across its jurisdictions and improved the consistency of applied methodologies. The Investec Group has enhanced the process thereby increasing its data governance and data integrity. As a result, the Investec Group has analysed 78% of the Bank's loans and investment exposure as of 31 March 2023. For information on related risks and limitations, please see page 64 to 81 of our 2024 Climate and nature-related disclosures report.

The targets used by the organisation to manage climate and nature-related risks and opportunities and performance against targets

Reporting requirements: Climate-related financial disclosures: **BEIS (h).** TCFD: **M-c**

Progress is monitored through climate-related targets and ambitions across the following:

- As of 31 March 2023, Investec Group stopped all project financing to new thermal coal mines, regardless of jurisdiction
- Investec Group committed not to finance any new oil and gas extraction, exploration, or production from 1 January 2035
- Investec Group commitment to zero thermal coal exposure in their loan book by 31 March 2030
- Investec plc committed to zero coal exposure in their loan book by 31 March 2027
- Continuing efforts in financing climate solutions
- Embedding climate into our culture and decision-making.

Financial review

We have delivered *strong financial performance* notwithstanding the uncertain operating environment. This section contains a review of Investec Bank plc's results.

IN THIS SECTION

SALIENT FEATURES

	31 March 2024	31 March 2023*	% change
Income statement and selected returns for IBP on a pro-forma basis			
Earnings attributable to ordinary shareholders (£'000)	719 609	313 609	>100.0%
Adjusted operating profit (£'000)^^^	480 372	391 576	22.7%
Operating costs (£'000)	626 732	577 152	8.6%
Cost to income ratio^^	52.5%	55.7%	
Return on average assets*	2.5%	1.1%	
Return on average risk weighted assets*	4.1%	1.8%	
Net interest income as a % of operating income	69.4%	70.1%	
Non-interest income as a % of operating income	30.6%	29.9%	
Annuity income as a % of total operating income	70.9%	72.3%	

	31 March 2024	31 March 2023	% change
Balance sheet			
Total assets (£'million)	29 895	28 243	5.8%
Net core loans (£'million)	16 557	15 563	6.4%
Cash and near cash balances (£'million)	9 652	8 550	12.9%
Customer accounts (deposits) (£'million)	20 851	19 251	8.3%
Funds under management (£'million)	2 130	42 422	(95.0%)
Gearing ratio (total assets to equity)	8.3x	10.1x	
Level 3 (fair value assets) as a % of total assets	8.2%	6.5%	
Core loans to equity ratio	4.6x	5.6x	
Loans and advances to customers as a % of customer deposits	79.5%	80.9%	
Credit loss ratio	0.58%	0.37%	
Stage 3 exposures as a % of gross core loans subject to ECL	3.3%	2.3%	
Stage 3 exposures net of ECL as a % of net core loans subject to ECL	2.6%	1.8%	
Other regulatory ratios			
LCR (IBP solo basis)	519%	432%	
NSFR (IBP solo basis)	144%	138%	
Capital and leverage^			
Total Capital ratio	19.8%	18.5%	
Tier 1 ratio	15.9%	14.1%	
Common Equity Tier 1 ratio	13.3%	12.7%	
Leverage ratio	10.7%	9.8%	

* Average balances are calculated on a straight-line average.
^ The capital and leverage ratios are calculated applying the IFRS 9 transitional arrangements
^^ Presented on a pro-forma basis. See page 41 for the current and prior year pro-forma income statement
^^^ Presented on a pro-forma basis. See page 305 for calculation.

PRO FORMA

Pro-forma income statements

Given the nature of the IW&I UK transaction, the Group's economic interest remained similar before and after the transaction. To provide information that will be more comparable to the future presentation of returns from the Group's interest in this entity and given the new holding structures, pro-forma information has been prepared as if the transaction had been in effect from the beginning of the period, i.e. IW&I UK has been presented as an equity accounted investment.

All the financial analysis that follows will be based on the pro-forma income statements provided below.

£'000	Year to 31 March 2024	Re-presentation of Investec Wealth & Investment Limited	**Year to 31 March 2024 Pro-forma**
Interest income	1 933 984	—	1 933 984
Interest expense	(1 105 027)	—	(1 105 027)
Net interest income	**828 957**	**—**	**828 957**
Fee and commission income	178 770	—	178 770
Fee and commission expense	(16 381)	—	(16 381)
Investment income	2 625	—	2 625
Share of post-taxation profit of associates and joint venture holdings	31 287	35 855	67 142
Trading income/(loss) arising from			
– customer flow	103 158	—	103 158
– balance sheet management and other trading activities	27 119	—	27 119
Other operating income	2 915	—	2 915
Operating income	**1 158 450**	**35 855**	**1 194 305**
Expected credit loss impairment charges	(85 997)	—	(85 997)
Operating income after expected credit loss impairment charges	**1 072 453**	**35 855**	**1 108 308**
Operating costs	(626 732)	—	(626 732)
Operating profit before goodwill, acquired intangibles and strategic actions	**445 721**	**35 855**	**481 576**
Amortisation of acquired intangibles	(940)	—	(940)
Amortisation of acquired intangibles of associate	(5 679)	—	(5 679)
Closure and rundown of the Hong Kong direct investments business	(784)	—	(784)
Operating profit	**438 318**	**35 855**	**474 173**
Financial impact of strategic actions	(16 576)	—	(16 576)
Profit before taxation	**421 742**	**35 855**	**457 597**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(96 956)	—	(96 956)
Taxation on goodwill, acquired intangibles and strategic actions	427	—	427
Profit after taxation from continuing operations	**325 213**	**35 855**	**361 068**
Profit after taxation from discontinued operations*	**395 600**	**(35 855)**	**359 745**
Profit after taxation	**720 813**	**—**	**720 813**
Profit attributable to other non-controlling interests	(1 204)	—	(1 204)
Earnings attributable to shareholder	**719 609**	**—**	**719 609**
Cost to income ratio	**54.2%**		**52.5%**

* Refer to note 34 for discontinued operations disclosure.

Note: No adjustments have been made to the balance sheet for the purposes of our pro-forma disclosures.

PRO FORMA
CONTINUED

£'000	Year to 31 March 2023	Re-presentation of Investec Wealth & Investment Limited	**Year to 31 March 2023 Pro-forma**
Interest income	1 225 353	—	1 225 353
Interest expense	(499 096)	—	(499 096)
Net interest income	**726 257**	**—**	**726 257**
Fee and commission income	131 307	—	131 307
Fee and commission expense	(15 372)	—	(15 372)
Investment income	5 003	—	5 003
Share of post-taxation profit of associates and joint venture holdings	660	74 567	75 227
Trading income/(loss) arising from			
– customer flow	87 366	—	87 366
– balance sheet management and other trading activities	13 060	—	13 060
Other operating income	12 620	—	12 620
Operating income	**960 901**	**74 567**	**1 035 468**
Expected credit loss impairment charges	(66 740)	—	(66 740)
Operating income after expected credit loss impairment charges	**894 161**	**74 567**	**968 728**
Operating costs	(577 152)	—	(577 152)
Operating profit before goodwill, acquired intangibles and strategic actions	**317 009**	**74 567**	**391 576**
Impairment of goodwill	(805)		(805)
Amortisation of acquired intangibles	—	—	—
Closure and rundown of the Hong Kong direct investments business	(480)	—	(480)
Operating profit	**315 724**	**74 567**	**390 291**
Financial impact of strategic actions	—	—	—
Profit before taxation	**315 724**	**74 567**	**390 291**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(66 087)	—	(66 087)
Taxation on goodwill, acquired intangibles and strategic actions	—	—	—
Profit after taxation from continuing operations	**249 637**	**74 567**	**324 204**
Profit after taxation from discontinued operations*	**63 972**	**(74 567)**	**(10 595)**
Profit after taxation	**313 609**	**—**	**313 609**
Profit attributable to other non-controlling interests	—		—
Earnings attributable to shareholder	**313 609**	**—**	**313 609**
Cost to income ratio	**60.1%**		**55.7%**

* Refer to note 34 for discontinued operations disclosure.

FINANCIAL REVIEW

Overview

Investec Bank plc's adjusted operating profit increased by 23% to £480.4 million for the year ended 31 March 2024 (2023: £391.6 million) supported by the diversity in our client franchises and geographies and the integrated approach in how we provide solutions for our clients. Revenue growth was strong across our key client franchises as we continue to successfully execute our client acquisition strategies to build scale and relevance in the UK and other markets in which we operate.

Income statement analysis

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

Operating income

Operating income £1 194.3 million was 15.3% higher than the prior year. The various components of operating income are analysed below.

£'000	31 March 2024	% of total income	31 March 2023	% of total income	% change
Net interest income	828 957	69.4%	726 257	70.1%	14.1%
Net fee and commission income	162 389	13.6%	115 935	11.2%	40.1%
Investment income	2 625	0.2%	5 003	0.5%	(47.5%)
Share of post-taxation profit of associates and joint venture holdings	67 142	5.6%	75 227	7.3%	(10.7%)
Trading income/(loss) arising from					
– customer flow	103 158	8.6%	87 366	8.4%	18.1%
– balance sheet management and other trading activities	27 119	2.3%	13 060	1.3%	(>100%)
Other operating income	2 915	0.3%	12 620	1.2%	(76.9%)
Operating income	**1 194 305**	**100.0%**	**1 035 468**	**100.0%**	**15.3%**

The following table sets out information on total operating income before expected credit loss impairment charges on loans and advances by division for the year under review:

£'000	31 March 2024	% of total income	31 March 2023	% of total income	% change
Wealth & Investment	84 824	7.1%	88 811	8.6%	(4.5%)
Private Banking	139 043	11.6%	135 494	13.1%	2.6%
Corporate, Investment Banking and Other	970 438	81.3%	811 163	78.3%	19.6%
Total operating income	**1 194 305**	**100.0%**	**1 035 468**	**100.0%**	**15.3%**

% of total operating income

31 March 2024

£1 194.3 million total operating income

Net interest income	69.4%
Net fee and commission income	13.6%
Investment income	0.2%
Share of post-taxation profit of associates and joint venture holdings	5.6%
Trading income arising from customer flow	8.6%
Trading income arising from balance sheet management and other trading activities	2.3%
Other operating income	0.3%

31 March 2023

£1 035.5 million total operating income

Net interest income	70.1%
Net fee and commission income	11.2%
Investment income	0.5%
Share of post-taxation profit of associates and joint venture holdings	7.3%
Trading income arising from customer flow	8.4%
Trading income arising from balance sheet management and other trading activities	1.3%
Other operating income	1.2%

FINANCIAL REVIEW
CONTINUED

Net interest income

Net interest income increased by 14.1% to £829.0 million (2023: £726.3 million), benefitting from a larger average interest earning assets and higher global interest rates. Our diversified client lending franchises allows us to continue growth notwithstanding persistently uncertain operating environment. Our client acquisition strategies are the key underpin to the sustained loan book growth across diversified specialisations.

For a further analysis of interest received and interest paid on a statutory basis refer to page 160.

Net fee and commission income

Net fee and commission income increased by 40.1% to £162.4 million (2023: £115.9 million), driven by higher Listed companies' advisory fees in the current year amidst a challenging UK advisory market and the first-time consolidation of Capitalmind, increasing our M&A advisory fees. Increased arrangement fees in certain lending areas also supported the increase in net fee and commission income. Activity levels in equity capital markets remain muted given the challenging macroeconomic environment.

For a further analysis of net fee and commission income on a statutory basis refer to page 161.

Investment income

Investment income of £2.6 million (2023: £5.0 million) was lower than the prior year due to negative fair value adjustments on unlisted investments and lower dividend income.

For a further analysis of investment income on a statutory basis refer to page 162.

Trading income

Trading income from customer flow netted an income of £103.2 million (2023: £87.4 million), driven by increased facilitation of hedging for clients by our Treasury Risk Solutions area, increased client flow trading income in our ECM activities, as well as positive risk management gains from hedging the significantly reduced financial products rundown book.

Trading income from balance sheet management and other trading activities increased to £27.1 million (2023: £13.1 million) as a result of unwinding certain existing interest rate swap hedges as part of the implementation of the structural interest rate hedging programme.

Other operating income

Other operating income mainly consists of income earned on operating lease rentals.

Expected credit loss impairment charges

Total ECL impairment charges totalled £86.0 million (2023: £66.7 million), resulting in a credit loss ratio of 58bps (2023: 37bps), in line with guidance provided during the year. The increase in ECL charges was largely driven by Stage 3 ECL charges on certain exposures. We have seen idiosyncratic client stresses with no evidence of trend deterioration in the overall credit quality of our books.

Stage 3 exposures increased to £531 million at 31 March 2024 (2023: £343 million) equating to 3.3% of gross loans subject to ECL (2023: 2.3%).

Refer to pages 267 for further information on asset quality and page 268 for a breakdown of the expected credit loss impairment charges.

FINANCIAL REVIEW
CONTINUED

Operating costs

Operating costs increased by 8.6% to £626.7 million (2023: £577.2 million). Costs include a provision of £30 million for the industry-wide FCA motor finance review as well as £8.6 million for the first-time consolidation of Capitalmind from 1 July 2023. Fixed costs were well-contained and excluding the above-mentioned items increased at a rate below the average inflation rate. The cost to income ratio improved to 52.5% (2023: 55.7%).

The various components of operating costs are analysed below:

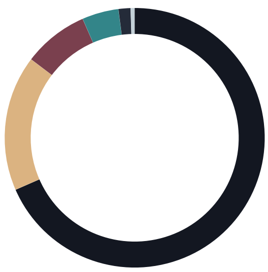
£'000	**31 March 2024**	**% of operating costs**	31 March 2023	% of operating costs	% change
Staff costs (including directors' remuneration)	428 575	68.4%	419 353	72.7%	2.2%
Premises expenses (including depreciation)	28 560	4.6%	26 337	4.6%	8.4%
Equipment expenses (excluding depreciation)	50 813	8.1%	45 137	7.8%	12.6%
Business expenses	106 306	16.9%	73 475	12.7%	44.7%
Marketing expenses	9 352	1.5%	9 024	1.5%	3.6%
Depreciation, amortisation and impairment of equipment and intangibles	3 126	0.5%	3 826	0.7%	(18.3%)
Operating costs	**626 732**	**100.0%**	**577 152**	100.0%	**8.6%**

The following table sets out information on operating costs by division for the year under review:

£'000	**31 March 2024**	**% of operating costs**	31 March 2023	% of operating costs	% change
Wealth & Investment	14 178	2.3%	14 286	2.5%	(0.8%)
Private Banking	57 090	9.1%	58 996	10.2%	(3.2%)
Corporate, Investment Banking and Other	555 464	88.7%	503 870	87.3%	10.2%
Operating costs	**626 732**	**100.1%**	**577 152**	**100.0%**	**8.6%**

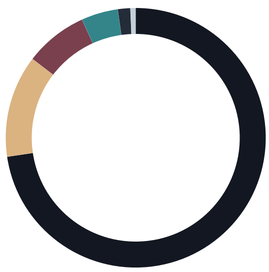
% of operating costs

31 March 2024
£626.7 million total operating costs



Staff costs	68.4%
Business expenses	16.9%
Equipment expenses (excluding depreciation)	8.1%
Premises expenses (including depreciation)	4.6%
Marketing expenses	1.5%
Depreciation, amortisation and impairment of equipment and intangibles	0.5%

31 March 2023
£577.2 million total operating costs



Staff costs	72.7%
Business expenses	12.7%
Equipment expenses (excluding depreciation)	7.8%
Premises expenses (including depreciation)	4.6%
Marketing expenses	1.5%
Depreciation, amortisation and impairment of equipment and intangibles	0.7%

FINANCIAL REVIEW
CONTINUED

Adjusted operating profit

As a result of the foregoing factors, adjusted operating profit increased by 22.7% from £391.6 million to £480.4 million.

Taxation on operating profit before acquired intangibles and strategic actions

The pro-forma effective operational tax rate increased from 16.9% to 20.0%. For further details on the statutory effective operational tax rate, refer to note 10 on page 171.

£'000	**2024**	2023	**31 March 2024 £'000**	31 March 2023 £'000	% change
Taxation on operating profit before acquired intangibles and strategic actions	20.0%	16.9%	96 956	66 087	46.7%

Balance sheet analysis

Since 31 March 2023:

- Total equity increased by 29.3% to £3.6 billion (2023: £2.8 billion), as a result of the increase in retained income.
- Total assets increased by 5.8% to £29.9 billion (2023: £28.2 billion), largely as a result of reasonable loan book growth.
- Total liabilities increased by 3.3% to £26.3 billion (2023: £25.5 billion), primarily driven by growth in customer accounts (deposits).

SPECIALIST BANKING OVERVIEW

CEO of IBP
Ruth Leas

Awards

- Named #1 broker in the annual Institutional Investor UK Small & Mid Cap Survey
- IBP CEO Ruth Leas was named as one of the FN100 Most Influential Women in Finance 2023
- Ranked second in the UK by The Banker in its annual list of best performing UK banks

Highlights

Adjusted operating profit
£409.7mn
(2023: £317.0mn)

ROTE post tax
14.7%
(2023: 12.6%)

Cost to income
55.3%
(2023: 59.5%)

Credit loss ratio
0.58%
(2023: 0.37%)

Performance highlights

- Adjusted operating profit increased by 29.2% to £409.7 million (2023: £317.0 million), supported by the diversity in our client franchises and geographies and the integrated approach in how we provide solutions for our clients. Revenue growth was strong across our key client franchises as we continued to successfully execute our client acquisition strategies to build scale and relevance in the UK and other markets in which we operate
- Net core loans grew by 6.4% to £16.6 billion driven mainly by 8.6% growth in our Corporate, Investment Banking and Other division as a result of continued client acquisition across diversified areas. The residential mortgage lending book reported moderate growth of 4.3% as the elevated interest rates negatively affected demand for mortgages in the UK market in general
- The Bank maintained strong capital and liquidity levels which allowed us to navigate a challenging macro-economic environment, and support identified growth initiatives
- Operating income growth of 17.2% was underpinned by growth in average book, increased client activity and the positive endowment effect from higher interest rates and strong growth in non-interest revenue
- The cost to income ratio improved to 55.3% (2023: 59.5%). Total operating costs increased by 8.8%. Fixed operating costs include a provision for the industry-wide FCA motor finance review of £30 million as well as £8.6 million for the first time consolidation of Capitalmind from 1 July 2023. Excluding these items, the increase in fixed costs of 2.9% was well below the average inflation rate
- ECL impairment charges totalled £86.0 million, resulting in a credit loss ratio of 0.58% (2023: 0.37%), which is in line with guidance provided in November 2023. The increase in ECL charges was largely driven by Stage 3 ECL charges on certain exposures. We have seen idiosyncratic client stresses with no evidence of trend deterioration in the overall credit quality of our books
- These results are underpinned by positive momentum in our client franchises and strategic cross-collaboration within the One Investec client ecosystem. See more on this enhanced collaboration in the pages that follow.

Income statement

£'000	31 March 2024	31 March 2023	Variance	% change
Net interest income	820 617	720 875	99 742	13.8%
Net fee and commission income	154 212	108 342	45 870	42.3%
Investment income	2 623	4 996	(2 373)	(47.5%)
Share of post-taxation profit of associates and joint venture holdings	274	660	(386)	(58.5%)
Trading income arising from				
– customer flow	101 059	86 114	14 945	17.4%
– balance sheet management and other trading activities	27 781	13 050	14 731	>100.0%
Other operating income	2 915	12 620	(9 705)	(76.9%)
Operating income	**1 109 481**	**946 657**	**162 824**	**17.2%**
Expected credit loss impairment charges	(86 001)	(66 742)	(19 259)	28.9%
Operating income after expected credit loss impairment charges	**1 023 480**	**879 915**	**143 565**	**16.3%**
Operating costs	(612 554)	(562 866)	(49 688)	8.8%
Operating profit before goodwill, acquired intangibles and strategic actions	**410 926**	**317 049**	**93 877**	**29.6%**
Profit attributable to non-controlling interests	(1 204)	—	(1 204)	—
Adjusted operating profit	**409 722**	**317 049**	**92 673**	**29.2%**
ROE post-tax	14.4%	12.5%		

SPECIALIST BANKING OVERVIEW
CONTINUED

Enhanced collaboration through integration

A key strategic differentiator is our client ecosystem approach, taking our clients along both the personal and business journey.

Our approach of 'One Investec' brings all of Investec that is relevant to each and every client. It is a coordinated approach with the client at the centre, supporting meaningful and long-lasting client relationships with Investec.

We are structurally integrated by organising our business activities around target client groupings. This enables us to leverage Investec's full capability suite to provide solutions most relevant to clients' needs.

In the corporate mid-market our breadth of capabilities and solution focus differentiates us from competitors. In the Private Client market our high levels of service attract HNW individuals underserved by traditional high street and private banks.

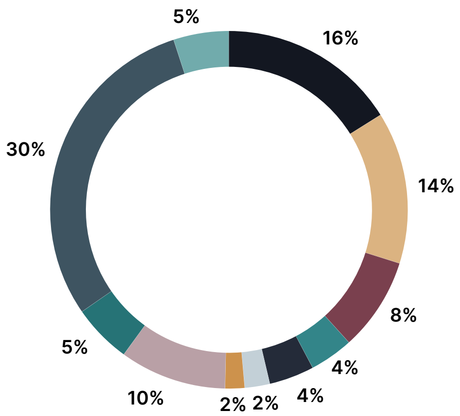
In 2024

Our focus on connectivity continues to deliver strong results. In line with our stated objective to increase connectivity, there has been a significant drive to increase collaboration between our corporate and private client groups, leading to an increased momentum of referrals. Our corporate client groups referred 220 opportunities to our private clients group, a significant increase from 72 in FY2023.

Going forward

- As part of the long-term strategic partnership and co-operation agreement between Investec and Rathbones, we will continue to collaborate with Rathbones to enhance the proposition across banking and wealth management services
- Providing our clients with a holistic solution remains a priority.

Diversified loan book by risk category: Core loans £16.6 billion



	Mar 24	Mar 23
Corporate and other lending	**50%**	**49%**
Asset finance	16%	15%
Corporate and acquisition finance	14%	14%
Fund finance	8%	9%
Energy and infrastructure finance	4%	4%
Other corporate and financial institutions and governments	4%	3%
Aviation finance	2%	2%
Asset-based lending	2%	2%
Lending collateralised by property	**15%**	**15%**
Commercial real estate	10%	10%
Residential real estate	5%	5%
High net worth and other private client lending	**35%**	**36%**
Mortgages	30%	30%
Other high net worth lending	5%	6%

Highlights: Sustainability

- Evolving and developing our Sustainable and Transition Finance Classification Framework has been a primary area of focus and will help to drive existing and future Sustainable finance activity
- We were the Sole Mandated Lead Arranger and Bookrunner on an up to €110 million solar Photovoltaic portfolio financing
- We partnered with an energy company to provide £26 million to help decarbonise the Scotch whisky industry
- We are supporting decarbonisation of country park lodges through ground mounted solar and battery systems
- We provided a €132 million Green Loan to support a world leader in concessions, energy and construction in supporting the German electric vehicle charging network tender
- We also have made progress on improving the quality and accuracy of our scope 3 financed emissions which will help drive conversations with clients and various sectors on how we can help reduce emissions to meet our net-zero aspirations.

Highlights: Belonging, Inclusion and Diversity (BID)

- We have a female CEO, CFO and COO, and currently have 45% females and 27% minority ethnic representation on the Investec Bank plc Board
- We have been awarded best FTSE 250 strategy award at the INSEAD Alumni Balance in Business Initiative Awards 2024 recognising our commitment to achieving greater gender balance
- We publish both our gender and ethnicity pay gap data annually. As at 5 April 2023, the mean gender pay gap in our UK banking business stood at 22.3%. This is a marked improvement on the prior year 25.6% and reflects continued progress since 2017 when the gap stood at 35.2%
- We proactively engage with colleagues and clients around diversity and recently held various events such as the International Women's Day interactive discussion, various client events that celebrated and connected influential female leaders, and a discussion on reverse mentoring during Black History Month
- Our Women in Tech network hosted their inaugural Tech Open Day, showcasing the variety of ways that tech can make our lives easier and slicker, with demo booths and topics including careers in tech
- Our flagship two day diversity and inclusion programme, 'Zebra crossing' was attended by 142 colleagues in FY2024.

PRIVATE BANKING

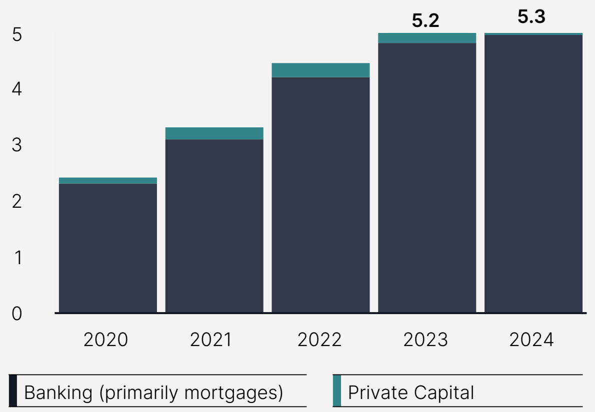
Our Private Banking activities focus on providing bespoke solutions underpinned by in-depth knowledge and understanding of our clients' personal and business aspirations and goals, supported by a broad private banking offering. We understand that every client is an individual, and that they are typically active wealth creators with complex financial needs. Our proposition is aligned with a clearly defined target client base and a market opportunity to address an underserviced part of the UK market. This segment comprises lending (primarily residential mortgages), savings and transactional banking (including international payments) to HNW clients, coupled with bespoke foreign exchange and financing solutions for qualifying HNW clients, as well as flexible capital solutions for established privately owned businesses and entrepreneurs (Private Capital).

Performance highlights

- Adjusted operating profit was £68.4 million (2023: £70.2 million) with net interest income up whilst cost discipline was maintained
- The residential mortgage lending book reported moderate growth of 4.3% reflecting the lower market demand for mortgages given the high interest rate and uncertain macroeconomic environment.

Loans and advances to customers

£'billion

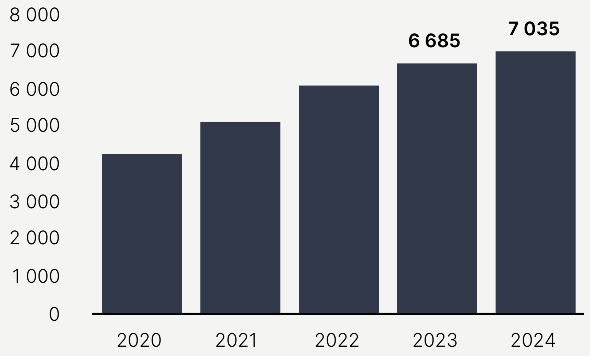


Loan book growth:

- Continued muted book growth for HNW banking and a reduction in book for Private Capital, up 3.2% and down (8.4)% respectively since March 2023, reflecting the high interest rate and the uncertain macroeconomic environment
- Market demand for residential mortgages has not recovered from the sharp drop post mini budget in September 2022. Clients with excess liquidity are paying down their debt leading to elevated redemptions. We have however seen an increase in demand in the last quarter of FY2024 with credit pipeline starting to build
- The Private Capital book reduction was driven by higher redemptions and prepayments due to the higher interest rate environment
- Credit underwriting standards were maintained whilst growing the book notwithstanding a competitive market.

Note: In addition to the loan book shown above, our Channel Islands business had c.£521mn (2023: £520mn) of mortgages as at 31 March 2024.

HNW client acquisition



Continued success in client acquisition:

- We continued to acquire new clients through the period in spite of subdued mortgage demand and acquired 793 new clients over the period
- Aligned to our One Investec approach, this offering serves as a valuable client acquisition tool for the wider UK Bank and new strategic partnership with Rathbones Group. Our clients have an average income of £700 000+ and average NAV of £12 million (well above our quantitative criteria)
- HNW mortgage lending is focused on target clients in established areas (London and the South East) with recourse to the individual and high level of cash equity contributions into transactions.

Note: In addition to these client figures, our Channel Islands business has 1 092 HNW clients (31 March 2023: 1 062). This brings our total number of HNW clients to 8 127 (31 March 2023: 7 747).

PRIVATE BANKING
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2024	31 March 2023	Variance	% change
Net interest income	132 302	128 945	3 357	2.6%
Net fee and commission income	833	1 946	(1 113)	(57.2%)
Investment income	1 138	141	997	>100%
Trading income arising from				
– customer flow	4 869	4 449	420	9.4%
– balance sheet management and other trading activities	(99)	13	(112)	>(100%)
Operating income	**139 043**	**135 494**	**3 549**	**2.6%**
Expected credit loss impairment charges	(13 557)	(6 344)	(7 213)	>100%
Operating income after expected credit loss impairment charges	**125 486**	**129 150**	**(3 664)**	**(2.8%)**
Operating costs	(57 090)	(58 996)	1 906	(3.2%)
Adjusted operating profit/(loss)	**68 396**	**70 154**	**(1 758)**	**(2.5)%**
Key income drivers				
Cost to income ratio	41.1%	43.5%		
Growth in loans and advances to customers	2.4%	15.4%		

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

- Growth in net interest income was driven by a higher average loan book and the positive effect of higher interest rates. Net book margin remained relatively stable notwithstanding the increased competition and lower turnover
- ECL impairment charges for the period increased to £13.6 million (2023: £6.3 million), primarily due to Stage 3 ECL charges on certain exposures. The credit loss ratio on the private client mortgage book remains low at 7bps (2023: 4bps). Asset quality remains solid with exposures well covered by collateral, as reflected in the coverage ratios. Refer to page 267 for further information on the Group's asset quality
- Operating costs decreased by £1.9 million or 3.2%, reflecting reduced variable remuneration in line with business performance. Fixed costs have been well contained, up 2.4% since the prior year notwithstanding the continued investment in people and inflationary pressures
- Growth in risk weighted assets of 4.2% has slowed from the prior year reflecting the reduced book growth over the year due to high interest rates and the uncertain macro-economic environment.

Strategy execution

- We have continued to successfully execute our HNW client acquisition strategy. Whilst activity levels remain subdued given current market conditions, we were still able to maintain our current position in the market
- This HNW client activity connects to the rest of the client ecosystem, where our client-centric, One Investec approach enables us to win mandates in other areas. We are starting to see an increased number of internal referrals into our Private Client Group
- We will continue to collaborate with Rathbones to enhance the proposition across banking and wealth management services. In addition, the ability to provide our UK Private Banking offering to South African clients seeking an international proposition continues to be a key differentiator in South Africa
- Our Private Capital offering addresses a gap in the UK market, providing capital directly to owner-managed businesses and their owners. These HNW clients value our innovative, flexible approach to understanding both their business and personal assets.

Looking ahead

- We successfully completed the all-share combination between Rathbones and IW&I UK in September 2023. This also marks the beginning of a strategic partnership that will enhance the client proposition across banking and wealth management services for both Investec Group and the Rathbones Group. During the year, we have successfully generated FUM for IW&I UK and Rathbones from our client base against a challenging market backdrop
- Having established a strong presence in the market over the last five years, our Private Capital business is in growth mode, focused on increasing lending through deepening existing relationships and further client acquisition
- We are focused on maintaining business momentum and generating a stable annuity income stream for the Group, while investing with discipline in the required technology to support our growth to scale
- IBP continues its efforts to build Internal Ratings Based (IRB) approach models. Good progress is being made towards the submission of an application to the PRA.

CORPORATE INVESTMENT BANKING AND OTHER

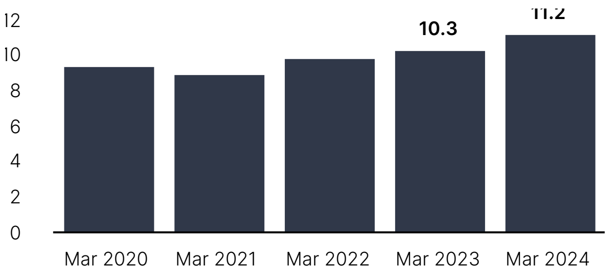
This segment comprises business activities that provide lending, advisory and risk management services to growth-orientated corporate clients in the private companies, private equity and listed companies arenas, including specialist sector-focused expertise. This segment also includes our central treasury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

Performance highlights

- The results reflect a strong performance, with an adjusted operating profit of £341.3 million or 38.2% ahead of £246.9 million reported in FY2023. We are now firmly in our growth phase and are reaping the benefits of the strategy to simplify and focus the business executed in recent years
- Net interest income increased by £96.4 million (16.3%) to £688.3 million, driven by a higher average loan book and higher interest rates
- Impairment charges increased to £72.4 million (2023: £60.4 million). We have seen individual client stresses with no evidence of trend deterioration in the overall credit quality of the book.

Loans and advances to customers

£'billion



Loan book growth

- The loan book grew by 8.6% since 31 March 2023 to £11.2 billion
- Lending activity increased across multiple portfolios, supported by new client acquisition as we continue to build scale and relevance in our client franchises, as well as repeat business with existing clients
- We continue to utilise our origination and distribution capability to manage diversity and concentration of our lending portfolios and generate additional ROTE-accretive revenue for the Group.

Awards won in the past year

Winner

Lender of the year – Bank
Real Deals Private Equity Awards 2023

Best Notice Savings Provider
MoneyComms Top Performers 2024

Best Service from an Asset Based Finance Provider
Business Moneyfacts Awards 2023

Best Digital Savings Provider
Moneynet Awards 2024

Research ranked #1 across nine sector teams
The 2023 Institutional Investor's UK Small & Mid-Cap survey

Best FX Trading Platform
Global Finance

Best Online Customer Service
MoneyComms Top Performers 2024

Best Service from an Invoice Finance Provider
Business Moneyfacts Awards 2023

Most Transparent Savings Provider
Moneynet Awards 2024

Fund Financing Lender of the Year
The 2023 Drawdown Awards

WEALTH AND INVESTMENT
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2024	31 March 2023	Variance	% change
Net interest income	688 315	591 930	96 385	16.3%
Net fee and commission income	153 379	106 396	46 983	44.2%
Investment income	1 485	4 855	(3 370)	(69.4%)
Share of post-taxation profit of associates and joint venture holdings	274	660	(386)	(58.5%)
Trading income arising from				
– customer flow	96 190	81 665	14 525	17.8%
– balance sheet management and other trading activities	27 880	13 037	14 843	>100.0%
Other operating income	2 915	12 620	(9 705)	76.9%
Operating income	**970 438**	**811 163**	**159 275**	**19.6%**
Expected credit loss impairment charges	(72 444)	(60 398)	(12 046)	19.9%
Operating income after expected credit loss impairment charges	**897 994**	**750 765**	**147 229**	**19.6%**
Operating costs	(555 464)	(503 870)	(51 594)	10.2%
Operating profit before goodwill, acquired intangibles and strategic actions from continuing operations	**342 530**	**246 895**	**95 635**	**38.7%**
Profit attributable to non-controlling interests	(1 204)	—	(1 204)	—
Adjusted operating profit	**341 326**	**246 895**	**94 431**	**38.2%**
Key income drivers				
Cost to income ratio	57.3%	62.1%		
Growth in loans and advances to customers	8.6%	4.5%		

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

- Net interest income increased by 16.3% benefitting from a larger book built over the past four years. Our diversified client lending franchises allow us to continue growth notwithstanding the persistently uncertain operating environment. Our client acquisition strategies are the key underpin to the sustained loan book growth across diversified specialisations. Higher global interest rates also supported the net interest income growth
- Net fee and commission income increased by 44.2% to £153.4 million driven by higher Listed companies' advisory fees in the current year amidst a challenging UK advisory market and the first time consolidation of Capitalmind, increasing our M&A advisory fees. We have also seen higher arrangement fees in certain lending areas. Activity levels in equity capital markets remain muted given the challenging macroeconomic environment
- Trading income from customer flow increased by 17.8% over the year driven by increased facilitation of hedging for clients by our Treasury Risk Solutions area, increased client flow trading income in our ECM activities, as well as positive risk management gains from hedging the significantly reduced financial products rundown book
- Trading income from balance sheet management and other trading activities increased to £27.9 million (2023: £13.0 million) from the prior year largely as a result of unwinding certain existing interest rate swap hedges as part of the implementation of the structural interest rate hedging programme
- ECL impairment charges increased to £72.4 million. The increase in ECL charges was largely driven by Stage 3 ECL charges on certain exposures. New defaults reflect individual idiosyncratic client stresses across various portfolios. Refer to page 281 for further information on the macro-economic scenarios applied and page 267 for information on the Group's asset quality
- Operating costs increased by 10.2% to £555.5 million. Fixed operating costs include a provision for the industry-wide FCA motor finance review of £30 million as well as £8.6 million for the first time consolidation of Capitalmind from 1 July 2023. Excluding these items, fixed costs were well contained, up 3.0%, well below the UK average inflation rate.

WEALTH AND INVESTMENT
CONTINUED

Strategy execution

- Our One Investec approach – underpinned by our connected client ecosystem – has supported our ability to provide clients with a holistic solution and generate additional opportunities. Through the successful completion of the combination of our UK Wealth business and Rathbones, we expect to drive further collaboration with Rathbones, ensuring a seamless experience for mutual clients
- The strength of our client franchises has been independently recognised through the numerous awards we have won
- We continue to deepen our mid-market sponsor relevance. Our broad proposition and focused target market is reaping strategic benefits, as our cross-product relevance further strengthens our competitive advantage. For example, we recently started a Private Equity Secondary business in M&A Advisory and extended our integrated Asset Based Lending product suite to Continental Europe and our Fund Finance business to North America. Furthermore, we have integrated Capitalmind effectively into the Group and refocused advisory across all primary sectors
- We continue to generate diversified, capital light earnings by utilising external capital to facilitate our highly successful origination and distribution capability. Investec Alternative Investment Management ("IAIM"), a subsidiary of IBP, houses our fund activities including Private Debt Fund I which commenced in early 2021. We are focused on building external partnerships and raising further fund vehicles to complement our balance sheet lending capabilities. For example, we are currently fundraising Private Debt Fund II as well as looking at discretionary vehicles within our Fund Solutions franchise to meet these objectives and enhance our relevance with borrowers
- We remain committed to digitalisation and innovation to drive scale, efficiency and sustained growth by leveraging cloud technologies. Rebuilding our core platforms and delivering new business capabilities has resulted in improvements to our client offerings in lending, payments, FX and risk management. New products and services are available through our digital savings, private client and corporate online platforms. We are also capitalising on rapid innovation in Generative AI for everyday productivity use cases leveraging the Microsoft Copilot suite
- Investec India strategy is consistent with Group strategy to increase contribution from capital light revenues. Equity Research has c.230 listed Indian companies under coverage and our M&A Advisory business has significant market presence in our target sectors. The private credit business has arranged $5bn+ debt for Indian counterparts and has launched a second fund in Gujarat International Finance Tec-City (GIFT)
- In addition, we are providing services to the broader Investec Group (in particular the UK and SA operations) from India, both client facing and non-client facing functions
- We have continued to enhance our offering to Private Companies. Improvements to our proposition and continued digitisation across key areas including FX and lending has increased client numbers and the number of products used by clients.

Looking ahead

- We are cautiously optimistic looking ahead as the UK economic position and growth evolves following increased inflation, high interest rates, higher cost of living and energy prices. We are well capitalised, lowly leveraged, and continue to maintain strong liquidity buffers and ratios. We are well placed to manage further volatility should it arise and to take advantage of growth opportunities as they present themselves
- Our One Investec client ecosystem approach remains one of our key strategic differentiators. The Partnership Agreement with Rathbones governs the long-term, strategic partnership and is expected to unlock significant value in the medium to long term
- With respect to sustainability, we are focused on embedding an ESG mindset that is fully integrated in our support for clients. We will continue to grow our sustainability offering to support our clients with renewable energy financing and innovative debt structuring
- In our Private Equity Client Group, we continue to grow market share and see positive growth prospects
- We have located a lending origination team in our office in Zurich to focus on the DACH region and we look forward to the benefits that will flow from the closer proximity to sponsors and borrowers
- We expect our M&A Advisory business to benefit from (1) our recent purchase of a majority shareholding in Capitalmind; (2) the refocusing of our business along sector lines; and (3) the growing contribution from our Coverage and Origination function. Providing an integrated offering across our regions, and via our international partnerships, continues to facilitate an expansion of our cross-border M&A advisory services
- We see significant opportunity to grow market share and drive income as we further develop our offering to Private Companies. Investment in technology and digitalisation will continue to be a priority combined with the passion and expertise of our people
- Investec plc continues its efforts to build Internal Ratings Based (IRB) approach models. Good progress is being made towards the submission of an application to the PRA.

WEALTH AND INVESTMENT

RATHBONES Incorporating Investec Wealth & Investment (UK)

UK's leading discretionary wealth manager with c.£100bn in FUMA

Scale and operating efficiencies to power future growth

In prior financial years this divisional review contained the performance review of the previously wholly owned IW&I UK business. The IW&I UK business has consistently been one of the leading private client wealth managers in the UK and a highly respected franchise in the industry, delivering outstanding service to clients and creating value for our shareholders. The business delivered strong growth over the last decade and has been central to Investec's strategy to provide a coordinated banking and wealth management offering.

On 21 September 2023, an all-share combination of IW&I UK and Rathbones was completed, resulting in Investec Bank plc owning a 41.25% economic interest in the combined Rathbones Group, and creating the UK's leading discretionary wealth manager. Rathbones Group reported FUMA of £107.6 billion as at 31 March 2024.

The combination brought together two reputable UK wealth management businesses with closely aligned cultures and operating models and establishes a long-term, strategic partnership which will enhance the client proposition across banking and wealth management services for both groups. The combination represents a significant value creation trajectory for both Investec and Rathbones stakeholders.

The compelling strategic rationale for the combination includes the creation of scale and efficiency to power future growth, the ability to leverage Rathbones' investment in technology, an enhanced client offering, an expanded network across 23 locations, the ability to attract and retain the best industry talent, increased capital light earnings and a strategic partnership to leverage attractive collaboration opportunities.

In addition, the positive financial impacts of the combination include:

- Significant value creation, with at least £60 million of pre-tax cost and revenue synergies
- Earnings accretion for Investec shareholders
- Material cost saving in respect of IW&I UK's planned technology spend
- Robust combined Rathbones Group capital base, with significant future capital generation supportive of Investec's dividend policy.

The transaction included Investec's wealth and investment businesses in the UK and Channel Islands but excludes Investec Bank (Switzerland) AG (IBSAG) and IW&I SA. Both IBSAG and IW&I SA remain wholly-owned subsidiaries of Investec; commentary on these businesses can be found in the Southern African Wealth and Investment divisional section in the Investec Group's integrated annual report for the year ended 31 March 2024. Refer to page 11 for further details of the transaction.

IW&I UK was 100% consolidated in the prior financial year. In the current financial year IW&I UK was 100% consolidated up until completion of the transaction (i.e. the first six months of FY2024), following which the Group's investment in Rathbones has been equity accounted for and recognised as an associate. The statutory financial statements have been presented in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), the Group's interest in IW&I UK has been presented as a discontinued operation and the income statement for the prior periods have been appropriately re-presented. Refer to page 257 for discontinued operations information.

The below tables have been presented on a pro-forma basis, i.e. the 100% consolidated IW&I UK earnings have been presented post tax on the income from associate income statement line in the prior year and for the first six months of FY2024. Refer to page 41 for further detail on pro-forma information.

WEALTH AND INVESTMENT
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2024	31 March 2023	Variance	% change
Share of post-taxation profit of associates and joint venture holdings	66 869	74 555	(7 686)	(10.3)%
Adjusted operating profit	**66 869**	**74 555**	**(7 687)**	**(10.3)%**
Share of integration costs and amortisation of intangible assets incurred by Rathbones	(16 576)	—	(16 576)	(<100%)
Profit after taxation	**50 293**	**74 555**	**(24 263)**	**(32.5)%**
Key income drivers				
Post-tax ROE	21.6%	27.3%		
Post-tax ROTE	34.6%	50.1%		

The financial year under review

As mentioned above, the prior financial year includes 100% of IW&I UK's earnings shown on a pro-forma basis. The current financial year includes six months of 100% of IW&I UK earnings and subsequently six months of our 41.25% equity accounted earnings of the combined Rathbones Group.

In 1H2024 IW&I UK reported post-tax operating profit of £35.9 million (10.8% above the prior period) and an operating margin of 25.2% (23.6% in the prior period) in an uncertain economic and operating environment.

In 2H2024 (1 October 2023 to 31 March 2024), i.e. post combination, the Group's 41.25% economic interest in the combined Rathbones Group has been equity accounted, reporting £31.0 million share of post-taxation profit of associates.

Post completion of the transaction to March 2024, Rathbones realised £10.6 million of the £15 million of run-rate synergies that were planned to be achieved by October 2024. Rathbones reported operating margin of 26.5% for the quarter ended 31 March 2024, in line with the FY2024 guidance provided at year-end results released on 6 March 2024.

Investec Bank (Switzerland) AG (IBSAG)

IBSAG which houses our Swiss wealth business is a wholly owned subsidiary of IBP. IBSAG generated revenue of £18.0 million in the current year (2023: £14.2 million), an adjusted operating profit of £3.8 million (2023: loss of £33 000) and reported funds under management of £2.1 billion (£1.7 billion). Following a strategic review in 2022, our Swiss wealth business has been earmarked to play a key in role in the Investec Group's strategic expansion of its international wealth services. As a result further information regarding this business can be found in the Investec Group's Southern African Wealth & Investment division in the Group's integrated report.

Risk management and governance

Our risk management culture ensures we are *locally responsive yet globally aware.* This section contains our risk management and Corporate Governance disclosures.

IN THIS SECTION

RISK MANAGEMENT APPROACH AND FRAMEWORK

Information provided in this section of the annual report is prepared on an Investec Bank plc (IBP) consolidated basis unless otherwise stated.

Philosophy and approach to risk management

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

The Board ensures that there are appropriate resources to manage the risks arising from running our businesses.

The IBP Board Risk and Capital Committee (IBP BRCC) (comprising both Executive and Non-Executive Directors) is the Board mandated committee to monitor and oversee risk. IBP BRCC meets at least six times per annum and recommends the overall risk appetite to the Board for approval.

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

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

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

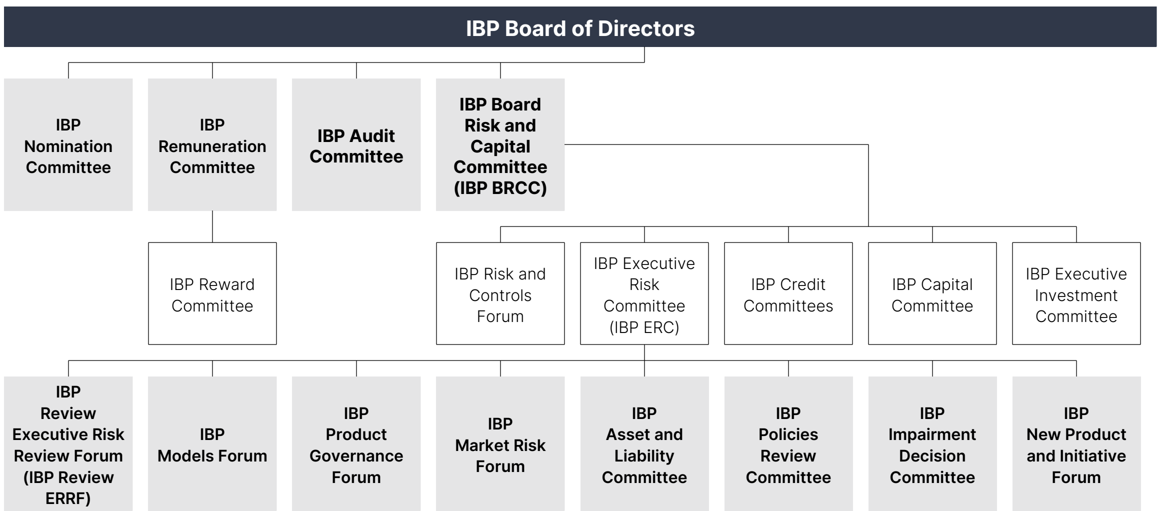
We believe that the risk management systems and processes we have in place are adequate to support the Bank's strategy and allow the Bank to operate within its risk appetite tolerance.

Risk management objectives are to:

- Ensure adherence to our risk management culture
- Support the long-term sustainability of the Bank by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk with good customer outcomes
- Set, approve and monitor adherence to underlying risk parameters and limits across the Bank and ensure they are implemented and adhered to consistently within the Board-approved risk appetite
- Aggregate and monitor exposure across risk classes
- Coordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the IBP Board reasonable assurance that the risks the Bank is exposed to are identified and appropriately managed and controlled
- Resource risk teams suitably and with appropriate expertise and facilitate operating independence
- Establish and convene appropriate risk committees, as mandated by the relevant Boards
- Maintain compliance in relation to regulatory requirements.

Risk management framework, committees and forums

A number of committees and forums identify and manage risk at a Bank level, as shown in the diagram below. These committees and forums operate together with risk management and are mandated by the IBP Board. Any matters relevant to IBP are communicated to the Bank, in part, through having one or more directors of Investec Group as members of the Board committees of the Bank.



YEAR IN REVIEW FROM A RISK PERSPECTIVE

A summary of the year in review from a risk perspective

The executive management is integrally involved in ensuring stringent management of risk through our risk appetite framework, and embedding a culture of risk consciousness in all staff. The risk appetite framework is set taking into consideration prevailing market conditions and the Bank's strategy. The primary aim is to achieve a suitable balance between risk and reward in our businesses.

Despite rising geopolitical tensions and a backdrop of a number of upcoming elections globally, including in the UK, we have continued to grow our business in a risk conscious manner. The Bank remains well capitalised, maintains high levels of liquidity, runs modest levels of market risk and favours lending to clients with predictable income streams that provide sound collateral.

Loans and advances to customers as a percentage of customer deposits remained conservative at 79.5%. The Bank has a substantial portion of eligible deposits that are covered by Financial Services Compensation Scheme (FSCS) protection.

We have limited reliance on wholesale funding but we maintain access and presence, using wholesale issuance to strategically diversify our funding base and complement the other liability channels by focusing, where appropriate, on tenor and currency as part of a longer term strategic plan.

The Bank of England formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and IBP as a material subsidiary, will be subject to a revised Minimum Requirements for Own Funds and Eligible Liabilities (MREL) requirement. The MREL transition will commence from 1 January 2026 in a phased manner with end-state MREL applying from 1 January 2032. Any additional MREL requirements will be met over time as part of increasing wholesale market issuance from the existing established base and we will continue to evaluate issuance opportunities in the near term as part of this glide path.

Cash and near cash balances at 31 March 2024 amounted to £9.7 billion. We maintain a high level of readily available, high-quality liquid assets (HQLA), targeting a minimum cash to customer deposit ratio of 25%. Current cash and near cash is equivalent to 46.3% of customer deposits. At 31 March 2024, on an IBP solo basis, the Liquidity Coverage ratio (LCR) was 519% and Net Stable Funding ratio (NSFR) was 144%, both metrics well ahead of current minimum regulatory requirements.

We continue to maintain a structural hedging programme in the UK to reduce sensitivity of earnings to interest rate movements.

The Bank's focus remains on maintaining a strong liquidity position in light of overall market volatility. Funding continues to be actively raised, across a diverse funding base, supported by stable credit ratings.

IBP's long-term Moody's deposit rating is A1 (stable outlook). IBP's long-term Fitch rating is BBB+ (stable outlook).

We have continued to grow our loan book while ensuring its resilience, despite the challenging macro-economic environment. Increased client activity and new client acquisition resulted in an increase in the Bank's net core loan book by 6.4% to £16.6 billion. Growth was mainly due to increased activity diversified across multiple asset classes of Corporate client lending.

Credit exposures are focused on secured lending to a select target market, comprising high-income and high net worth individuals, established corporates, and medium-sized enterprises. Our risk appetite continued to favour lower risk, income-based lending, with exposures well collateralised and with credit risk taken over a short to medium term. We remain focused on our target market, supporting clients with significant wealth and experience in their chosen sectors, as indicated by our continued growth in the private banking space as we execute on our strategy to target this sector of the market. Over the past few years we have realigned and rebalanced our portfolios in line with our risk appetite framework and this is reflected in the movements in asset classes on our balance sheet; showing an increase in private client, mortgages and corporate and other lending, and maintaining lending collateralised by property as a proportion of net core loans.

The Bank's net core loan exposures remain well diversified with commercial rent producing property loans comprising approximately 7.6% of net core loans, other lending collateralised by property 7.4%, high net worth and other private client lending 34.5% and corporate and other lending 50.5% (with most industry concentrations well below 5%).

We remain confident that we have a well-diversified portfolio across sectors.

Asset quality ratios reflect the current operating environment and underlying portfolios remain resilient. The credit loss ratio is at 0.58% at 31 March 2024 (31 March 2023: 0.37%), in line with guidance provided in November 2023, as we adequately provisioned for a small number of new and existing Stage 3 deals to allow for exits in the non-performing portfolio. We expect the credit loss ratio to remain elevated between 50bps and 60bps in the short term.

Stage 3 exposures totalled 3.3% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 2.3%) driven by isolated individual client default incidents across multiple asset classes with no specific trends evident.

Stage 2 exposures as a proportion of gross core loans subject to ECL decreased to 8.6% at 31 March 2024 (31 March 2023: 8.7%) as underlying portfolios continue to perform.

The measurement of ECL under IFRS 9 has increased complexity and reliance on expert credit judgements. Key judgemental areas under IFRS 9 are highlighted in this document and are subject to robust governance processes. The Bank applies the IFRS 9 transitional arrangements to regulatory capital calculations to absorb the permissible IFRS 9 impact over time.

The Bank holds a management overlay of £3.7 million at 31 March 2024 (31 March 2023: £4.9 million) which is apportioned to Stage 2 assets.

Further detail on key judgements can be found on page 280.

We continue to progress in entrenching sustainability across all aspects of our business. Our commitment to human rights and support for internationally recognised principles, guidelines and voluntary ESG standards is tightly integrated into our credit decision-making process which considers the important aspects of each geography we operate in. We have published the Investec Group's enhanced Sustainable and Transition Finance Classification Framework, with targets to be published by 31 March 2025.

Market risk within our trading portfolio remains modest with Value at Risk (VaR) and stress testing scenarios remaining at prudent levels. Trading revenues are driven by client activity.

We continue to manage our investment portfolio exposure in line with our objective of optimising capital allocation, reducing income volatility and aligning the business with our client franchises.

YEAR IN REVIEW FROM A RISK PERSPECTIVE
CONTINUED

We have substantially managed down our investment portfolio exposure in line with our objective of optimising capital allocation, reducing income volatility and aligning the business with our client franchises. The investment portfolio on the balance sheet reduced by 21.7% over the year under review to £244 million at 31 March 2024.

The Bank continued to maintain a sound balance sheet with a low gearing ratio of 8.3 times and a core loans to equity ratio of 4.6 times at 31 March 2024.

The Bank maintained a sound capital position, well in excess of minimum regulatory requirements, with a Common Equity Tier 1 (CET1) ratio of 13.3% (31 March 2023: 12.7%) and a leverage ratio of 10.7% (31 March 2023: 9.8%). The Bank remains on the Standardised Approach and with these metrics comfortably exceeds the target CET1 ratio of greater than 10% and leverage ratio target of greater than 6%. We continue our efforts to build Internal Ratings Based (IRB) approach models. Good progress is being made towards the submission of an application to the Prudential Regulation Authority (PRA).

Non-financial risks that arise through the Group's operations remain highly topical and continue to receive a significant amount of management time, particularly in light of the evolving technological landscape and regulatory focus. Operational risk is managed across the business through an internal control environment, with a view to limiting the risk to acceptable residual risks.

The importance of operational resilience to ensure minimal client disruption is paramount. We take a highly disciplined approach to recovery and resolution planning and remain focused on managing conduct, reputational and operational risks.

Keeping abreast of industry-wide trends with respect to artificial intelligence (AI) developments, cyber threats and data management as well as increased reliance on big tech and cloud platforms remains an area of focus and significant time is spent ensuring we have the appropriate expertise to assess potential threats and opportunities.

We remain cognisant of the emerging risks arising from technological advances and continually aim to strengthen and test our systems and controls to mitigate cyber risk and fulfil our moral and regulatory obligations to combat money laundering, fraud and corruption.

We continue to offer access to wealth management through our strategic partnership with Rathbones, following completion of the all-share combination of the UK Wealth & Investment business in September 2023. The Partnership Agreement with Rathbones governs the long-term, strategic partnership and is expected to unlock significant value in the medium to long term.

The Bank operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Bank is involved in disputes and legal proceedings which arise in the ordinary course of business. The Bank evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

We have raised a provision of £30 million for the potential financial impact of the recently announced industry-wide Financial Conduct Authority (FCA) review into historical motor finance commission arrangements and sales in the UK. The Bank began lending in this space in June 2015 and at 31 March 2021, Motor finance totalled £555 million of the Bank's loan book. The Group continues to believe that its historical practices were compliant with the law and regulations in place at the time, and welcomes the FCA intervention through its industry wide review. The provision includes estimates for operational and legal costs, including litigation costs, together with estimates for potential awards, based on various scenarios using a range of assumptions.

The Board, through its respective risk and capital committees, continued to assess the impact of its principal risks and the Bank's stress testing scenarios (including 'bottom-up' and reverse stress testing analyses) on its business. The Board has concluded that the Bank has robust systems and processes in place to manage these risks and that, while under a severe stress scenario business activity would be very subdued, the Bank would continue to maintain adequate liquidity and capital balances to support the continued operation of the Bank.

During the year, a number of stress scenarios were considered and incorporated into our processes.

Fundamental risk performance during the period has been solid and management remains focused on maintaining the sound underlying balance sheet, notwithstanding the macro-economic pressures we continue to face in our areas of operation. Going forward, we are closely monitoring developments with respect to the global geopolitical outlook, including any potential impact from the outcomes of a number of elections globally, including in the UK. We maintain high levels of liquidity and diversified funding, supported by a strong capital base in line with our risk appetite positioning us well to support our clients through the period ahead.

PRINCIPAL RISKS

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the Board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised below with further information pertaining to the management and monitoring of these principal risks shown in the references provided.

The Board, through its various committees, has performed a robust assessment of these principal risks and regular reporting of these risks is made to the Board.

The Board recognises that, even with sound appetite and judgement, extreme events can happen which are completely outside of the Board's control. It is, however, necessary to assess these events and their impact and how they may be mitigated by considering the risk appetite framework. It is the Bank's policy to regularly conduct multiple stress testing scenarios (including reverse stress testing) which, in theory, test extreme but plausible events and from that, assess and plan what can be done to mitigate the potential outcome.

In addition to the principal risks, emerging risks continue to be reviewed and assessed. These emerging risks are evaluated for their inherent risk level and potential impact on the Bank's operations, financial performance, viability, and prospects. Mitigation measures are considered to address these risks, taking into account their potential influence on the principal risks.

A number of these risks are beyond the Bank's control and are considered in our capital plans, stress testing analyses and budget processes, where applicable.

The Bank's stress testing framework is well embedded in its operations and is designed to identify and regularly test the Bank's key vulnerabilities under stress. A fundamental part of the stress testing process is a full and comprehensive analysis of the Bank's material business activities, incorporating views from risk, the business units and the executive – a process called the 'bottom-up' analysis. Resulting from the 'bottom-up' analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the Bank's portfolio. The key is to understand the potential threats to our sustainability and profitability and thus a number of risk scenarios are developed and assessed.

These Investec-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting. The stress testing process also informs the risk appetite review process and the management of risk appetite limits and is a key risk management tool of the Bank. Reverse stress tests are conducted to stress the Bank's business plan to failure and consider a broad variety of extreme and remote events. These processes allow the Bank to proactively identify underlying risks and manage them accordingly.

The Bank has a strong and embedded risk and capital management culture with policies, processes and systems in place to address these principal risks. Risk awareness, governance, controls and compliance are embedded in all our day-to-day activities through a levels of defence model.

The levels of defence model is applied as follows:

- **Level 1** – Business unit management: responsible for identifying and managing risks inherent in the products, activities, processes and systems for which it is accountable and escalating risk events where necessary
- **Level 2** – Independent risk and compliance functions: responsible for building and embedding risk frameworks, challenging the business lines' inputs to, and outputs from, the Group's risk management, risk measurement and reporting activities
- **Level 3** – Independent internal audit: responsible for reviewing and testing the application and effectiveness of risk management procedures and practices.

Risk appetite

The Bank has a number of Board-approved risk appetite statements and policy documents covering our risk appetite and approach to our principal aspects of risk. The risk appetite statement and framework set out the Board's mandated risk appetite. The risk appetite statement ensures that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite framework acts as a guide to determine the acceptable risk profile of the Bank while keeping in line with the Investec Group's risk appetite parameters.

The risk appetite framework is a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the Bank is operating. The risk appetite framework is reviewed (in light of the above aspects) and approved by the Board at least annually or as business needs dictate.

A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the IBP BRCC and Board as well as the DLC BRCC and DLC Board. In the section that follows, the Bank's high-level summary of overall risk appetite and positioning has been detailed against the respective principal risks.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Credit and counterparty risk

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Bank, arising when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet

Link to strategy and opportunities

Further information

Read more on pages 263 to 279.

Monitoring and mitigation activities

- Independent credit committees exist which also have oversight of regions where we assume credit risk. These committees operate under Board-approved delegated limits, policies and procedures
- There is a high level of executive involvement in decision-making with non-executive review and oversight
- The Bank's credit exposures are to a select target market comprising high-income and high net worth individuals, established corporates, small and medium-sized enterprises, financial institutions and sovereigns
- Our risk appetite continues to favour lower risk, income-based lending with exposures well collateralised and credit risk taken over a short to medium term
- Investec has a limited appetite for unsecured debt, thus the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets
- Portfolio reviews (including stress testing analyses) are undertaken on all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

Risk appetite and tolerance metric

We target a credit loss ratio of less than 1.5% under a weak economic environment/stressed scenario (under normal conditions, less than 0.5%). We target Stage 3 net of ECL as a % of net core loans subject to ECL to be less than 4% under a weak economic environment/ stressed scenario (excluding the Legacy portfolio*; under normal conditions, less than 2%). We target Stage 3 net of ECL as a % of CET1 less than 25%.

Positioning at 31 March 2024

The Bank currently remains within all tolerance levels given the current weakened economic environment. The credit loss ratio was calculated at 0.58% for 31 March 2024 (0.37%: 31 March 2023). Stage 3 net of ECL as a % of net core loans subject to ECL was 2.5% (excluding the Legacy portfolio*). Stage 3 net of ECL as a % of CET1 is 17.4%.

* Refer to definitions on page 306.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Concentration risk

Concentration risk refers to the risk that could arise from a single client or counterparty, group of connected counterparties, or from a particular geography, asset class, supplier or industry. Concentration risk may occur when counterparties are mutually affected by similar economic, legal, regulatory or other factors which could hinder their ability to meet contractual obligations

Link to strategy and opportunities

More information

Read more on page 263.

Monitoring and mitigation activities

- As a matter of course, concentration risk is well managed and exposures are well spread across geographies, asset classes and industries
- We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency
- Consideration is given to concentration risk when assessing outsourcing and third parties, both within the business and across the financial sector systemically
- We target a diversified loan portfolio, lending to clients we know and understand. Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to manage concentration risk. In order to manage concentration, we will consider a sell-down of exposures to market participants
- Concentration risk can also exist where loan maturities are clustered to single periods in time. Loan maturities are monitored on a portfolio and a transaction level.

Risk appetite and tolerance metric

We limit our core loan exposure to a single/connected individual or company to £120 million. We also have a number of risk tolerance limits and targets for specific asset classes.

Third party and outsourcing concentrations are permitted in relation to regulated, systemically important entities, external auditors or specialist global network infrastructures. Where strategic decisions result in concentration risk in third parties outside of these classifications, these decisions are based on considered analysis where the benefits outweigh the risks and appropriate controls have been deployed for managing and monitoring the associated risks.

Positioning as of 31 March 2024

We maintained this risk tolerance level throughout the year.

Country risk

Country risk refers to the risk of lending to a counterparty operating in a particular country or the risk inherent in a sovereign exposure, i.e. the risk of exposure to loss caused by events in that country. Country risk covers all forms of lending or investment activity whether to/with individuals, corporates, banks or governments

Link to strategy and opportunities

Further information

Read more on page 264.

Monitoring and mitigation activities

- Exposures are only to politically stable jurisdictions that we understand and have preferably operated in before
- The legal environment should be tested, have legal precedent in line with the Organisation for Economic Co-operation and Development (OECD) standards and have good corporate governance
- In certain cases, we may make use of political risk insurance to mitigate exposure where deemed necessary.

Risk appetite and tolerance metric

We have a preference for primary exposure in the Bank's main operating geography (i.e. the UK). We will accept exposures where we have a branch or local banking subsidiary and tolerate exposures to other countries where we have developed a local understanding and capability or we are facilitating a transaction for a client.

Positioning at 31 March 2024

We maintained this risk tolerance level in place throughout the year.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Sustainability risk (including climate and ESG)

The risk that our lending and investment activities give rise to unintended climate, environmental, social and economic consequences

Link to strategy and opportunities

More information

Read more on pages 264, 283 and 284 and pages 122 to 140 of the Investec Group's 2024 integrated and strategic annual report and the Investec Group's 2024 sustainability report which is published and available on our website: www.investec.com

Monitoring and mitigation activities

- Investec has a holistic approach to sustainability, and supports the precautionary approach to sustainability management, guided by international best practices regarding the responsibilities of the financial sector in financing and investing transactions
- This approach runs beyond recognising the Bank's own footprint on the environment and is based on a broader responsibility to the environment and society
- We recognise the complexity and urgency of climate change. We are committed to supporting the transition to a clean and energy efficient world while preserving our planet and the wellbeing of our people
- The Investec Group ESG Executive Committee, mandated by the Investec Group's Executive Directors, reports relevant sustainability-related matters to the DLC SEC and Investec Group ERC. The main objectives of the committee are to coordinate sustainability-related efforts across geographies and businesses
- Accordingly, sustainability risk considerations are considered by the relevant credit committee or investment committee when making lending or investment decisions
- Investec's climate change position statement stems from the belief that one of the greatest socio-economic impacts we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world
- Our environmental policy considers the risks and opportunities that climate change and nature degradation present to the global economy.

Risk appetite and tolerance metric

It is important to consider potential financial risk that could result from unmanaged sustainability-related risks. We are continually monitoring best practice in this area and will continue to develop and enhance our approach over time. We take a cautious approach with respect to industries falling in our high-risk ESG categories that are known to have negative environmental (including climate) and societal consequences. Our targets around fossil fuel activities can be found in our published fossil fuel policy on our website. Further detail around our zero tolerance activities can be found in the Investec Group's 2024 sustainability report.

Positioning as of 31 March 2024

We maintained this risk tolerance level in place throughout the year.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Investment risk

Investment risk arises where the Bank invests in largely unlisted companies and select property investments, with risk taken directly on the Bank's balance sheet

Link to strategy and opportunities

Further information

Read more on page 285.

Monitoring and mitigation activities

- Independent credit and investment committees exist in the UK which provide oversight of regions where we assume investment risk
- Risk appetite limits and targets are set to limit our exposure to equity and investment risk
- As a matter of course, concentration risk is avoided and investments are well spread across geographies and industries.

Risk appetite and tolerance metric

We have moderate appetite for investment risk, and set a risk tolerance of less than 27.5% of CET1 capital for our unlisted principal investment portfolio.

Positioning as of 31 March 2024

Our unlisted investment portfolio amounted to £243 million, representing 10.1% of CET1.

Market risk in the trading book

Traded market risk is the risk of potential value changes in the trading book as a result of changes in market factors such as interest rates, equity prices, commodity prices, exchange rates, credit spreads and the underlying volatilities where derivatives are traded. The trading book is defined as positions in financial instruments and commodities, including derivative products and other off-balance sheet instruments that are held within the trading businesses

Link to strategy and opportunities

Further information

Read more on pages 287 to 290.

Monitoring and mitigation activities

- To identify, measure, monitor and manage market risk, we have independent market risk management teams
- The focus of our trading activities is primarily to support our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow
- Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets
- Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR), stressed VaR (sVaR), expected shortfall (ES) and extreme value theory (EVT). Stress and scenario analyses are used to add insight to possible outcomes under severe market disruptions.

Risk appetite and tolerance metric

Market risk arises through our trading activities which are primarily focused on supporting client activity. Appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than £3.5 million.

Positioning as of 31 March 2024

We met these internal limits; one-day 95% VaR was £0.2 million at 31 March 2024.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Liquidity risk

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

Link to strategy and opportunities

Further information

Read more on pages 291 to 295.

Monitoring and mitigation activities

- Our banking entity in the UK is ring-fenced from the Investec Group's banking entity in South Africa and is required to meet the UK regulatory liquidity requirements
- Each geographic entity must be self-sufficient from a funding and liquidity standpoint
- Investec plc undertakes an annual Internal Liquidity Adequacy Assessment Process (ILAAP) which documents the approach to liquidity management across the firm, including IBP (solo basis). This document is reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC Boards
- We maintain a liquidity buffer in the form of unencumbered cash, government or rated securities (typically eligible for repurchase with the central bank), and near cash well in excess of the regulatory requirements as protection against unexpected disruptions in cash flows. We maintain a prudent approach to the mix of instruments in the liquidity buffer to ensure it is available when and where required, taking into account regulatory, legal and other constraints
- Daily liquidity stress tests are carried out in order to help accurately measure the liquidity profile and ensure that in the absence of market or funding liquidity during periods of stress, we would continue to meet our obligations
- The maintenance of sustainable prudent liquidity resources takes precedence over profitability
- We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency
- Our core loans must be fully funded by stable funding
- The Bank does not rely on committed funding lines for protection against unforeseen interruptions to cash flow
- The balance sheet risk management team independently monitors key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential normal market disruptions
- Investec plc maintains a contingency funding and recovery plan designed to protect depositors, creditors and shareholders and maintain market confidence during adverse liquidity conditions. This document is reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC Boards.

Risk appetite and tolerance metric

We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash and near cash to customer deposit ratio of 25%.

Positioning as of 31 March 2024

Total cash and near cash balances amounted to £9.7 billion at year end representing 46.3% of customer deposits.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Interest rate risk in the banking book (IRRBB)

IRRBB arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity. IRRBB is an inherent consequence of conducting banking activities, and arises from the provision of retail and wholesale (non-trading) banking products and services

Link to strategy and opportunities

Further information

Read more on pages 294 to 295.

Monitoring and mitigation activities

- The daily management of IRRBB is centralised within the Treasury of each banking entity and is subject to local independent risk and local Asset and Liability Committee (ALCO) review
- Together with the business, the treasurer develops strategies regarding changes in the volume, composition, pricing and interest rate characteristics of assets and liabilities to mitigate the interest rate risk and ensure a high degree of net interest margin stability over an interest rate cycle. These are presented, debated and challenged in the Liability Product and Pricing Forum and the ALCO
- Each banking entity has its own Board-approved IRRBB policy and risk appetite, which is clearly defined in relation to both income risk and economic value risk
- The policy dictates that long-term (>one year) IRRBB is materially eliminated. Where natural hedges between banking book items do not suffice to reduce the exposure within defined limits, interest rate swaps are used to transform fixed rate assets and liabilities into variable rate items
- IRRBB is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and net present value (NPV) sensitivity to changes in interest rate risk factors.

Risk appetite and tolerance metric

A movement in rates can result in a negative impact on revenues across the banking industry. This risk is managed within the Bank's risk appetite framework as a proportion of capital and net interest income in order to limit volatility.

Positioning at 31 March 2024

The Bank is within these tolerance metrics. The UK regulatory framework requires banks to assess their Pillar II requirements, including those related to IRRBB, as part of systems and processes included in their Internal Capital Adequacy Assessment Process (ICAAP).

Capital risk

The risk that we do not have sufficient capital to meet regulatory requirements or that capital is inefficiently deployed across the Bank

Link to strategy and opportunities

Further information

Read more on pages 299 to 302.

Monitoring and mitigation activities

- The Bank undertakes an approach to capital management that utilises both regulatory capital as appropriate to the jurisdiction in which it operates and internal capital, which is an internal risk-based assessment of capital requirements
- A detailed assessment of the regulatory and internal capital position is undertaken on an annual basis and is documented in the ICAAP. The ICAAP is prepared at the consolidated Investec plc level and incorporates the Bank (solo-consolidation basis)*. The document is reviewed by the IBP, PLC and DLC Capital Committees before being recommended for approval to the IBP BRCC, DLC BRCC and the IBP and DLC Boards
- The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the Group
- At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the Group's risk profile and optimisation of shareholder returns
- Our internal capital framework is designed to manage and achieve this balance
- The framework has been approved by the Board. The IBP Capital Committee (mandated by IBP BRCC) is responsible for the oversight and management of capital and leverage.
- The leverage ratio is considered and monitored as part of the capital management framework.

Risk appetite and tolerance metric

We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a Total Capital ratio range of between 14% and 17% on a consolidated basis and we target a minimum Tier 1 ratio of >11% and a CET1 ratio of >10%.

We are a lowly leveraged firm and target a leverage ratio in excess of 6%.

Positioning at 31 March 2024

The Bank met all these targets.

The leverage ratio is 10.7%.

* IBP applies the provisions laid down in article 9 of the CRR (solo-consolidation waiver) and therefore includes Investec Investments (UK) Limited in the solo-consolidation basis.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Reputational risk

Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated or managed

Link to strategy and opportunities

Further information

Read more on page 80 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- We have various policies and practices to mitigate and/or manage reputational risk, including strong values that are regularly and proactively reinforced
- Reputational risk is mitigated and/or managed as much as possible through detailed processes and governance/escalation procedures from business units to the Board, and from regular, clear communication with Investec Group shareholders, customers and all stakeholders
- The Investec Group has a disclosure and market communications policy which is reviewed and approved annually by the Investec Group ERC and DLC BRCC.

Risk appetite and tolerance metric

We have a number of policies and practices in place to mitigate and/or manage reputational risks.

Positioning at 31 March 2024

We have continued to mitigate and/or manage these risks where possible throughout the year.

Business and strategic risk

Business and strategic risk relates to external market factors that can create income volatility

Link to strategy and opportunities

Further information

Read more on pages 4 to 16, pages 38 to 55, pages 8 to 100 of the Investec Group's 2024 integrated and strategic annual report and pages 82 to 85 of the Investec Group's 2024 year-end results booklet.

Monitoring and mitigation activities

- The risk of loss caused by income volatility is mitigated through diversification of income sources, reducing concentration of income from any one type of business or geography and maintaining a flexible cost base
- Bank strategy is directed towards generating and sustaining a diversified income base for the Bank
- In the instance where income falls we retain the flexibility to reduce costs (particularly variable remuneration), thereby maintaining a competitive cost to income ratio.

Risk appetite and tolerance metric

The Investec Group aims to build a sustainable business generating sufficient return to shareholders over the longer term and seeks to maintain strict control over fixed costs.

The Investec Group has announced new medium-term* targets in May 2024, resulting from the structural improvement of the performance following the execution of the strategy announced at the February 2019 Capital Markets Day (CMD).

The combination with Rathbones resulted in a c.2% reduction in return on equity (ROE) given the higher equity base, technically adjusting the previous 11% to 15% target range to 9% to 13%. With this in mind the Investec Group now has a revised medium-term* ROE target range for its UK and Other operations of 10% to 14%, and a new return on tangible equity (ROTE) target range of 13% to 17%.

We have also revised the medium-term* cost to income ratio target to below 58%, partly reflecting the c.7% benefit from IW&I UK deconsolidation.

Positioning at 31 March 2024

The Investec Group's UK and Other operations reported a ROE of 12.8%, a ROTE of 15.7%. and a cost to income ratio of 54.4%^.

The cost to income ratio for IBP was 52.5%^.

* Revised medium-term targets to 31 March 2027.
^ Calculated on a pro-forma basis. See page 41 and and page 72 of the Investec Group's 2024 integrated and strategic annual report.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk

Operational risk is defined as the potential or actual impact to the Bank as a result of failures relating to internal processes, people, systems or from external events. The impact can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences

Link to strategy and opportunities

Further information

Read more on pages 296 and 297 and pages 81 to 84 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities
- IBP manages operational risk through an embedded operational risk management framework
- Operational risk sub-types which are significant in nature are managed by dedicated specialist teams within the Bank. These operational risk sub-types are addressed in specific, detailed risk policies and procedures, but are included within the operational risk management framework and are reported and monitored within the operational risk appetite. These sub-types include:
  - Business disruption and operational resilience risk
  - Conduct risk (including Consumer Duty)
  - Data management risk
  - Financial crime risk
  - Fraud risk
  - Information security and cyber risk
  - Legal risk
  - Model risk
  - People risk
  - Physical security and safety risk
  - Processing and execution risk
  - Regulatory compliance risk
  - Tax risk
  - Technology risk
  - Third party risk.

Risk appetite and tolerance metric
We monitor the level of acceptable operational risk exposure/loss through qualitative and quantitative measures.

Positioning at 31 March 2024
Operational risk exposures and losses continue to be monitored against the tolerance levels with appropriate escalation and action where required

Operational risk – Business disruption and operational resilience risk

The risk associated with disruptive incidents which may impact important business services and critical functions/resources including processes, premises, staff, equipment, third party services and systems

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities
- IBP maintains continuity through appropriate resilience strategies that cater for disruptions, irrespective of the cause
- These strategies include, but are not limited to, relocating the impacted business to alternate processing sites, enabling staff to work from home, the application of high availability technology solutions, obtaining third party dependency business continuity assurances and ensuring readiness of physical solutions for critical infrastructure components
- Resilience testing is conducted annually to validate continuity strategies and ensure they remain effective and appropriate. This includes annual recovery testing for all key systems that support important/critical business services.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Conduct risk

The risk associated with inappropriate behaviours or business activities that may lead to client, counterparty or market detriment, erosion of Investec values, culture and ethical standards expected of its staff, reputational and/or financial damage to the Bank

Link to strategy and opportunities

Further information

Read more on pages 296, 297 and pages 81 and 82 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- IBP's approach to conduct risk is driven by our values and philosophy, ensuring that the Bank operates with integrity and puts the wellbeing of its customers at the heart of how the business is run
- The conduct risk policy is designed to create an environment for consumer protection and market integrity within the business, supported with the right conduct risk management framework
- Consumer Duty rules and guidance set higher and clearer standards of consumer protection across financial services and require institutions to put their customers' needs first. These requirements have been incorporated into conduct risk policies, frameworks and governance arrangements
- Risk and Conduct Forums have the objective of ensuring that the Bank maintains a customer-focused and fair outcomes-based culture
- There is regular conduct risk reporting to relevant ERC, BRCC and Board committees.

Operational risk – Data management risk

The risk associated with poor governance in acquiring, processing, storing and protecting data. Issues with data quality, reliability or corruption can adversely impact business decisions, client services and financial reporting

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities

- The Bank drives robust data management practices and ownership of data across the business, including modelling and architecture, reference data, master data, meta data and reporting of data quality incidents to ensure data integration and interoperability
- Adoption of necessary data management tooling is in place for data consolidation, storage and reporting
- Data flows and reconciliations are automated as far as possible and integration between systems is streamlined to reduce the need for manual tasks, minimise data processing delays and limit single points of failure
- Data quality is monitored, reported and enhanced in line with business needs and regulatory principles
- Predictive analytics and data insights are utilised to support proactive risk management
- Data retention and destruction processes are designed to meet business needs and comply with applicable legal obligations.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Financial crime risk

The risk associated with the possibility of handling proceeds of crime, financing of terrorism, proliferation financing, sanctions breaches and bribery or corruption, as well as any related regulatory breaches

Link to strategy and opportunities

Further information

Read more on pages 296, 297 and page 83 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- Established policies, procedures and controls are in place to promote business with clients in such a manner that minimises exposure to money laundering and terrorist or proliferation financing, sanction breaches, bribery or corruption
- Regular training is provided to staff members to create awareness to identify and report suspicion of money laundering and terrorist or proliferation financing
- A risk-based approach supports these objectives, while complying with the Bank's regulatory compliance obligations. At a high level the control framework ensures that:
  - Sufficient information about clients is obtained
  - All clients and prospective clients are risk rated and verification commensurate with their risk profile is conducted
  - All prospective and existing clients and relevant related parties are screened against relevant lists (including applicable sanctions list) to identify increased financial crime risk
  - Suspicious transactions and terrorist or proliferation financing are identified and reported
  - Existing and prospective clients that are not within the Bank's financial crime risk appetite are exited or declined
  - An independent integrity (whistleblowing) line is in place to ensure that staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies
  - There is regular reporting to IBP BRCC.

Operational risk – Fraud risk

The risk associated with any kind of criminal conduct arising from fraud, corruption, theft, forgery and misconduct by staff, clients, suppliers or any other internal or external stakeholder

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities

- The Bank manages internal and external fraud risk through an integrated framework which includes global policies, standards and methodologies
- Detection and prevention systems are utilised to help identify potential fraud, reaching out to clients where appropriate to validate or discuss concerns
- Fraud risk assessments are conducted to proactively identify and map existing preventative and detective controls to the relevant fraud risks to ensure effective mitigation
- Fraud prevention and detection controls are enhanced on an ongoing basis in response to regulatory requirements and increased fraud losses across the industry due to existing and new fraud modus operandi
- Industry collaboration assists with fraud prevention efforts and the recovery of funds that have been paid away
- Adherence to fraud prevention policies is proactively monitored
- Practices which comply with updated regulations, industry guidance and best practice are embedded within the Bank
- Awareness of existing and horizon fraud threats is created through internal training and education of clients and intermediaries on fraud prevention and detection.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Information security and cyber risk

The risk associated with unauthorised access, use, disclosure, modification or destruction of information assets, including cyber threats to the Bank's operations and data

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities

- In light of the broad range of risks to which information resources are exposed, this risk is managed by addressing both internal and external threat exposures
- Internal threats relate to data theft, inappropriate access or confidentiality breaches by staff
  - These are mitigated by implementing risk-appropriate data protection controls to safeguard information assets in line with data sensitivity and business criticality
  - Access to systems and data is closely controlled, regularly reviewed, and adapted to changing roles across the business
  - Privileged IT access is restricted and administrative accounts are protected by robust authentication technologies
  - A dedicated insider threat team drives proactive discovery of confidential data and leverages targeted monitoring to identify and respond to potential data loss events
  - Ongoing security training to all staff ensures high level of awareness and vigilance, augmented by tailored training for specific audiences and risks
- External threats relate to cyberattacks such as ransomware, denial of service and cyber fraud
  - These are mitigated by an adaptive cyber strategy that evolves with the changing cyber threat landscape and integrates prediction, prevention, detection and response capabilities
  - Robust security controls and advanced technologies are deployed to provide multiple layers of protection against sophisticated attacks
  - Cyber risk is actively monitored by a 24/7 global cyber team and threat intelligence services, and security incident response processes are continuously tested and improved
  - Cyber controls are stress-tested through security assessments, attack simulations and executive cyber exercises, run both internally and in conjunction with independent specialists
  - To support continuous improvement, we engage in maturity benchmarking against industry peers and monitoring through leading cyber rating platforms
  - Periodic updates to the Board keep them abreast of the threat landscape and informed on the Bank's security position
- In response to the potential impact of artificial intelligence and its use for criminal purposes, the Bank is actively engaged in deep fake research and proactive mitigation efforts, including threat simulations to test our ability to detect and prevent deepfake attacks, and targeted awareness for staff and clients
- Information security and cyber risk are reported to the DLC IT and Risk and Governance Committee with material issues escalated to IBP BRCC.

Operational risk – Legal risk

The risk associated with losses resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties. Such risk is especially applicable where the counterparty defaults and the relevant documentation may not support the anticipated rights and remedies in the transaction

Link to strategy and opportunities

More information

Read more on page 80 of the Investec Group's 2024 risk and governance report

Monitoring and mitigation activities

- Members of the legal risk function are mandated to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice
- There is a central independent in-house legal team with embedded business unit legal officers where business volumes or needs dictate
- The legal risk function is supplemented by a pre-approved panel of third party legal firms to be utilised where necessary
- The key principles of the legal risk policy describe the overall responsibility of the legal risk function, outline how legal risks are to be assessed and how material legal risks should be reported and escalated where necessary
- The Bank maintains adequate insurance to cover key insurable risks
- The Board may, at their discretion, constitute dedicated committees to deal with specific legal matters.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Model risk

The risk associated with the adverse consequences that arise from decisions based on incorrect or misused model outputs (including reports). Material sources of model risk include: credit model risk, liquidity model risk, trading book model risk and IRRBB model risk

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities

- The Bank manages model risk through embedded, risk specific frameworks and policies
- Model governance forums employ a set of mechanisms such as monitoring packs, regular reviews (depending on risk), model validations and overlays to manage this risk
- The frameworks address roles and responsibilities, governance processes and committees and approaches to managing and monitoring model risk
- All models are recorded in a model inventory, which tracks approval status, most recent validation date, ongoing issues, caveats/recommendations in relation to model use, as well as the model validation reports
- Models are subject to independent initial and then regular validation by specialist risk teams; the frequency and scale of which is determined by their assessed risk
- The relevant committees are mandated to oversee model risk and have delegated further oversight and approval to appropriate sub-committees.

Operational risk – People risk

The risk associated with the inability to recruit, develop, retain and engage diverse talent across the organisation and remain aligned to the Investec culture and values

Link to strategy and opportunities

Further information

Read more on pages 132 and 133 of the Investec Group's 2024 integrated and strategic annual report and the Investec Group's 2024 sustainability report which is published and available on our website: www.investec.com

Monitoring and mitigation activities

- Our people and organisation team plays a critical role in assisting the business to achieve its strategic objectives, which are matched to learning strategies and market trends
- The people and organisation team also works with leadership to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation
- The people and organisation team is mandated to enable the attraction, recruitment, development and retention of talent who can perform in a manner consistent with our culture and values
- We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance
- Investec invests significantly in opportunities for the development of all employees, and in leadership programmes to enable current and future leaders of the Group
- Internal mobility is a key element for our people strategy, it drives succession, supports our One Investec Group strategy and is a valuable retention mechanism.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Processing and execution risk

The risk associated with the failure to process, manage and execute transactions and/or other processes (such as change) completely, accurately and timeously due to human error or inadequate process design or implementation

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Monitoring and mitigation activities

- The Bank seeks to minimise process failures or human error which can disrupt operations or impact delivery of services to clients
- Policies, processes, procedures and key monitoring controls which mitigate against control failures are implemented to protect clients, markets and the Bank from detriment
- We manage operational capacity to meet client and industry needs and continue to explore automation to improve efficiency and reduce human error
- Key business processes are regularly reviewed and the relevant risks assessed through the risk and control self-assessment process
- Material change is managed through dedicated projects with formalised project governance.

Operational risk – Regulatory compliance risk

The risk associated with changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate

Link to strategy and opportunities

Further information

Read more on pages 296, 297 and page 81 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- The Bank remains focused on achieving the highest levels of compliance with applicable legislation and/or regulation, professional standards and integrity in each of our jurisdictions
- Our culture is a major component of our compliance framework and is supported by robust frameworks, policies, processes and talented professionals who ensure that the interests of our stakeholders remain at the forefront of everything we do
- An independent integrity (whistleblowing) line is in place to ensure that staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies
- There are independent compliance, legal and risk management functions in each of our core operating jurisdictions, which ensure that the Bank implements the required processes, practices and policies to adhere to applicable regulations and legislation.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Tax risk

The risk associated with inadequate tax planning, transaction execution, tax compliance and reporting failures

Link to strategy and opportunities

Further information

Read more on pages 296, 297 and pages 83 and 84 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- IBP's control environment for the management and mitigation of tax risk includes a formalised tax strategy, framework, policy and processes
- The Bank ensures that all transactions and financial products and services are commercially motivated
- All advisory and tax planning work is conducted in accordance with the relevant tax laws, regulations and intentions of legislators of the country in which the Bank operates.

Operational risk – Technology risk

The risk associated with disruption to or malfunction of critical IT infrastructure, systems or applications that support key business processes and client services

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Risk management and key mitigating actions

- The technology environment is proactively monitored for continuous visibility of operational performance and availability
- Mature incident management processes and continuity plans support a resilient technology environment that is able to respond to disruption and minimise interruption to business services
- A defined and business-aligned strategy directs implementation of new technologies to enhance resilience, scalability and modernise legacy systems
- Internal controls are automated where possible and augmented with monitoring to reduce human error and enhance efficiency
- Technology governance structures provide oversight of IT projects and new investments in infrastructure and software.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

Connected client ecosystems | Growth initiatives | Optimisation of returns | Entrepreneurial culture | Digitalisation | Strategic use of data

Operational risk – Third party risk

The risk associated with the reliance on and use of external providers of services to the Bank

Link to strategy and opportunities

Further information

Read more on pages 296 and 297.

Risk management and key mitigating actions

- Third party policies and practices govern the assessment, selection, approval and oversight of third party services
- A third party management team has been established to coordinate, streamline and enhance consistency of third party processes across the Investec Group, supported by a centralised vendor management platform
- Robust due diligence processes are in place to evaluate third party suitability, resilience and controls with the appropriate level of rigour based on the scale, complexity and service materiality
- Service disruption or security risks that third parties may introduce are identified and managed
- Ongoing monitoring ensures that contractual obligations are met and required service levels are maintained
- Appropriate supplier business contingency plans, including exit strategies for key/critical vendors, are established and managed to minimise client impact following any disruption in service
- Significant importance is placed on adhering to the relevant laws and regulations related to third parties, including third parties' policies on modern slavery. These are carefully reviewed by specialist teams and any potential concerns escalated where appropriate
- Regular monitoring is conducted to maintain an understanding of our strategic partnerships with technology service providers and that of any fourth party providers.

Emerging and other risks

Emerging risks have been identified are highlighted on pages 25 and 26 of the Investec Group's 2024 risk and governance report and should be read in the context of our approach to risk management and our overall Investec Group risk appetite framework

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations. Emerging and other risks are factored into the Board’s viability assessment. Read more on page 105

CHAIR'S INTRODUCTION

The Bank has the ability to adapt quickly and support clients within a framework of sound governance and effective risk management.

Brian Stevenson
Chair

This will be my last Chair's introduction for Investec Bank plc (IBP) as I approach my nine-year anniversary. I will shortly be stepping down as Chair and Non-Executive Director on 1 July 2024. I will, however, continue in my role as a Non-Executive Director of Investec plc and Investec Limited (the Investec Group). Following an extensive recruitment process, my successor, John Reizenstein, was appointed to the Board as a notified Non-Executive Director effective 2 April 2024 and will take on the role of Chair from 1 July 2024. John's executive and non-executive career, particularly in the financial services sector, means he brings a wealth of experience to the Board. I wish John every success as he takes the position as Chair of IBP and supports the Bank's growth strategy.

While the external environment continued to be challenging and uncertain throughout the year, the Bank has been able to achieve growth within its franchises and increase market share. There were two significant strategic actions taken within the year, the All-Share Combination of Investec Wealth & Investment (IW&I) UK with Rathbones Group plc (Rathbones) and the acquisition of a majority stake in Capitalmind. Both actions were accomplished taking advantage of opportunities, creating synergies and developing strong strategic partnerships to drive the Bank's relevance and scale.

The Bank continues to focus on its growth strategy while managing the fast pace of regulatory change within the sector. The Board and the Board Risk and Capital Committee supported management in working to implement changes as a result of the introduction of the Financial Conduct Authority's (FCA's) Consumer Duty requirements. The Board welcomed the new requirements as it encouraged reflection and refinement of existing processes and products, taking heed of the client's best interests which was naturally aligned to our purpose and culture. Regular updates on progress were received and will continue to be an area of attention to ensure that there is a strong focus and understanding as processes continue to be embedded.

Two other areas of regulatory change which we paid attention to were the impending implementation of Basel 3.1 by July 2025 and operational resilience as the implementation date approaches.

In addition to this, the regulatory environment in which the Bank operates continues to evolve, particularly as the Bank grows, bringing enhanced oversight and additional requirements to further solidify the Bank's operational and financial resilience. It is also worth noting that the Bank is making strides in its application to the PRA to migrate from the Standardised Approach for capital to the Internal Ratings Based (IRB) Approach. This will further assist stakeholders in their comparison of Investec against peers and enable the Bank to optimise its capital.

Strategy

The Board has continued to oversee and monitor progress on the Bank's strategy. The financial performance is indicative of the success of the growth strategy while maintaining strong cost discipline. The Bank remained focused on further developing a connected client ecosystem, improving digitalisation and client experience while capitalising on the strategic partnerships with Capitalmind and Rathbones.

The Board keeps its strategy under review, and a Board strategy day had been held to consider the potential opportunities to further accelerate and scale new growth initiatives. The Board also received external perspectives, which assisted in gaining an understanding of where opportunities and risks may present themselves.

Read more on the Bank's strategy on page 9.

Financial performance

The Bank reported strong results against a challenging macro-economic backdrop achieving exceptional performance in a number of our client franchises. Operating profit saw a significant increase and the strong performance was achieved whilst successfully maintaining cost discipline, strong liquidity and conservative capital buffers.

Read more on our financial performance on pages 40 to 55.

CHAIR'S INTRODUCTION
CONTINUED

Stakeholder engagement

The Board recognises the importance of establishing and maintaining good relationships with all stakeholders. We work hard to understand the particular needs of each and determine the most effective way to engage with them.

Read more in our Section 172(1) statement on pages 17 to 26.

Succession planning and Board and committee changes

The composition of the Board and its committees remains under review by the Nomination Committee.

As already mentioned, I will be stepping down from 1 July 2024 with John Reizenstein assuming the role of Chair of IBP and Chair of the IBP Nomination Committee. The IBP Nomination Committee and DLC Nomination and Directors' Affairs Committee (Nomdac) worked together on the recruitment process to identify a successor. Details of the process can be found in the IBP Nomination Committee report.

I would like to take this opportunity to thank Zarina Bassa, who will be stepping down as a director, following the Investec plc Annual General Meeting (AGM) in August 2024. Zarina has been an integral member of the Board providing significant contribution over the many years with her extensive experience. Zarina's diligence and dedication has been exemplary and on behalf of the Board, I would like to wish her well for her future endeavours. Diane Radley has been appointed to the Investec Group Boards and has been identified as Zarina's successor as Group Audit Chair. Following Zarina's departure, Diane will be appointed as a member of the IBP Audit Committee.

The Board also considered the skills and expertise of the Executive Directors and reviewed succession plans for the Executive Directors and senior executive management.

Read more on the Nomination Committee on page 88 to 91.

People and culture

The Board keeps culture under review, with regular updates and deep dives to enable a deeper understanding of the issues faced by our people and the strength of our culture. Part of the reviews included the impact of IT, particularly Artificial Intelligence (AI) capabilities which could present opportunities and threats to the Bank's culture. The output of workforce engagement and the insight provided by the Bank's designated Non-Executive Director (NED) for workforce engagement, David Germain, also helped in the Board's oversight of relevant issues.

The Board recognises that culture is a key differentiator for Investec and one that drives behaviour. It enables us to fulfil our purpose and achieve the Bank's strategic objectives.

Investec prioritises diversity and inclusion and the Board received regular updates on our diversity profile and management's progress in driving diverse recruitment and inclusive programmes of work across the business.

More details of the approach to diversity and workforce engagement can be found on page 18 and page 132-133 of the Investec Group's 2024 integrated annual report.

Environment, social and governance (ESG) and climate, nature and biodiversity

The Board believes that being a responsible corporate citizen and having regard to the ethical, social, and environmental dimensions in which we operate, generates long-term sustainable stakeholder value. Climate change in itself, societal expectations of how we behave and how businesses are managed in the interests of society, has been of increasing interest to stakeholders in the last three years. Similarly, ESG issues and climate change has been on the Board's agenda and we have received regular updates on the business's approach to these matters.

Further details of the business's engagement on ESG can be found in the Investec Group's sustainability report which is published and available on the Investec website.

Board effectiveness

A key component of governance is ensuring the Board's efficacy in exercising its responsibilities. This year the Board participated in an internally facilitated evaluation process overseen by the Nomination Committee. The findings of this review indicated that the Board and its committees were operating effectively.

More detail of the findings and progress against these findings can be found on page 90-91.

Corporate governance code

The Board has applied the UK Corporate Governance Code 2018 (the Code) for the year under review.

As advised in the previous year's report, a decision had been taken to leave the position of Senior Independent Director vacant as it was agreed that given the structure of the Investec Group, there were sufficient arrangements in place.

The explanation and further details of how we applied the Code can be found in our statement of compliance on page 84.

CHAIR'S INTRODUCTION
CONTINUED

Looking ahead

The environment in which the Bank operates continues to be challenging and there are risks which will need to be managed carefully as a result of interest rates reducing, the outcome and potential impact arising from the UK's general elections and a deteriorating outlook for European security. Notwithstanding the macro-economic challenges, the Bank remains focused on delivering against the budget and overall strategy. This includes strengthening the Bank's presence in Europe while ensuring overall technological and operational resilience. The Board monitors the impact of economic conditions and will continue to monitor and oversee the strong risk management, liquidity and governance of the Bank and its subsidiaries as markets evolve.

Regulatory developments will be kept under review and the Bank will continue to be flexible and adapt to regulatory expectations. The next financial year will also see the implementation of the Financial Reporting Council's (FRC's) UK Corporate Governance Code 2024 and the Board will remain dedicated to ensuring compliance and maintaining strong governance principles.

The Bank's financial performance this year validates the hard work and dedication of senior management and our committed employees over the last year. The Bank has achieved strong returns and has built a resilient platform for sustainable growth and delivery going forward.

I would particularly like to thank the Bank's Chief Executive, Ruth Leas, the Chief Risk Officer, Kevin McKenna and the Finance Director, Marle van der Walt for their strong commitment to the effectiveness of the Board. I would also like to thank Lesley Watkins, Chair of the Audit Committee, Paul Seward, Chair of BRCC and Henrietta Baldock, Chair of the Remuneration Committee. David Germain has made a significant contribution to the Board as both a digital/technology expert and in his role as designated NED for workforce engagement. I would like to thank the Group Chief Executive, Fani Titi and Group Chair, Philip Hourquebie both of whom I have found to be a source of inspiration. I have also enjoyed a good relationship with the Investec DLC Board and look forward to continuing that relationship as I carry on my role as a Non-Executive Director of the DLC Board. Additionally, I would like to thank the Company Secretary and his team for their guidance and support throughout my tenure.

Finally, I would like to extend a warm welcome to John Reizenstein as he commences his role as Chair.

Brian Stevenson
Chair
24 June 2024

DIRECTOR BIOGRAPHIES

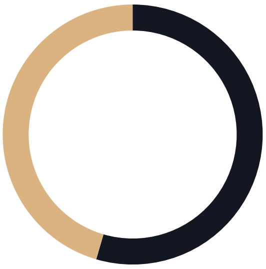
Who we are

Biographies of our current directors are outlined below, including their relevant skills and experience, key external appointments and any appointments to Board committees.

Committee membership key

B	IBP BRRC
N	IBP Nomination Committee
R	IBP Remuneration Committee
A	IBP Audit Committee
■	Denotes Committee Chair

Gender diversity



Male	6
Female	5

Age

45-50	20.0 %
51-59	40.0 %
60-70	40.0 %

Brian Stevenson

Chair

B N R

Director of DLC Board and member of DLC BRCC and DLC Nomdac

Age
70

Nationality
British

Qualifications
MBA, ACIB, FCBI

Date of appointment
14 September 2016

Relevant skills and experience
Brian is the Chair of Investec Bank plc. He has substantial strategic, governance and financial services experience, having held a number of senior executive roles, including CEO and Chair of Royal Bank of Scotland's global transaction services division and as Head of Global Banking Division Asia Pacific at Deutsche Bank, as well as various non-executive positions including Agricultural Bank of China and Deutsche Bank Nederland. Brian is an advisory Board member of Lysis Financial and a Board mentor for Critical Eye.

External appointments
None

Henrietta Baldock

Independent Non-Executive Director

R

Director of DLC Board, Chair of DLC Remuneration Committee and member of DLC BRCC and DLC Nomdac

Age
53

Nationality
British

Qualifications
BSc (Hons)

Date of appointment
10 February 2021

Relevant skills and experience
Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as Chair of the European Financial Institutions team at Bank of America Merrill Lynch, where she advised many boards on a number of significant transactions. In 2021, Henrietta was appointed Chair of Investec Wealth & Investment (UK), a position she held until the completion of the all-share combination with Rathbones in September 2023. Following this, Henrietta was appointed to the Rathbones Group plc board. Henrietta's industry experience demonstrates her valuable strategic and transformation advisory skills.

External appointments
Legal and General Group plc, Legal and General Assurance Society Limited and Rathbones Group plc

DIRECTOR BIOGRAPHIES
CONTINUED

Zarina Bassa

Independent Non-Executive Director

A

Director of the DLC Board, Chair of DLC Audit Committee, member of DLC BRCC, DLC Nomdac, DLC Remuneration Committee and DLC Senior Independent Non-Executive Director

Age
60

Nationality
South African

Qualifications
BAcc, DipAcc, CA(SA)

Date of appointment
1 April 2017

Relevant skills and experience
Zarina's previous appointments include partner of Ernst & Young, Executive Director of Absa Bank, Chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board. She has also been a member of the Accounting Standards Board, and a Non-Executive Director of the Financial Services Board, the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Mediclinic International, Sun International Limited, Mercedes South Africa, Oceana Group, Vodacom South Africa Proprietary Limited, YeboYethu Limited and Woolworths Holdings Limited. This background affords significant audit and risk experience, and financial, leadership, banking and regulatory reporting skills.

External appointments
JSE Limited

David Germain

Independent Non-Executive Director

B

Age
48

Nationality
British

Qualifications
FBCS, CITP, FIET

Date of appointment
15 September 2020

Relevant skills and experience
David has extensive technology, operations and transformation experience in financial services. He is currently Group Chief Information Officer for QBE Limited. He was previously Group, UK & International Chief Information Officer for RSA Limited where he had oversight of significant and complex IT transformation projects and has previously held a number of other roles including Head of Technology, Operations and Product at the Royal Bank of Scotland Corporate and Private Banking, COO/CAO at Deutsche Bank Capital Markets and COO at Close Brothers Retail.

External appointments
University of Cambridge and Great Ormond Street Hospital Charity

John Reizenstein

Independent Non-Executive Director

B N R

Age
67

Nationality
British

Qualifications
MA

Date of appointment
2 April 2024

Relevant skills and experience
John is an experienced financial executive and former banker with extensive financial services experience across insurance, investment banking and markets. John has held a number of senior client-facing roles at UBS and Goldman Sachs, as well as Executive Board positions as Managing Director, Corporate & Markets at Co-operative Financial Services and as Chief Financial Officer at Direct Line Insurance Group plc. Currently, John is the Audit Committee Chair at Beazley plc and Risk Oversight Committee Chair at Scottish Widows Group. He is also Chair of Farm Africa.

External appointments
Scottish Widows Group Limited, Beazley plc and Farm Africa

DIRECTOR BIOGRAPHIES
CONTINUED

Paul Seward
Independent Non-Executive Director

A B

Age
68

Nationality
British

Qualifications
BSc (Hons) (Mathematics)

Date of appointment
1 April 2019

Relevant skills and experience
Paul has comprehensive experience of strategy and risk governance in financial services having held a number of senior executive roles including Chief Risk Officer at HSBC UK, as well as having held a number of Non-Executive Directorships including M&S Bank, HSBC Asset Finance, HSBC Life (UK) Limited and Axis Bank UK Limited. Paul was also a Trustee and Chair of the Audit and Risk Committee of the HSBC plc pension fund.

External appointments
None

Lesley Watkins
Independent Non-Executive Director

A B R N

Age
65

Nationality
British

Qualifications
BSc (Hons) (Mathematics), FCA

Date of appointment
13 November 2018

Relevant skills and experience
Lesley has expert knowledge of audit and assurance and regulatory reporting having worked at PwC and subsequently as Finance Director of private equity firm, Calculus Capital Limited. She also has significant experience of governance and strategy in financial services, having been a Managing Director at UBS and Deutsche Bank as well as having been a Non-Executive Director and Audit Chair at the Competition Commission, Panmure Gordon & Co Plc, Game Digital plc and Braemar plc.

External appointments
Chaucer Syndicates Limited, Chaucer Insurance Company Designated Activity Company, and Great Lakes Insurance UK Limited

Fani Titi
Executive Director, Group CE

Director of DLC Board and member of DLC BRCC

Age
61

Nationality
South African

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

Date of appointment
3 August 2011

Relevant skills and experience
Fani was appointed joint CEO of Investec Group on 1 April 2019, and sole Group Chief Executive on 16 March 2020. Prior to that Fani chaired the Investec Group Board between November 2011 and May 2018, and was a member of the Investec Group Board since January 2004. Prior to joining Investec, Fani was a private equity professional with the private equity groups the Tiso Group and Kagiso Trust Investment Investments. Fani brings banking and commercial expertise to the Board.

External appointments
IEP Group (Pty) Limited

DIRECTOR BIOGRAPHIES
CONTINUED

Ruth Leas

Executive Director, IBP CEO

Age
52

Nationality
British

Qualifications
BA(Hons) (Economics) (cum laude), MPhil (Cantab)

Date of appointment
27 July 2016

Relevant skills and experience
Ruth has deep knowledge of Investec and banking having joined Investec in South Africa in 1998. She moved to Investec in London in 2002 and was appointed co-head of US Principal Finance in 2004 focusing on credit derivatives and structured credit. Ruth joined the credit team in 2008, and was appointed as Head of UK Investor Relations in 2012. She was appointed as an Executive Director in 2016 and was Head of Risk Management before becoming Chief Risk Officer in 2017. Ruth was appointed as Investec Bank plc's CEO in 2019. Prior to Investec, Ruth was treasury economist for Gencor SA Limited, and took up this role after winning the Gencor-Chairman's scholarship to study at Cambridge University.

External appointments
Cambridge Judge Business School Advisory Board and Rathbones Group plc

Kevin McKenna

Executive Director, IBP CRO

Age
57

Nationality
Irish

Qualifications
BCom, BAcc, CA(SA)

Date of appointment
10 May 2012

Relevant skills and experience
Kevin has substantial strategic, financial, operational and risk experience. He is a qualified accountant and previously worked as the COO of ING Baring's South Africa before joining Investec as Finance Director for Investec Securities in 2000. He was appointed as Chief Operating Officer for the Treasury and Specialised Finance/Corporate and Investment Banking division in South Africa before moving with this role to London in 2006. Kevin was appointed as Chief Operating Officer for Investec Bank plc in 2011. He was appointed as an Executive Director in 2012 and became Chief Risk Officer in 2019.

External appointments
None

Marlé van der Walt

Executive Director, IBP Finance Director

Age
48

Nationality
South African

Qualifications
BAcc (cum laude), BAcc Hons (cum laude), CA(SA), Program for Leadership Development at Harvard Business School (HBS) and Alumni

Date of appointment
20 September 2022

Relevant skills and experience
Marlé has more than 25 years' experience in the financial services industry and has deep technical expertise across various areas, including finance, capital, model development, operations, risk, audit and implementing complex projects. She has played a key role in significantly enhancing financial performance, implementing strategic projects, encouraging technological progress and streamlining of systems at the bank over her 13 plus years. Marlé started her career in South Africa at PwC and worked at BOE Bank, Nedbank and Absa before joining Investec in 2010 as the Chief Internal Auditor. She was then the CFO for the Specialist Bank in South Africa for three years during which she also served on the Investec Bank Limited Board as Financial Director. Marlé was appointed as Finance Director in September 2022.

External appointments
None

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

In compliance with the Companies (Miscellaneous Reporting) Regulations 2018, the Bank has applied the UK Corporate Governance Code 2018 for the financial year ended 31 March 2024. The Board confirms that the Bank has applied the principles, which are evidenced throughout this report. The table below is designed to help stakeholders evaluate how this has been achieved. The Board considers that compliance has been achieved throughout the year, with the exception of Provision 12 for which an explanation can be found below.

Board leadership and Company purpose

A. An effective entrepreneurial Board, which is collectively accountable for the long-term sustainable success of the Bank, ensuring due regard is paid to the interests of our stakeholders. Please refer to pages 80 to 83 for the directors' biographies

B. Purpose, values and strategy are aligned with culture, which is promoted by the Board (read more on page17)

C. Resources allow the Bank to meet its objectives and measure performance. A framework of controls enables assessment and management of risk (read more in section 3 of this report)

D. Engagement with the Bank's stakeholders is effective and encourages their participation (read more on page 17)

E. Workforce policies and practices are consistent with the Investec Group's purpose and values, and overseen by the Board (read more on page 18). The workforce is able to raise matters of concern and responsibility for whistleblowing arrangements sits with the IBP Audit Committee, as detailed on page 92.

Division of responsibilities

F. The Chair has overall responsibility for the leadership of the Board and for ensuring its effectiveness in all aspects of its operations. The Chair, Brian Stevenson, was considered to be independent on appointment. The responsibilities of the Chair are set out on page 85

G. There is a clear division of responsibilities at the head of the Company. There is a clear separation between the role of the Chair and CEO. The Board comprises an appropriate combination of Non-Executive and Executive Directors (read more on page 85)

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

I. The Board, supported by the Company Secretary, ensures that the correct policies, processes, information, time and resources are available to support its effective and efficient functioning.

Composition, succession and evaluation

J. There is a procedure for Board appointments and succession plans for Board and senior management which recognise merit and promote diversity (read more on page 90)

K. There is a combination of skills, experience and knowledge across the Board and the Board committees. Independence, tenure and membership are regularly considered

L. The annual effectiveness review of the Board and the individual directors considers overall composition, diversity, effectiveness and contribution (read more on page 90).

Audit, risks and internal controls

M. Policies and procedures have been established to ensure the independence and effectiveness of the internal and external audit functions. The Board satisfies itself of the integrity of the Bank's financial and narrative statements (read more on pages 105 to 109)

N. The Board presents a fair, balanced and understandable assessment of the Bank's position and prospects (read more on page 105)

O. Procedures are in place to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Bank is willing to take in order to achieve its long-term strategic objectives (read more on page 58)

Remuneration

P. The Bank is committed to offering all employees a reward package that is competitive, performance-driven and fair. Our policies are designed to support the Bank's strategy and to promote its long-term sustainable success, with executive remuneration aligned to our purpose, values and strategic delivery (read more on page 112)

Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration (read more in the Remuneration Report starting on page 112)

R. The remuneration policy seeks to ensure all remuneration decisions made by directors, fully consider the wider circumstances as appropriate, including, but not limited to, individual performance (read more in the Remuneration Report starting on page 112).

Non-compliance with Provision 12

The Nomination Committee agreed to not appoint a Senior Independent Director (SID). While we note the Code requirement for a SID, we are confident that we have sufficient arrangements in place. It is noted that under the Code, the key responsibilities of the SID are to provide a sounding board for the Chair, to serve as an intermediary for the other directors and shareholders, and to appraise the Chair's performance. Given the structure of the Investec Group, in particular the cross-directorships between the Boards and committees and our culture, we believe that there are sufficient communication channels open for Directors. There are existing communication channels available to the Bank Chair from a sounding board perspective, and for other directors and the shareholder, and the Investec Group, from an intermediary perspective. This further aligns with the process adopted by the Investec Group's other principal subsidiaries, which do not have a SID. The assessment of the Chair's performance will be conducted by the Chair of the Investec Group, who already considers the Bank Chair's performance on an annual basis, given his role on the Investec Group Board.

BOARD AND EXECUTIVE ROLES

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

Chair

- Leads the effective operation and governance of the Board
- Sets agendas which support efficient and balanced decision-making
- Ensures effective Board relationships and a culture that supports constructive discussion, challenge and debate
- Together with the Investec Group Chair, leads the development of and monitors the effective implementation of policies and procedures for the induction, training and professional development of all Board members
- Oversees the evaluation of the performance of the Board collectively, Non-Executive Board members individually and contributes to the evaluation of the performance of the Executive Directors
- Ensures that the Board sets the tone from the top, in regards to culture
- Serves as the primary senior interface with regulators and the Bank on behalf of the Board.

Chief Executive

- Leads and manages the Bank within the authorities delegated by the Board
- Proposes and directs the delivery of strategy as agreed by the Board
- Develops and recommends business plans, policies, strategies and objectives for consideration by the Board, taking into consideration business, economic and political trends that may affect the operations of the Bank
- Ensures the Bank's culture is embedded and perpetuated across the organisation
- Develops and supports the growth of all the Bank's businesses
- Monitors and manages the day-to-day operational requirements and administration of the Bank
- Manages the Bank's risk appetite.

Chief Risk Officer

- Responsible for the effective management of risk within the Bank
- Ensures that the Bank's risk management, conduct and governance processes and procedures are effective
- Provides the Board with updates on the Bank's risk management, conduct and governance processes
- Manages within the Bank's risk appetite.

Non-Executive Director

- Brings unique perspectives to the boardroom to facilitate constructive dialogue on proposals
- Constructively challenges and contributes to assist in developing the Group's strategy
- Monitors the performance of management against their agreed strategic goals
- Oversees the effectiveness of internal controls and the integrity of financial reporting
- Reviews succession planning for the Board and management
- Oversees the management of risk as set out in the risk management framework
- Oversees the remuneration of the Executive Directors and the Bank's employees.

Company Secretary

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

Finance Director

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

BOARD ACTIVITIES

What we did in 2023/24

The following pages outline the key topics reviewed, monitored, considered and debated by the Board in 2023/24. Board meeting discussions are structured to allow for strategic discussions, consideration of key risks and monitoring of the Bank's culture with the agenda being agreed in advance by the Chair, in conjunction with the CEO and the Company Secretary.

Meetings held in 2023/24

Members	Meetings attended	Eligible to attend[1]
Brian Stevenson (Chair)	6	6
Henrietta Baldock	5	6
Zarina Bassa	6	6
David Germain	6	6
Ruth Leas	6	6
Kevin McKenna	6	6
Paul Seward	6	6
Fani Titi	6	6
Marle van der Walt	6	6
Lesley Watkins	6	6

1. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair.

Strategy

Strategic initiatives

The Board reviewed the key strategic initiatives, including the acquisition of a majority stake in Capitalmind International B.V. which was of importance as the Bank grows its European presence, as well as the All-Share Combination of Investec Wealth & Investment (IW&I) UK and Rathbones Group plc. The Board approved the key documentation, received updates on the separation of IW&I UK from the Bank and considered the impact on various stakeholders.

Business reviews

The Board welcomed leaders from the business on certain business areas including Fund Solutions, the Listed Client Group, Real Estate and Investec Bank (Channel Islands) receiving an update on the business unit's performance, strategy and any risks faced by the business. The strategy day also reviewed and considered external risks and the macroeconomic environment and provided the Board an opportunity to enhance their understanding, debate and challenge the Bank's strategy.

Financial

Budget

The Board considered performance versus the 2023/24 budget. The Board also agreed the 2024/25 budget with key areas of challenge relating to ensuring there was sufficient capital for investing in the IT infrastructure, digitising the business for future growth and other capabilities as well as ensuring diversified revenues.

Going concern and viability statement

The Board received and approved the going concern and viability statements.

Results

The Board reviewed and approved the full year results.

BOARD ACTIVITIES
CONTINUED

Governance

Committee reporting

The Board received written Committee reports from the Chairs of our Board committees on the proceedings at those meetings, including the key discussion points and particular matters to bring to the Board's attention.

Matters Reserved for the Board

The Board approved the Schedule of Matters Reserved for the Board following a comprehensive review.

Board effectiveness review

The Board discussed the outcome of the annual Board effectiveness review and agreed actions arising from it. The Board gained comfort that it was appropriately constituted with sufficient skills and knowledge.

The Board also reviewed progress made against the action plan for 2023/24.

Read more on **pages 90-91**

Risk and assurance

Risk profile

The Board reviewed and debated the overall risk profile, particularly the principal risks, emerging risks and risk appetite. The Board approved the risk appetite ensuring that there was adequate diversification, reducing concentration and country risk while enabling the Bank to achieve its strategic objective of growth.The Board enhanced its focus on non-financial risks particularly relating to resilience, including third-party resilience as well as fraud risk given the environment in which the Bank operates and the potential cyber and AI risks that could impact the Bank.

Risk management

The Board reviewed the management systems, including financial, operations and compliance controls, and reviewed the effectiveness of the Bank's key internal control systems.

Regulatory matters

Projects

The Board reviewed the progress of key regulatory projects including operational resilience, Consumer Duty and the transition to the Internal Ratings Based (IRB) Approach.

The Board approved the annual self-assessment for operational resilience plan.

The Board also received training on the transition to the IRB Approach which would assist in the application process and model approval process.

Regulatory interaction

There was regular interaction with the PRA and FCA through the participation in reviews and discussing proposed changes within the Bank including the All-Share Combination of IW&I UK and Rathbones and the Board's approach to succession planning.

Regulatory documents

The Board reviewed and approved the key regulatory documents including the Management Responsibilities Map, the CASS attestation, the Contingency Funding and Recovery Plan and Resolution Pack (CFRP), ILAAP and ICAAP.

Purpose, culture and values

Culture and values

The Board monitored and assessed culture, receiving regular updates from the Head of People & Organisation.

The Board also received regular updates on the output from workforce engagement activities, townhalls and diversity workshops among other activities.

People strategy, leadership and succession

Executive succession

The Board considered the succession plan for the executives and senior management and key operating subsidiaries.

The Board also reviewed the talent pipeline.

Board succession

The Board oversaw the arrangements for Board succession planning as Brian Stevenson had indicated his intention to step down as Chair of IBP and Non-Executive Director of Investec Bank plc in July 2024. The Board, following extensive process, approved the appointment of John Reizenstein as a Non-Executive Director who would be appointed Chair of Investec Bank plc on 1 July 2024.

Read more on **page 90.**

IBP NOMINATION COMMITTEE REPORT

Ensuring effective governance through a well-experienced and diverse Board is essential to support our strategic objectives

Brian Stevenson
Chair of IBP Nomination Committee

Introduction

I am pleased to present the IBP Nomination Committee (the Committee) report. The role of the Committee is to ensure oversight of the composition and effectiveness of the Board and its committees and key governance arrangements. Given the continuing uncertainty and challenging macro-economic environment, both domestically and globally, ensuring a stable and effective Board is of utmost importance.

As mentioned in my Chair's introduction, I will be stepping down as Chair and Non-Executive Director on 1 July 2024 as I approach my nine-year anniversary.

Succession planning

During the year, the Committee continued to emphasise succession planning for the Board and subsidiary Boards with a particular focus placed on control positions. In support of the Bank's growth strategy, the Committee also paid attention to the balance of collective skills while also aligning to the Bank's culture and values of diversity and inclusion.

In light of my intention to step down as IBP Chair on 1 July 2024, the Committee oversaw the identification and recruitment of my successor, and I am pleased to announce that John Reizenstein will be appointed in my place. Further details are provided within the Committee report below.

Zarina Bassa is the Chair of the Group Audit Committee, member of the IBP Board and IBP Audit Committee. Zarina will step down from these roles at the AGM on 8 August 2024 at which point Diane Radley will become Chair of the Group Audit Committee. In line with the established process to maintain connectivity between the Investec Group and its subsidiaries, the Chair of the parent company committee will become a member of the subsidiary committee. Accordingly, Diane Radley will become a member of the IBP Audit Committee after Zarina steps down from the Investec Group and IBP Boards in August 2024.

The Committee also had regard to the principles of the UK Corporate Governance Code as well as recommendations made within the Parker and FTSE Women Leaders Review.

Board effectiveness

The Committee oversaw the Board effectiveness review and assessed the feedback from the evaluation process. The 2023 review was facilitated internally.

Full details of the Board effectiveness review, including the evaluation of the Committee's effectiveness are provided in the Committee report.

Board diversity

The Committee ensured that the Board considered diversity when reviewing the Board composition and its succession planning. The Committee remained fully aware of selecting the best candidates based upon skills and experience and also focused on ensuring diversity within the management team and challenged management on the diversity of candidates when reviewing succession plans.

IBP NOMINATION COMMITTEE REPORT
CONTINUED

Roles and responsibilities

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

The Committee reports to the Board on how it discharges its responsibilities and makes appropriate recommendations to the Board.

Role of the Chair

The Chair of the Committee meets regularly with the executives of the Bank. The Chair also has interactions with specialist advisers and with Heads of People & Organisation, Compliance and Company Secretarial, in order to keep knowledge up to date, and to keep abreast of commercial, regulatory and legislative developments These interactions are an essential part of the role of the Chair.

Committee composition, attendance, skills and experience

The Committee is composed of an independent Non-Executive Director, the Group Chair and the Bank Chair who were both independent on appointment.

Membership is designed to provide the breadth of experience necessary for the members to consider the issues that are presented to the Committee.

The Chief Executive is invited to attend meetings as appropriate.

Meetings held in 2023/24

Members	Member since	Meetings attended	Eligible to attend
Brian Stevenson (Chair)	16 May 2019	6	6
Philip Hourquebie	5 Aug 2021	6	6
Lesley Watkins	1 Feb 2023	6	6

Looking ahead

In 2024/25, the Committee will continue to review the composition of the Board and the Board committees, taking into consideration the Bank's strategy and evolving market conditions while being mindful of all aspects of diversity, including gender, race, skills, experience and knowledge. The Committee will focus on the executive and non-executive succession plans. The Committee will continue to monitor compliance with the UK Corporate Governance Code, particularly in light of the revised 2024 Code.

The Committee will also oversee the implementation of the Board effectiveness action plan.

Brian Stevenson

Chair, IBP Nomination Committee

24 June 2024

IBP NOMINATION COMMITTEE REPORT
CONTINUED

What we did in 2023/24

Succession planning

Robust succession planning takes into account current and future business needs and ensures a good balance of skills, experience and effectiveness, while recognising the benefits of diversity.

Effective succession planning should take into account contingency planning (for any unforeseen departures or unexpected absences), medium-term planning (orderly refreshing of the Board and Board committees) and long-term planning (looking ahead to the skills, experience and knowledge that may be required on the Board in the future).

Effective succession planning also contributes to the ability of the Bank to deliver on its strategic objectives.

The Committee reviewed the succession plans below the Board including the IBP Executive Committee members, CEOs of material subsidiaries and other senior managers. The Committee identified both 'step in' and longer-term successors throughout the financial year, emphasising the importance of development plans for future and potential leaders. This included exposure to the Board, representation on committees and technical development such as executive coaching.

The Committee also considered the implementation of succession planning for the Investec Bank (Channel Islands) Limited (IBCI) CEO, following which the appointment and succession planning were considered in terms of diversity, development of our employees and the needs of the IBCI Board while ensuring alignment to regulatory expectations and requirements. Following consideration, the Committee was pleased to recommend the appointment of Jane Niles to the role. Jane was previously Head of Offshore Real Estate, Channel Islands.

In terms of non-executive succession, as already noted Brian Stevenson will step down from the role of Chair of IBP, Chair of IBP Nomination Committee and member of IBP Board Risk and Capital Committee and IBP Remuneration Committee as he approaches his nine-year anniversary. In view of this, Russell Reynolds, an independent external search firm were engaged to assist with the recruitment of his successor. The recruitment process was formal and rigorous, with consideration given to a broad range of factors such as diversity of gender and social and ethnic backgrounds, cognitive and personal strengths and diversity of thought. A number of potential candidates meeting the desired skills and experiences were identified, with a shortlist considered and discussed by the Committee. Pursuant to the UK Corporate Governance Code, Brian Stevenson was not involved in these discussions. The discussions were led by Philip Hourquebie, Group Chair. Following interviews with the priority candidates, John Reizenstein was identified as the preferred candidate and recommended to and approved by the Board. John was appointed as a notified Non-Executive Director with effect from 2 April 2024.

John's executive and non-executive career particularly in the financial services sector means he brings a wealth of experience to the Board. John has spent time with Brian to ensure an orderly handover of responsibilities. The Board has put in place a tailored induction programme for John, which will be overseen by the Committee.

Board effectiveness and training

The Committee oversees development undertaken by the Board. Directors' Training and Development sessions were also held at least four times during the year to provide the Board opportunities to develop knowledge regarding the business, the market, trends and/or regulation. The Committee drives the agenda and topics discussed. Topics during the year included:

- **Technology/Digital challenges and innovation**
- Generative AI
- UK regulatory updates
- ESG
- Market risk

The Board effectiveness review was conducted internally. There were four stages to the 2023 internal review:

Stage 1: The Committee, with the assistance of the Company Secretary, prepared a self-assessment questionnaire, which was distributed to all the directors for completion. The questionnaire sought the directors' views on a range of topics including performance and effectiveness of the Board and its committees, composition, strategy, culture and composition of the Board.

Stage 2: The Chair held one-on-one meetings with each of the directors to discuss the responses and to provide the opportunity to raise any other matters.

Stage 3: A report was prepared by the Company Secretary, based on the results of the questionnaire and the meetings held. The draft report was then discussed with the Chair, whose feedback was incorporated into a final discussion paper including the proposed action plan.

Stage 4: The final report was presented to the Board in March 2024, following its consideration by the Committee.

The Board approved the proposed action plan noting that the Committee would monitor the implementation.

IBP NOMINATION COMMITTEE REPORT
CONTINUED

The review identified the particular strengths of the Board as being:

- The cohesiveness of the Board which had a good grasp of accountability and risk
- A diverse range of skills
- Engagement with the regulators
- Improvement in the role and scope of the Board's authority following the introduction and ongoing refinement of the Investec Matters Reserved
- An improved focus on strategy.

From a development perspective, the review highlighted certain areas of focus that would further improve the effectiveness of the Board which included an enhanced focus on long-term strategy and reporting from subsidiaries. These were considered by the Board and an appropriate action plan was agreed.

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

The Board action plan for 2023/24 includes:

- Focus on sustainability
- Enhanced reporting from subsidiaries
- Further improving the focus on long-term strategy

The performance of the Chair was also assessed in a process led by Philip Hourquebie. The Chair was considered to be performing effectively, providing robust leadership for the Board, strengthening the link between the executive and non-executive members of the Board as well as providing an improved level of insight into the Group Board.

The Committee will continue to monitor the progress of implementing the action plan.

Board composition

The Committee has continued to review its composition for Board and Board committees with particular regard to the breadth of skills, knowledge, experience and diversity of members.

The Committee keeps under review and consideration the balance of Non-Executive Directors and Executive Directors, tenure and diversity including gender balance.

The composition of the Board can be seen in the directors' report on page 105.

In terms of key considerations, as at the date of this report:

- 45% of the Board are female
- 27% of the Board are Black, Asian and Minority Ethnic
- 64% of the Board are Non-Executive Directors
- All Non-Executive Directors have served on the board for less than nine years

Board suitability

In order to provide assurance that the composition of the Board was appropriate and in line with internal procedures and regulatory guidance, the suitability assessment of the Board was conducted in July 2023, with the Committee reviewing the feedback in the financial year. A skills matrix has been developed for the annual assessment of the individual suitability of each director and the collective suitability of the Board.

There were no matters of concern raised and the Committee was satisfied that all Non-Executive Directors remained independent in character and judgement. The review provided the Committee with assurance that the composition of the Board was appropriate to support the Bank's strategy.

Diversity

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

The Committee maintains the Board Diversity and Inclusion Policy which sets out the approach to the diversity of the Board of Directors and provides a high-level indication of the Board's approach to diversity for senior management roles. There are also measurable objectives including but not limited to, aspiring to meet the recommendations of the FTSE Women Leaders Review and the Parker Review. The Bank has also signed up to the HM Treasury Women in Finance Charter and the Race at Work Charter.

Diversity will remain an area of focus when considering any succession plans.

Further information on the Bank's broader approach to belonging, inclusion and diversity please refer to the Investec Group's 2024 sustainability report which is published and made available on our website www.investec.com

Conflict of Interest

Each director has a duty to disclose any actual or potential conflict of interest, as defined by law, for consideration and approval if appropriate by the Board. Additionally, the Board and its committees consider conflicts of interest at the beginning of every meeting.

IBP AUDIT COMMITTEE REPORT

Maintaining strong financial reporting practices and internal controls is essential for the successful execution of the Bank's growth strategy

Lesley Watkins
Chair of the IBP Audit Committee

Introduction

I am pleased to present you with the report of the IBP Audit Committee (the Committee) for the financial year ended 31 March 2024.

The Committee continued its focus on the key accounting judgements. Of particular focus was the assumptions going into the ECL calculations and the valuation of level 3 instruments. The Committee reviewed the macro-economic scenarios and weightings used for IFRS 9 purposes, reviewing and considering whether they remained appropriate to capture the uncertainty in the macro-economic environment and model limitations which could impact the loan portfolios. The Committee devoted time to assessing management's estimates of the appropriate expected credit loss (ECL) assumptions for the Bank's lending portfolios and the appropriateness of an ECL overlay. The overlay which had reduced during the year, was reviewed with consideration of peers. The Committee also reviewed the findings raised by Ernst & Young (EY) and other judgmental items in the financial statements, including management's assessment of valuations of the Bank's principal investments and mark-to-market and hedged positions as well as the going concern and viability assessment and the treatment and disclosure of uncertain tax and other legal matters.

A key focus of the Committee has been driven by the strategic activity within the Bank. Most notably, time was dedicated to reviewing the accounting implications arising from the All-Share Combination of Investec Wealth & Investment (UK) (IW&I UK) and Rathbones Group plc (Rathbones) which completed on 21 September 2023. The key considerations related to the acquisition date of the transaction and the differing financial year ends for the Investec Group and Rathbones and therefore how performance was attributed to Investec's shareholding at our reporting year end. The other strategic transaction that was completed during the year was the Bank's acquisition of a majority stake (60%) in Capitalmind. The Committee reviewed and challenged the valuation and accounting treatment.

In January 2024, the Financial Conduct Authority (FCA) announced that it was undertaking a review of the discretionary commission arrangements in the motor vehicle finance market prior to 2021. As the Bank has a small exposure to this industry through the Mann Island business, the Committee debated the appropriateness of a provision. In conclusion, although it was recognised that the Mann Island business had been and continued to be compliant with all regulations in the period, the Committee agreed with management that a provision should be made and considered the methodology for arriving at the amount.

Further details of the key accounting issues considered by the Committee are set out on the following pages.

The Committee had reviewed the output of the internal audit and compliance monitoring plans with a focus on ensuring the timely remediation of findings and received updates from management's Risk and Controls Forum, with a particular focus on compliance, operational risk, IT controls, particularly in terms of privileged access management, cyber security and operational resilience. The Committee received assurance that the control environment continued to be enhanced and the risk and control consciousness within the Bank was mature. Further details of the internal control issues considered by the Committee during the year are set out on the following pages.

IBP AUDIT COMMITTEE REPORT
CONTINUED

How the Audit Committee works

The IBP Audit Committee's principal responsibilities are to:

- Monitor the integrity of the Bank's financial reporting and satisfy itself, having regard to any issues raised by the external auditor, as to the appropriateness of management's accounting policies and practices; assess that any significant financial judgements, assumptions or estimates made and the disclosures recommended by management are appropriate; and assess whether overall the annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the Bank's position and performance, business model and strategy
- Review the effectiveness of the Bank's key internal controls, including internal financial controls
- Monitor the activities and the performance of the internal and external auditors (including monitoring their independence and objectivity)
- Oversee the relationship with the Bank's external auditor
- Review and monitor the effectiveness of the Bank's whistleblowing policies and procedures.

Composition, meeting attendance, and interaction with Investec Group

In accordance with the UK Corporate Governance Code 2018, the Committee is comprised entirely of independent Non-Executive Directors who meet predetermined skills, competency and experience requirements as determined by the IBP Nomination Committee.

The members' continuing independence, as well as their required skill, competencies and experience is assessed annually.

The CEO and Finance Director of the Bank attend meetings on a regular basis but are not members. Other Bank directors may also attend by invitation. The Head of Risk, Head of Internal Audit, Head of Compliance, the external auditor, and Group Company Secretaries also attend meetings on a regular basis.

The Committee meets alone with the external auditor and, separately, with the Head of Internal Audit. Committee members also meet periodically with management and the Heads of Internal Audit, Compliance, Operational and IT risk, and Finance as well as the lead external audit partner and senior management in order to keep knowledge up to date, and to keep abreast of commercial developments and challenges facing the business.

The Chair of the Committee is also a member of the IBP BRCC and, similarly, the chair of IBP BRCC, Paul Seward, is a member of this Committee. This reciprocity of membership helps to ensure interaction between these two committees and a coordinated consideration of the Bank's risks and internal controls where they overlap in relation to both financial risks and non-financial risks, which reflects the holistic oversight of risk at Board level.

The Committee reports formally to the Board. The chair of the DLC Audit Committee, Zarina Bassa, is a member of this Committee which reflects the dual listed structure of the Investec Group in which Investec Bank plc is the principal banking subsidiary in the UK and the parent company of other material overseas subsidiaries. It is intended that Zarina's successor, Diane Radley, will become a member of the Committee after Zarina steps down from the Investec Group and Investec Bank plc Boards in August 2024. This representation of the Investec Group Audit Committee Chair ensures that key audit matters for the Bank and its subsidiaries are visible at the Investec Group level, and likewise key audit matters and matters of mutual interest for the Investec Group and Investec Bank plc are communicated and addressed, where applicable, in the Bank and its subsidiaries.

On 21 September 2023, the All-Share Combination of Rathbones Group plc and Investec Wealth & Investment UK (IW&I UK) was finalised. Prior to this, IW&I UK maintained a governance structure independent of the Bank including an independent Audit Committee. The membership of the Audit Committee of the Wealth business included independent Non-Executive Directors. Matters relating to IW&I UK did not fall within the remit of the IBP Audit Committee.

IBP AUDIT COMMITTEE REPORT
CONTINUED

Prior to the transaction, the IW&I UK Audit Committee reported to the Investec Group Audit Committee. Any matters relevant to the Bank were communicated to the Bank, in part, through having the Chair of the Investec Group Audit Committee, Zarina Bassa, as a member of the Committee.

Members	Member since	Eligible to attend	Attended
Lesley Watkins (Chair)	13 Nov 2018	6	6
Zarina Bassa	1 Apr 2017	6	6
Paul Seward	1 Apr 2019	6	6

External audit

As mentioned last year, Investec plc and the Bank had undertaken a comprehensive tender process and Deloitte LLP (Deloitte) was nominated as the new external auditor for Investec plc and the Bank for the financial year starting 1 April 2024. The appointment is subject to Investec plc shareholder approval in August 2024. It is noted that shareholder approval had been received for Deloitte to act in a shadow capacity for a full audit cycle as part of their transition process to replace EY.

As part of Deloitte's transition process, the Committee received updates on the progress made against the transition plan. Deloitte shadowed EY as part of the year-end audit process which included meetings with the Credit team on ECLs and modelling and performed controls testing. Deloitte also commenced introductory and regular meetings with key stakeholders within the Bank and senior management. They also met with the Committee members and attended Committee meetings. Deloitte has engaged with the Bank's subsidiaries and started the transition process in all the relevant jurisdictions.

The Committee continuously assesses the effectiveness, objectivity and independence of the external auditors at formal Committee meetings, during private meetings with EY and through discussions with key executive stakeholders. The Committee considered the relationship with the auditor to be working well and remained satisfied with their effectiveness. The Committee monitored whether the level of non-audit fees could impact the independence of the auditors having regard to the nature of the services rendered and the fees paid as a proportion of the overall audit fee. The Committee was satisfied that the quantity and type of non-audit work undertaken throughout the year did not impair the independence of EY.
In addition to this, the Committee was also kept informed of and reviewed any non-audit services work undertaken by Deloitte to ensure that they remained independent ahead of their appointment.

Further details in regards to the audit fees paid are on page 164.

Looking ahead

The Committee will continue to assess the change in the business environment and understand the implications of these on accounting requirements and internal controls. The Committee will also review and challenge the adequacy of the internal audit and compliance monitoring plans to ensure adequate oversight of the control environment as well as the combined assurance matrix coverage plan.

In January 2024, the Financial Reporting Council (FRC) published the final Corporate Governance Code 2024. While a number of the proposals raised in the consultation process had not been taken forward, there were enhancements in terms of the requirement for the Board to make a declaration on internal control and risk management. The declaration would be applicable for the financial year ending 31 March 2026, which was a year later than the other changes within the Code which is applicable for the financial year ending 31 March 2025. The Committee, alongside the Board, will take time to consider the appropriate approach going forward.

As already mentioned, the Committee will closely monitor any regulatory developments, including the outcome of the FCA's review on discretionary commission arrangements within the motor finance market and any implications for the agreed provision.

Finally, I wish to record my thanks to Zarina Bassa, who is due to step down as a member of the Committee in August 2024, for her contribution and dedication to the work of the Committee and the assistance she has provided over the years. I would also like to extend a warm welcome to Diane Radley, who is due to join the Committee from August 2024 and I look forward to working with her over the coming years.

The Committee will continue to work with the Nomination Committee to monitor the composition of the Committee.

Lesley Watkins
Chair
24 June 2024

IBP AUDIT COMMITTEE REPORT
CONTINUED

Significant matters

Significant matters are those matters in the view of the IBP Audit Committee that:

- Required significant focus from the Committee
- Were considered to be significant or material in nature requiring exercise of judgement
- In relation to the 2024 annual report and financial statements were otherwise considered to be subjective from an accounting or auditing perspective.

Significant matters relating to the 2024 financial statements	What we did
Expected credit loss (ECL) assessment The appropriateness of the allowance for ECLs is highly subjective and judgemental. The impact of geopolitical tension and the resultant economic impacts in the geographies in which the business operates have resulted in key judgements and assumptions being made during the current year.	• Reviewed and challenged the appropriateness of the forward-looking macro-economic scenarios and assumptions (including the probability weights applied to each scenario and the sensitivity of each) used in credit models and the impact of these on forecast ECL • Evaluated the appropriateness of and methodology for management's proposed ECL overlay to capture model limitations and economic uncertainty noting the ongoing work to address model shortcomings • Challenged the level of ECL and the assumptions used to calculate the ECL provisions held • Assessed ECL experienced against forecasts and peers and considered whether the level of ECL was appropriate. Particular focus was given to exposures which were specifically affected by a high inflation and high interest rate economic environment • Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS.
Valuation of fair value instruments with higher risk characteristics and associated income For level 3 instruments, such as unlisted investments in private equity businesses, fair value loans and large bespoke derivative structures and structured products there is a large degree of subjectivity and judgement surrounding the inputs to the valuations.	• Received reports on the material investments including an analysis of the key judgements and assumptions applied and approved the valuation adjustments proposed by management for the year ended 31 March 2024 • Received reports on and considered the valuation of financial instruments with higher risk characteristics • Challenged and debated significant subjective exposures and assumptions including: – the valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans – fair value of exposures in industries affected by the effects of the high inflationary, high interest rate environment and the geopolitical instability and conflicts – the appropriateness of the IFRS 13 disclosures on fair value.

IBP AUDIT COMMITTEE REPORT
CONTINUED

Significant matters relating to the 2024 financial statements (continued)	What we did
Uncertain tax, contingent liabilities and other legal matters	• Considered potential legal and uncertain tax matters and contingent liabilities with a view to ensuring appropriate accounting treatment in the financial statements • Evaluated the appropriateness of the accounting and disclosures regarding the investigation by the Office of the Public Prosecutor in Cologne, claims by the German Federal Tax Office in Bonn, and the potential related civil claims. This was done by having closed sessions with executive management and external audit. At these meetings, the Committee considered the feedback as received from external and internal legal counsel and the probability of the outcomes. Refer to note 46 of the annual financial statements • Received updates from Group Legal on uncertain tax, legal and regulatory matters to enable the Audit Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment and disclosure • Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 • Concluded on the appropriateness of the IAS 37 accounting treatment and the overall disclosure in the financial statements. Conferred with and received confirmation from the external auditors on the overall treatment.
Conduct risk provisions Determining the expected costs of any remediation which may be required as a result of the FCA's industry wide review of historical motor finance commission arrangements requires management judgement	• Received updates from management on their review of rate and commission structures, the controls in place and outcome for customers • Reviewed the approach to estimating the costs of any remediation measures which may be proposed and the accounting treatment given the high degree of uncertainty • Considered the disclosure of this matter made in the annual financial statements • Refer to note 46 of the annual financial statements.
Going concern and viability statement	• Considered the Bank's profitability, Board-approved budgets and capital plans through to June 2027, liquidity, operational risk and contingent liabilities. Particular account was taken of the impact of the Combination of Investec Wealth & Investment (UK) and Rathbones Group plc, contingent liabilities, continuing geopolitical tensions, and the impact of upcoming elections as well as the stress testing conducted • Recommended the approval of the going concern and the viability statement assumptions underlying the financial statements to the Investec Bank plc Board for approval.

IBP AUDIT COMMITTEE REPORT
CONTINUED

Significant matters relating to the 2024 financial statements (continued)	What we did
Fair, balanced and understandable reporting The Bank is required to ensure that its external reporting is fair, balanced and understandable, and whether it provides the information necessary for stakeholders to assess the Bank's position and performance, business model and strategy.	• Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • Conducted an in-depth, critical review of the annual financial statements including the accounting policies used and, where necessary, requested amendments to disclosure • Reviewed the accounting treatment of key judgements • Challenged and reviewed the accounting treatment for the acquisition of a majority interest in Capitalmind and the all-share combination of IW&I and Rathbones which included recognising IW&I as a discontinued operation, calculating the gain on disposal and assessing the fair value of the Rathbones shares • Assessed disclosure controls and procedures • Considered in particular the disclosures relating to climate change • Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • Concluded that the processes underlying the preparation of the annual report and financial statements for the year ended 31 March 2024 were appropriate in ensuring that those statements were fair, balanced and understandable • Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences • Recommended to the Board that the 2024 annual report and financial statements were fair, balanced and understandable.
External audit	• Managed the Bank's relationship with the external auditor • Met with key members of the EY audit team to discuss and then approve the 2023/24 audit plan and agree key areas of focus • Assessed regular reports from EY on the progress of the 2023/24 audit and material accounting and control issues identified • Discussed EY's feedback on the Bank's critical accounting estimates and judgements • Discussed EY's report on certain control areas including IT and the control environment ahead of the 2024 financial year end • Assessed the performance, independence and objectivity of the external auditors • Met with key members of the Deloitte audit team to discuss the transitional arrangements and any key audit matters • Received updates on the progress made against Deloitte's transition plan.

IBP AUDIT COMMITTEE REPORT
CONTINUED

Other significant matters	What we did
Internal controls and the business control environment	• Received regular reports from management's Risk and Controls Forum and the Head of Compliance and Internal Audit on Investec Bank plc and subsidiaries within the Committee's terms of reference. Based on this reporting, evaluated the impact of evolving risk, including operational risk, on the internal control environment, including IT, data and cyber security • Evaluated and tracked the status of material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed timeframes. Particular attention was paid to the effectiveness of IT general controls and controls impacting financial reporting as well as IT, data and cyber security risk management and governance • Evaluated reports on the internal control environment from the internal and external auditors • Assessed reports on individual businesses and functions on their control environment, discussed identified control failures and closely monitored the status of remediation plans • Received updates from senior management and monitored action plans following internal audit findings • Requested confirmation from management regarding the remediation of issues identified including the time frames and accountability for remediation • Reviewed and approved the compliance monitoring plan and received regular updates • Reviewed the results of the Combined Assurance Matrix coverage plan to assess the results of actual coverage and conclusions • Reviewed the internal and external CASS assurance reports on client money and assets.
Internal audit	• Agreed the internal audit plan taking into account the risk assessment, methodology and resourcing • Monitored the delivery of the agreed plan • Received regular reports from internal audit of all significant issues identified by them • Tracked the levels of high and moderate risk findings and monitored the related remediation plans • Met with the Head of Internal Audit without management being present to discuss any issues arising • Monitored the skill set, independence and objectivity of internal audit and considered succession and resource planning • Received an opinion from internal audit on the effectiveness of the internal controls and the risk management framework as part of the year-end sign-off process • Monitored audit quality in relation to internal audit reviewing the methodology, process and skills.
Whistleblowing	• Received and considered reports from management on the Bank's whistleblowing arrangements • Reviewed the reports to ensure that there were arrangements in place which colleagues could use in confidence and anonymously without fear of retaliation to report concerns about inappropriate and unacceptable practices, and that there was proportionate and independent investigation of such matters or appropriate follow-up • Considered the independence and effectiveness of the Bank's policies and procedures on whistleblowing.

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT

Considering all risks and ensuring resilience is key to achieving our strategy particularly given the challenging macro-environment

Paul Seward
Chair of IBP BRCC

Introduction

I am pleased to present the report on how the IBP BRCC (the Committee) has discharged its responsibilities during the year.

The Committee has continued to monitor and challenge the risk profile of the Bank responding to the ongoing macro-economic environment. From a global perspective, the prolonged inflationary pressures, higher for longer interest rate environment, and geopolitical tensions resulted in market disruption which presented a number of risks to the Bank, our people and clients. A lack of confidence in the market was further exacerbated by political uncertainty in the UK, particularly with the impending general election, and from instability observed by certain US and UK banks. Notwithstanding the macro-economic environment, the Committee was assured that the Bank remained focused on its growth strategy, strengthening the franchise, and achieving good outcomes for clients. Overall, the Committee was satisfied that the Bank's risk culture and control environment remained resilient, allowing the Bank to respond to all risks presented.

Non-financial risks faced by the Bank, included Consumer Duty, operational resilience and fraud risk which required the Committee's close attention.
On 31 July 2023, the Financial Conduct Authority's (FCA's) Consumer Principle came into force requiring firms to deliver a higher standard of consumer protection and outcomes for retail clients. In the prior year, a project had been established to implement the actions required to ensure compliance with the regulation and the Committee received regular updates on progress throughout the process. Following implementation, updates were provided on the monitoring and testing activities undertaken to ensure sustained and clear communication, prevention of harm and continuous improvement against the framework. As I am also the Board Champion for Consumer Duty, I have overseen the project and as such meet regularly with the Chief Risk Officer and other key individuals.

The operational resilience of the Bank continued to be improved particularly as the Bank prepared for the new Prudential Regulation Authority (PRA) and FCA regulation on operational resilience, reaffirming the Bank's important business services and impact tolerances and reviewing the Bank's operational resilience self-assessment. Updates were received regarding improvements made to the resilience of the services and platforms provided by Investec Bank Limited (IBL). The Committee noted that further work and testing was to be conducted on the resilience of the Bank's important business services including third parties.

Fraud risk continued to be heightened, with the rise in brand impersonation fraud, Artificial Intelligence (AI) enabled fraud and authorised push payment (APP) fraud. The Committee received updates on the preparedness for the Payment Systems Regulator's (PSR's) final rules on mandatory reimbursement for APP scams and the upskilling and training which was being undertaken both for employees and clients. The Committee reviewed the recent control enhancements which further mitigated the risk of phishing incidents, a prevalent risk across the industry. The Committee received updates from the Money Laundering Reporting Officer (MLRO) on the controls in place which monitor increased sanction risks and the completion of the enhanced due diligence and onboarding criteria for South African clients as a result of the Financial Action Task Force's (FATF's) decision to place South Africa on its grey list.

In January 2024, the FCA announced that it was reviewing historical motor finance commission arrangements prior to the 2021 rule change. The Committee received updates on the work being undertaken within the Bank's motor finance business, Mann Island Finance, to understand the commission arrangements and any impact following the announcement.

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT
CONTINUED

The Committee continued to monitor key financial risks, in particular, liquidity, market risk and credit quality. Deep dives for all material portfolios were undertaken by Credit to assess their resilience given the higher interest rate environment. The Committee continued its practice of extensively reviewing the benchmarking exercises undertaken by management to seek comfort in terms of ECLs, the management ECL overlay, credit loss ratio and coverage ratios for assets.

While the credit loss ratio had increased, this was predominantly as a result of idiosyncratic issues and losses continuing to normalise following a benign environment. Assurance was received that it was not indicative of any worsening in credit quality with the credit practices within the Bank remaining robust.

The Bank’s liquidity and capital was closely monitored and continued to be managed conservatively to ensure financial resilience. The liquidity and capital metrics continued to exceed regulatory and internal minimums. The Committee reviewed and challenged the retail funding product offering and wholesale funding activity given the material change in funding conditions over the last 12 months due to the higher interest rate environment.

From a regulatory perspective, there were a number of changes throughout the year which the Committee has been focused on. Firstly, the Bank of England (BoE) formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and Investec Bank plc as a material subsidiary, will be subject to a revised Minimum Requirement for own funds and Eligible Liabilities (MREL) requirement. The MREL transition will commence from 1 January 2026 in a phased manner with End-state MREL applying from 1 January 2032. This also requires the Bank to apply a Resolvability Assessment Framework (RAF). A project has been initiated and regular updates were provided.

Secondly, the Bank continued its progress in migrating from the standardised approach to the Internal Ratings Based (IRB) Approach. The Committee received progress reviews and approved a number of first generation models for implementation including the Real Estate (IPRE) slotting model, the Funds model and the Energy and Infrastructure Finance (EIF) model, noting that further model enhancements were expected.The Committee also received an update on model risk management (MRM) requirements which would be applicable to the Bank once approval for the Bank to move to the IRB Approach has been received.

Finally, the Committee reviewed the impact of the implementation of Basel 3.1 standards to the Bank and were kept updated as to the requirements outlined in policy statements published by the PRA.

The Committee continued to challenge and guide management in strengthening the key risk documents including the risk appetite statements (RAS), the internal capital adequacy assessment process (ICAAP), the internal liquidity adequacy assessment process (ILAAP) and the contingency funding and recovery plan (CFRP).

Role of the Committee

The role of the Committee is to review, on behalf of the Board, the range of risks facing the business. The Committee performs this function by considering the risk reports presented and questions whether existing actions taken by management are appropriate.

The Committee is an essential part of the Bank's governance framework to which the Board has delegated the overseeing of the Bank's risk framework to ensure that the framework is appropriate to the size, scale and nature of the Bank's activities for the purposes of effectively managing the material risks to which the Bank is exposed. The Committee is the most senior Risk Management Committee of the Bank.

The Committee has to ensure that all risks are identified and properly mitigated and managed. The Committee also considers whether the resources allocated to the risk management functions are adequate for effectively managing the Bank's risk exposures.

The Committee reports to the Board on how it discharges its responsibilities and makes appropriate recommendations to the Board.

On 21 September 2023, the all-share combination of Rathbones Group plc and Investec Wealth & Investment (UK) (IW&I UK)was finalised. Prior to this, IW&I maintained a governance structure, independent of the Bank, comprising an independent Board and Board Risk Committee. The membership of the Board Risk Committee of the Wealth business comprised independent Non-Executive Directors. Matters relating to IW&I UK did not fall within the remit of the IBP BRCC

Prior to the transaction, the IW&I UK Board Risk Committee reported to the DLC BRCC. Any matters relevant to the Bank were communicated to the Bank, in part, through having the Chair of the DLC BRCC, Vanessa Olver, as a member of the IBP BRCC.

Role of the Chair

The role of the Chair of the IBP BRCC requires regular meetings with the executives of the Bank, along with liaison with the Chair of the DLC BRCC. The Chair also has interactions with the risk functions, Compliance and Head of IT, in order to keep knowledge up to date, and to keep abreast of commercial, regulatory and legislative developments and challenges facing the business.

Composition and attendance

The Committee is composed solely of independent Non-Executive Directors, with membership designed to provide the breadth of risk expertise and commercial acumen it needs to fulfil its responsibilities. The Chair of the DLC BRCC is a member of the Committee to ensure the interconnection between the Bank and its parent.

Meetings held in 2023/24

Members	Member since	Attended	Eligible to attend[1]
Paul Seward (Chair)	1 Apr 2019	7	7
David Germain	5 Nov 2020	7	7
Vanessa Olver	4 Aug 2022	7	7
Brian Stevenson	8 Mar 2019	7	7
Lesley Watkins	18 Jan 2019	7	7

1. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair of the Committee.

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT
CONTINUED

Looking ahead

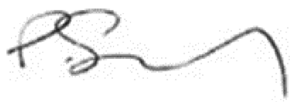
The Committee will continue to monitor overall levels of risk within the business as a result of the Bank's growth strategy as well as macro-economic factors. Monitoring will also cover the regulatory changes coming from Brexit as we begin to see a divergence in UK and EU regulations. As the inflationary pressures soften and interest rates reduce, the Committee will monitor the risks and potential impact to clients. The Committee will continue to review risks arising out of the Bank's funding strategies and ensure that the Bank maintains sufficient liquidity and capital buffers to meet regulatory and internal minimums.

The Bank as part of the transaction with Rathbones has agreed to provide certain outsourcing services. The Committee will take time to understand any risks presented as a result and receive assurance of the Bank's capability to perform the services.

The Committee recognises that while progress has been made embedding the Bank's ESG and climate risk approach, there will be continued monitoring of improvements made and the work undertaken to address any requirements as they are published by regulators and other bodies such as the work relating to the Group's Sustainable and Transition Finance Framework.

In terms of non-financial risks, fraud risk, IT, data and cyber security risk, third-party risk and operational risk will continue to be areas of focus. The Committee will continue to dedicate attention to Consumer Duty as it evolves and becomes part of the Bank's culture as well as understanding any changes to the FCA's expectations. As we enter the final transitional year regarding operational resilience, the Committee will continue to closely monitor progress which will include the testing of third parties critical to the Bank's operations as being part of an important business service (IBS). There will be enhanced oversight of material regulatory projects including the process of migrating from the Standardised Approach to the IRB Approach, the changes required as the Bank is re-categorised to a Category 2 firm including the development of the RAF document and any actions relating to the MREL requirements.

The Committee continue to keep regulatory developments under review, particularly in terms of the FCA's review of motor finance commissions and any further guidance from the PRA regarding the implementation of the Basel 3.1 standards.



Paul Seward Chair, IBP BRCC

24 June 2024

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT
CONTINUED

Committee Activities

Area of focus	Conclusions and actions
Regulatory matters and projects Consideration of key risk documents, the impact of regulatory developments and projects established to implement change effectively.	• Reviewed and challenged the key risk documents, including the ILAAP, ICAAP and CFRP, ahead of final approval • Regular presentations were provided on the new Consumer Duty regulations providing updates on progress made ahead of the implementation date and the outcome of monitoring and testing activities since the regulations came into effect • Frequent updates on the IRB project were received and three models were approved for validation. Training from an external third party to further the Committee's understanding of the application process and regulatory expectations was also undertaken • Received an update on progress made regarding the decommissioning of USD LIBOR which had been completed ahead of the June 2023 deadline with no issues identified • In terms of the operational resilience regulations, the Committee received regular updates on the progress made to address vulnerabilities identified in the self-assessment, reaffirmed the important business services and impact tolerances and reviewed the updated self-assessment. The Committee challenged the Bank's impact tolerances for important business services and reviewed the outcome and improvements made following the testing of the resilience of the services and platforms provided by Investec Bank Limited (IBL) and other third party providers • Reviewed any potential and/or actual regulatory breaches and actions taken to mitigate breaches from occurring. The Committee were kept abreast of any relevant regulatory guidance, fines or new regulations • Reviewed the liquidity risk appetite, credit and investment risk appetite, challenging the key assumptions and ensuring the limits were appropriate to enable well-managed, diversified growth as well as other risk appetites including operational risk and business risk • The Committee also reviewed the Market Risk appetite and Counterparty Credit Risk appetite • Received updates on the FCA's review of the historic discretionary commission arrangements in the motor finance industry. The Committee received updates from management on their review of rate and commission structures, the controls in place and outcome for customers.

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT
CONTINUED

Area of focus	Conclusions and actions
Financial risk management of the Bank Consideration of the key financial risks and the controls in place to mitigate and effectively manage the risks faced by the Bank. The Committee closely reviewed the management of the credit book in light of macro-economic headwinds and continued to monitor the Structured Products book notwithstanding the significantly reduced risk and reducing materiality.	• Closely assessed the impact on the Bank's ECLs, with a review of the provision, in conjunction with the Audit Committee, to ensure that it was appropriate, taking into account the macro-economic outlook and scenarios. Benchmarking by management had been conducted to provide assurance that the level of ECL and credit loss ratio remained within the range of other UK banks • The Committee were comfortable that while the credit loss ratio had increased there were no significant issues or areas of concern to raise • Closely monitored the credit book given the macro-economic environment and potential for an increase in defaults and Stage 2 and Stage 3 exposures. Detailed presentations were received on the top non-performing exposures and the overall performance of the book in particular the mortgage book given the growth in this portfolio over the last two years • The Committee received an in-depth presentation from the Bank Funding Group which detailed the diversity of the funding mix ensuring adequate liquidity • Continued to review and challenge management actions to address the risks ensuring that there was surplus liquidity and capital buffers in place to manage the possible negative impact arising from the challenging macro-economic environment • The Committee were kept updated of the progress made to capture ESG and climate risk. These included assessing core loans and advances as well as reviewing the risk classification and energy exposures • Reviewed and challenged the progress made to reduce the investment portfolio and any risk associated to the proposed exit strategies • Focused on emerging risks and the mitigation thereof which included both internal and external risks.

IBP BOARD RISK AND CAPITAL MANAGEMENT REPORT
CONTINUED

Area of focus	Conclusions and actions
Non-financial risk management of the Bank Consideration of the key controls and processes to ensure that they were appropriate and effective to manage the material non-financial risks faced by the Bank.	• There was an enhanced focus on IT, data and cyber security risk for which updates were given detailing progress made to close findings from the latest independent external assessments and the improvements which were being implemented relating to data loss minimisation and privileged access management controls. Updates on Cloud resilience and concentration risk were also provided • Closely monitored operational risk losses and events to gain assurance that there were no trends or issues within the control environment • The Chair of the Committee, David Germain and DLC representative member (Vanessa Olver) attended DLC IT Risk and Governance Committee meetings to provide enhanced oversight of IT, data and cyber security risk • The Committee reviewed the financial crime controls and systems used and tracked the implementation of the new transaction monitoring system. The Committee were kept updated on the controls within Investec Bank (Channel Islands) Limited (IBCI) and the recent Probability Risk and Impact System (PRISM) review conducted by the Guernsey Financial Services Commission (GFSC) which had not raised any significant issues. • Any potential or actual fraud losses were examined by the Committee as fraud risk remained heightened throughout the industry. Overall, losses remained low and within risk appetite limits and the controls and processes were assessed to ensure they remained appropriate with enhancements being implemented to support fraud investigations. An update on the proposed enhancements as a result of the PSR's rules on mandatory reimbursement for APP fraud was provided • The Committee enhanced its oversight of projects with a focus on regulatory projects and challenged whether there were adequate resources, effective cost management to ensure efficient function and positive outcomes of the key projects undertaken.

DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 31 March 2024.

The Company has chosen, in accordance with Section 414C(11) of the UK Companies Act, to include certain matters in its strategic report which are incorporated into this report by reference as follows:

- An indication of likely future developments in the business of the Company and its subsidiaries (throughout our strategic report)
- Our risk management objectives and policies in relation to the use of financial instruments, page 58
- A statement as to material events since 31 March 2024, page 257
- Our approach to diversity includes employment of disabled persons, page 17. More detail can be found in the Investec Group Sustainability Report which is published and available on our website www.investec.com
- Stakeholder engagement (including employees and others), page 17
- Details of charitable activities including any donations, page 17
- Statement of corporate governance arrangements, pages 78 to 104.

Results and dividends

The results for the year are shown on page 40 . Movements in reserves are shown in the reconciliation of equity on page 142 of the financial statements. An interim dividend of £54.8 million was paid on 28 November 2023. On 21 May 2024, the Board declared that a dividend of £60mn for the period ended 31 March 2024 be paid on 24 June 2024.

Directors

The names of the persons who were directors during the financial year are set out in the table below. Biographical details of directors appointed as at the date of this report are set out on pages 80 to 83.

	Appointed
Brian Stevenson	14 Sep 2016
David Germain	15 Sep 2020
Fani Titi	3 Aug 2011
Henrietta Baldock	10 Feb 2021
John Reizenstein	2 Apr 2024
Kevin McKenna	10 May 2012
Lesley Watkins	13 Nov 2018
Marlé van der Walt	20 Sep 2022
Paul Seward	1 Apr 2019
Ruth Leas	27 Jul 2016
Zarina Bassa	1 Apr 2017

Independent auditor and audit information

Each director, at the date of approval of this report, confirms that, so far as the director is aware, there is no relevant audit information of which the Bank's auditor is unaware and that each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

The appointment of Deloitte. in a shadow capacity, for the financial year starting 1 April 2023, was approved by Investec Group's ordinary shareholders at the AGM held in August 2023. A formal transition process commenced during 2023, whereby Deloitte. shadowed the full 2024 audit cycle performed by the incumbent external auditors. The purpose of the shadow period was for Deloitte to obtain sufficient information about the Group and Bank, the financial control environment and the audit process to ensure a smooth transition as external auditor in the following financial year i.e. ending 31 March 2025. Non-audit services provided by Deloitte were reviewed and considered in advance of their appointment as external auditors to ensure their continued independence.

Going concern statement

In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the Bank's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance which are set out in the strategic report. The Directors have performed a robust assessment of the Bank's financial forecasts across a range of scenarios over a 12-month period from the date the financial statements are authorised for issue. The assessment specifically incorporated analysis of the macroeconomic environment and the impact of the combination, completed on 21 September 2023, of Investec Wealth & Investment UK and Rathbones Group plc on the Bank's projected performance, capital, liquidity and funding positions, including the impact of scheduled repayment of borrowings and other liabilities. Based on the above consideration, the directors confirm that they have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Viability statement

In accordance with the UK Corporate Governance Code, which was adopted by Investec Bank plc as the corporate governance code of the Bank, in addition to providing a going concern statement (disclosed on page 105), the Board is required to make a statement with respect to Investec Bank plc's viability (i.e. its ability to continue in operation and meet its liabilities). This is required to take into account the Board's assessment of the current position of the Bank, its prospects and the principal risks it faces, including the period of time for which the Board has made the assessment and why that period is considered appropriate.

DIRECTORS' REPORT
CONTINUED

The Board has used a three-year assessment period as this is aligned to the Investec Bank plc's medium-term capital plans which incorporate profitability, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the Board sufficient and realistic visibility of Investec Bank plc's viability over the three years to 31 March 2027.

Following confirmation by the IBP BRCC (comprising a majority of Non-Executive Directors, which includes certain members of the Audit Committees), the Audit Committee recommended the viability statement for Board approval.

The Board has identified the principal and emerging risks facing the Bank and these are highlighted on page 59 onwards, with further detail provided in the Investec plc (Investec Bank plc's parent company) annual report.

Through its various committees and sub committees, notably the IBP Audit Committee, the IBP BRCC and the IBP Capital Committees, the Board regularly carries out a robust assessment of these principal risks and their potential impact on the performance, liquidity, solvency, capital and operational resilience of Investec Bank plc. The activities of these Board sub-committees and the issues considered by them are described in the governance section of this report.

Taking these risks into account, together with the Bank's strategic objectives and the prevailing market environment, the Board approved the overall mandated risk appetite framework for Investec Bank plc. The risk appetite frameworks set broad parameters relating to the Board's expectations around performance, business stability and risk management.

The Board considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. The Bank, in keeping with sound governance practices, has defined roles and responsibilities for the management of risk in accordance with the three lines of defence model, i.e. business line management, an independent operational risk function and an independent internal audit function. In addition, to manage the Bank's risk appetite, there are a number of detailed statements, frameworks, policies and governance structures in place. The Board ensures that there are appropriate resources in place to manage the risks arising from running the business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to the non-executive Audit Committee Chair.

The Board believes that the risk management systems and processes, supported by the conclusions of the Internal Audit function and the results of their combined assurance coverage through each assurance function, are adequate to support Investec Bank plc's strategy and allow the Bank to operate within its risk appetite framework. A review of Investec Bank plc's performance/measurement against its risk appetite framework is provided at each IBP BRCC meeting and at the main Board meetings.

In terms of the FCA and PRA requirements, Investec Bank plc is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, Investec Bank plc is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the Bank's key 'vulnerabilities under stress'.

In order to manage liquidity risk, liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market-wide, firm specific, and combined scenarios (combination of the market-wide and firm specific stresses). Investec Bank plc manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the Board-approved risk appetite framework. In addition to these stress scenarios, the Bank's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio and regulatory minimums of 100% respectively; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Investec plc undertakes an annual Internal Liquidity Adequacy Assessment Process (ILAAP) which documents the approach to liquidity management across the firm. This document is reviewed and approved by IBP Board Risk and Capital Committee (IBP BRCC), DLC BRCC and by the IBP, plc and DLC Boards. Each legal banking entity within Investec Bank plc is required to be fully self-funded. The Bank currently has £9.7 billion in cash and near cash assets, representing 46.3% of customer deposits.

Investec Bank plc develops annual capital plans (refreshed after six months) that look forward over a three-year period. The capital plans are refreshed on an ad hoc basis if a material event occurs or is likely to occur. These plans are designed to assess the capital adequacy of Investec Bank plc and its subsidiaries under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the Board to make decisions to ensure that Investec Bank plc continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). Investec Bank plc targets a CET1 ratio in excess of 10%, a tier 1 ratio greater than 11%, a minimum capital adequacy ratio of 14% to 17%, and a leverage ratio in excess of 6%.

DIRECTORS' REPORT
CONTINUED

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account the principal and emerging risks facing the Bank, changes in the business environments and inputs from business units. Scenarios are designed considering macro-economic downside risks, portfolio-specific risk factors and business model vulnerabilities. Multiple scenarios are considered to account for the uncertain forward-looking macro-economic environment.

- Base Case: Following a technical recession over H2 of 2023 calendar year, a recovery is expected over the course of 2024, firmly taking hold over the second half of the year. This recovery in 2024 and beyond is supported by a strengthening in household real incomes, an easing in monetary policy and looser fiscal policy too. The baseline view anticipates the Bank rate to fall to 4.50% by the end of 2024, driven by a continued easing in inflation pressures, with CPI expected to reach 1.6% in Q3 2024. Over the three-year horizon, the Bank rate is assumed to fall to 3.00%. More broadly, areas of the economy which have felt the pressure of high interest rates most intensely, such as the housing market, are also expected to recover, with the recent fall in prices expected to be recovered by the end of 2025. Commercial real estate is also expected to recover, although structural issues are expected to remain a headwind. The global economic backdrop can be characterised in a similar vein to the UK with growth strengthening, inflation moderating and central banks loosening policy from the current restrictive stance.

In assessing stress scenarios for the 2024 capital planning exercise, consideration was given to the outlook for interest rates given the baseline view that policy rates had peaked in 2023 and were expected to fall in 2024. As such it was proposed and approved that Investec would run two global economic downturn scenarios, both being triggered by the same hypothetical economic shock, but the path and severity of the scenarios differ due to the assumed differences in central bank policy reactions.

These are defined below:

- Aggressive Easing, Moderate Recession: As is the typical case with a macroeconomic shock the Bank of England is assumed to react aggressively and expediently to a downturn in the economy driven by a global tail event. This sees the Bank rate cut 500bps, hitting the low of 0.25% in Q3 2025. This helps alleviate the downside pressures on the economy and whilst a recession still ensues, the depth and longevity is limited to a 2.2% fall in GDP and a recession lasting three quarters. Under such a scenario inflation falls below 1%, whilst asset values, both residential real estate and commercial fall by 9% and 14% peak to trough. However, given the monetary policy response an economic recovery is assumed to take hold from Q2 2025 onwards. In the medium-term, policy rates are assumed to begin rising again as economic growth returns to trend. Given the global nature of the shock, the same aggressive easing and GDP trends are seen amongst the major advanced market economies. For example, US and Euro area GDP is assumed to fall 2.2% and 2.3% respectively. The respective policy rates are cut to 0.50% and 0.25%.
- Cautious Easing, Severe Recession: In contrast to the 'Aggressive Easing, Moderate Recession' stress, this scenario envisages a more cautious approach to monetary policy easing given residual inflation worries and still present upside risks to price pressures. As such, whilst the Bank of England does loosen policy in response to the economic shock it does so at a more moderate pace, with rates only falling 225bps to 2.00% by Q1 2026. The consequence is a recession which is deeper and longer, the peak to trough fall in GDP totalling 4.3%. Amidst the downturn in the economy and tighter financing conditions, the real estate market faces a deeper contraction with residential prices falling 15% and commercial prices falling 18%. A recovery is seen through the latter half of the scenario, beginning in Q2 2026, but this is insufficient to see GDP return to its pre-stress peak. In terms of the global picture these same macroeconomic characteristics are assumed to apply.

Investec Bank plc implements regulatory scenarios (UK BoE Annual Cyclical Scenario) when they are published by the regulator. For 2024 the BoE will not be publishing a new ACS given it launched its System-wide exploratory scenario (SWES) in June 2023. Hence, at this point Investec Bank Plc will not be running a regulatory scenario in its stress testing programme.

The Board has assessed the Bank viability in its 'base case' and stress scenarios. In assessing Investec Bank plc's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, foregoing or reducing dividend payments and asset growth being curtailed.

We also carry out 'reverse stress tests', i.e., scenarios that cause the business model to fail. Reverse stress scenarios are developed thematically, and their impact is assessed in qualitative and quantitative terms with respect to regulatory capital and liquidity threshold conditions, taking into account the loss absorbing effects of the bank's capital stack. Escalating losses may expose the business model to unacceptable levels of risk well before regulatory threshold conditions are breached, and mitigation actions are identified with the aim to prevent the failure of IBP. Reverse scenarios are extreme tail events and are considered remote, and mainly serve the purpose of identifying and addressing potential weaknesses that may not be identified through the ongoing risk management and stress testing processes.

In addition, the Bank performs climate scenario analysis and risk assessments in line with the requirements stipulated by Supervisory Statement SS3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change', on a proportionate basis for the size and complexity of the firm. To date, findings indicate that transition and physical risk is low and Investec Bank plc has sufficient capital and liquidity to continue as a going concern and meet regulatory capital and liquidity requirements.

DIRECTORS' REPORT
CONTINUED

Investec Bank plc's parent company, Investec plc is required to maintain a contingency funding and recovery plan, and a resolution pack for the Investec plc consolidated Group. The recovery plan documents how the Board and senior management will ensure that the Investec plc Group recovers from extreme financial stress to avoid liquidity and capital difficulties. The key focus in the recovery plan is the Bank and the protection of its depositors and other clients.

On 28 June 2023, the BoE formally notified Investec plc that the preferred resolution strategy will be changed from bank insolvency procedure to bail-in and as such a revised, increased minimum requirement for own funds and eligible liabilities (MREL) requirement will be imposed on Investec plc and IBP as a material subsidiary. The MREL transition will commence from 1 January 2026 with end state MREL applying from 1 January 2032. Investec Bank plc also maintains an operational resilience framework that defines important business services, impact tolerances and plans to respond effectively to a disruption. This not only ensures continuity of business operations but also safeguards the interests of key stakeholders including clients and regulators, as well as maintaining our reputation, brand and value-creating activities.

The capital and liquidity plans, stress scenarios, contingency funding and recovery plans, resolution pack and the risk appetite statements are reviewed at least annually by the respective Capital, Risk, and Board Committees. In times of severe economic distress and if applicable, stress scenarios are reviewed more regularly; for example, as was the case with the COVID-19 pandemic. In addition, senior management hosts an annual risk appetite process at which the Bank's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes take place within each business division at least annually. These focus on, amongst other things: the business and competitive landscape; opportunities and challenges including the use of new and emerging technologies and operational risks relating to technology, resilience and cyber security; and financial projections. A summary of these divisional budgets is presented to the Board during its strategic review process early in the year.

In assessing the Bank's viability, the Board has taken all of the above-mentioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec Bank plc will continue to operate and meet its liabilities as they fall due over the next three years.

The viability statement should be read in conjunction with the following sections in the annual reports, all of which have informed the Board's assessment of Investec Bank plc's viability:

- Pages 5 to 55, which show a strategic and financial overview of the business
- Page 61 to 76 which provides detail on the principal and emerging risks the Bank faces and the processes in place to assist Investec Bank plc in mitigating its principal risks
- Pages 58 which provide an overview of Investec Bank plc's approach to risk management
- Pages 61, 264, 287 and 300 which highlight information on Investec Bank plc's various stress testing processes
- Page 291 to 295 which focuses on Investec Bank plc's philosophy and approach to liquidity management
- Page 298 which provides detail on the recovery and resolution pack
- Pages 299 to 302 which explain Investec Bank plc's capital management framework.

This forward-looking viability statement made by the Board is based on information and knowledge of Investec Bank plc at 24 June 2024. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions, including the development of new technologies, beyond IBP's control that could cause Investec Bank plc's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Events after the reporting date

Refer to Note 55 of the Annual Financial statements.

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditor's report set out on pages 124 to 136, distinguishes for its shareholder the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are responsible for preparing the annual report and the Bank's financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006. Under company law, the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance

DIRECTORS' REPORT
CONTINUED

- In respect of the Bank financial statements, state whether IFRSs in conformity with the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No. 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company's financial statements, state whether IFRS is in conformity with the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Bank will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the Bank's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with IFRSs in conformity with the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No.1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the principal risks and uncertainties that they face
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Bank's position, performance, business model and strategy.

The strategic report, directors' report and the financial statements of the Bank, were approved by the Board of Directors on 24 June 2024.

Signed on behalf of the board

Ruth Leas	**Brian Stevenson**
Chief Executive	Chair
24 June 2024	24 June 2024

Remuneration report

IN THIS SECTION

REMUNERATION REPORT

It has been a very positive year for the Bank and we remain confident in the performance and strength of the business and dedication of our people.

Henrietta Baldock
Chair of the IBP Remuneration Committee

Key achievements in FY2024

- Considered and approved the proposed 2024 remuneration approach for Executive Directors, senior management, Material Risk Takers (MRTs), control function employees and other employees
- Approved the variable remuneration spend and overall remuneration approach for the financial year ended 31 March 2024
- Reviewed and approved the objectives for each Executive Director
- Considered and approved the fee for the incoming Chair of Investec Bank plc (IBP)
- Reviewed the diversity implications of the remuneration philosophy, policy and structures, including the diversity pay gap figures
- Considered the interaction between culture and reward and the potential implications thereof
- Reviewed the non-standard remuneration structures within Investec Bank plc
- Regularly considered external legislative and regulatory developments
- Regularly considered the application of malus and/or clawback
- Reviewed key new hires and exits, including the remuneration outcomes for leavers

Areas of focus in FY2025

- Consider and approve the remuneration framework and objectives for the Chief Executive, in the context of the Group Executive Team framework
- Consider and approve the remuneration framework and objectives for the IBP Executive Committee
- Consider the belonging, inclusion and diversity implications of the remuneration philosophy, policy and frameworks including equal pay and the diversity pay gaps
- Consider how our remuneration philosophy, policy and practices support and align with our Sustainability initiatives
- Consider how the overall remuneration philosophy and approach supports and aligns with the Investec Group strategy
- Continue to regularly consider the application of malus and/or clawback
- Consider the alignment of remuneration policies and practices for all employees with the Chief Executive and executive team
- Review and consider how the remuneration philosophy, policy and approach align with and support our culture
- Consider the risk implications of our remuneration policies and frameworks
- Review regulatory changes relating to remuneration

Meetings held in 2023/24

Members	Member since	Eligible to attend	Attended
Henrietta Baldock (Chair)	5 August 2021	7	7
Brian Stevenson	20 May 2019	7	7
Lesley Watkins	20 May 2019	7	7

REMUNERATION REPORT
CONTINUED

Introduction

It is my pleasure to present the remuneration report for the year ended 31 March 2024, which describes the approach to remuneration at the Bank.

The IBP Remuneration Committee has responsibility for remuneration within the Bank and ensures compliance with applicable legislation and governance requirements of the jurisdictions within which the Bank operates, including its obligations as an independent bank regulated by the UK Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). While the IBP Remuneration Committee is responsible for remuneration within the Bank, it reports key items up to both the IBP Board and the DLC Remuneration Committee.

Before we turn to look in more detail at key aspects of our remuneration, I would like to reflect on the IBP Remuneration Committee's responsibilities, achievements and challenges encountered over the past year, and to consider the key areas of focus for the IBP Remuneration Committee in the year ahead.

Role of the Chair

The role of the Chair of the IBP Remuneration Committee requires regular meetings with the executives of the Bank. The Chair also has interactions with internal and external specialist advisers and with the Heads of Reward, People & Organisation, Compliance and Risk, in order to keep knowledge up to date, and to keep abreast of commercial, regulatory and legislative developments and challenges facing the business. These interactions are an essential part of the role of the Chair of the IBP Remuneration Committee.

Composition

I served as Chair of the IBP Remuneration Committee and the other members of the Committee were Brian Stevenson and Lesley Watkins, we all served for the full year.

The IBP Remuneration Committee is composed of independent Non-Executive Directors, with membership designed to provide the breadth of experience necessary for the members to consider the issues that are presented to the IBP Remuneration Committee.

I also served as Chair of the DLC Remuneration Committee for the full year. This has enhanced the interconnection between the IBP Remuneration Committee and the DLC Remuneration Committee.

Committee responsibilities

The IBP Remuneration Committee is responsible for considering the remuneration arrangements of the Executive Directors, senior employees including Material Risk Takers (MRTs), and that of the wider workforce of the Bank. The remuneration framework, performance measures and metrics for the IBP Chief Executive Ruth Leas, who is a Person Discharging Managerial Responsibilities (PDMR) of the Investec Group, are determined by the DLC Remuneration Committee following consultation with the IBP Remuneration Committee. The annual remuneration for the Chief Executive is then reviewed by the IBP Remuneration Committee, with a recommendation provided to the DLC Remuneration Committee.

The IBP Remuneration Committee receives reports from the IBP Reward Committee, which has been mandated to oversee the reward framework for Investec Bank plc employees, and act as the Malus and Clawback Committee to apply the Bank's policy in this regard.

Investec Wealth & Investment (IW&I) was a subsidiary of Investec Bank plc until 21 September 2023 when it became a part of the Rathbones Group. Whilst IW&I was a subsidiary of Investec Bank plc it was regulated by the FCA, and maintained an independent governance structure, comprising an independent Board and Remuneration Committee.

The membership of the Remuneration Committee comprised independent Non-Executive Directors. Matters relating to IW&I did not fall within the remit of the IBP Remuneration Committee, with the exception of any individuals who were designated as MRTs for the Investec plc consolidation group under the PRA Remuneration Code.

The IW&I Remuneration Committee reported to the DLC Remuneration Committee. Any matters relevant to the Bank were communicated to the Bank, in part, through having the Chair of the DLC Remuneration Committee, myself, as the Chair of the IBP Remuneration Committee.

The IBP Remuneration Committee reviews and recommends the remuneration for the Executive Directors and senior employees of the Bank to the DLC Remuneration Committee. The policy on remuneration packages for Non-Executive Directors is agreed and determined by the Investec Group Board.

The past year in focus

The past year was another challenging year for the IBP Remuneration Committee, requiring a strong focus on operating within and responding to the the high inflationary environment and the uncertain operating environment. The Committee ensured they focused on balancing the interests of various stakeholders in considering the approach to remuneration, in particular variable remuneration payouts.

As outlined in the Corporate Governance section, the Board and the IBP Remuneration Committee have a strong focus on culture. It has been frequently documented, including by our regulators, that remuneration structures and practices can and do have a significant impact on the culture within organisations. Therefore this potential effect has a significant bearing on the approach and deliberations of the IBP Remuneration Committee when reviewing remuneration processes and practices within the Bank.

David Germain is the designated Non-Executive Director for workforce engagement for the Bank. Activities during the year have included culture dialogues, diversity and inclusion programmes, talent programmes, town halls, and question and answer sessions.

A quarterly workforce engagement synthesis meeting is also held with David as the designated Non-Executive Director for workforce engagement for the Board of Investec Bank Plc to ensure that the matters of interest to our people are considered across the Group.

REMUNERATION REPORT
CONTINUED

The IBP Remuneration Committee also oversaw the details and publication of the Bank's annual pay gap report, which includes the ethnicity pay gap.

Refer to the pay gap report published on the Investec website for full details.

The IBP Remuneration Committee is committed to ensuring further improvement in the future. In addition, the Bank is a signatory to the Women in Finance Charter, and in doing so has committed to, among other items, linking the pay of senior executives to delivery against the set targets. We exceeded our 2022 Charter Targets and have new targets set for 2027, full details are disclosed on our website.

Throughout the year, the IBP Remuneration Committee reviewed the proposed approach to variable remuneration for the financial year ending 31 March 2024 and agreed the final approach in May 2024.

We are confident that the approach taken has enabled us to invest in appropriate strategic initiatives, reward those who performed strongly, retain our key people and further strengthen the alignment with the Bank, the Group and our shareholder.

Performance and outcomes for the year

The Banking client franchises performed strongly, showing continued traction in our growth strategies across the business.

Net interest income benefitted from a larger average book and higher global interest rates. Our diversified client lending franchises allow us to continue growth notwithstanding the persistently uncertain operating environment. Our client acquisition strategies are the key underpin to the sustained loan book growth across diversified specialisations.

Variable remuneration for the 2024 year was calculated using the standard Economic Value Added (EVA) calculation.

Profits have increased this year by 22.7% and our people have delivered a strong performance and have been rewarded accordingly. We considered the needs of all of our stakeholders, including our shareholder, when determining the remuneration spend for the year. We agreed the following principles to guide our approach:

- Ensure we are rewarding for performance;
- Protect our business (so we have a sustainable, viable business in the long term);
- Ensure we retain those individuals who are deemed key to the future strategy of the business;
- Mitigate flight risk and potential impact to the franchise;
- Account for external factors, including the views of our shareholder and regulators; and
- Ensure we are sensitive to and supportive of the communities in which we operate.

Looking ahead

It has been another very positive year for the business and we remain confident in the performance and strength of our business, the dedication of our people and the optimised scale, resilience and technology within the business.

The IBP Remuneration Committee will continue to focus in the coming year on our remuneration practices, with particular attention being given to ensuring that our philosophy, policy and approach support and align with our culture, and our approach to belonging, inclusion and diversity.

With effect from October 2023 the UK PRA and FCA provided flexibility to permit firms, including Investec, to set maximum ratios between variable and fixed pay for Material Risk Takers (MRTs) as they consider to be appropriate, no longer limited to a ratio of 2:1. The new variable to fixed pay maximum ratio(s) for UK Material Risk Takers (MRTs) will be set by the IBP Remuneration Committee from time to time taking into account market practice, applicable rules and guidance from the UK PRA and FCA, enabling Investec to reduce fixed pay costs over time and increase the amount of pay subject to performance. MRTs of Investec's EU entities or branches will remain subject to the ratio of 2:1 for as long as the relevant EU regulations continue to be in place.

The IBP Remuneration Committee believes that the Bank's approach to executive remuneration is designed to incentivise exceptional performance from its executives and employees, and ensure they are rewarded appropriately for performance.

The Bank is also focused on ensuring that its approach to reward is fair in all aspects, and that all stakeholders are taken into account when determining how executives and employees are rewarded.

The IBP Remuneration Committee considers that there is strong alignment between the Bank's remuneration structure and the Bank's stakeholders, especially with vesting periods of share awards granted to employees which generally vest over five years, and in some cases seven years, with additional post-vesting retention periods for MRTs.

Conclusion

The IBP Remuneration Committee has had another positive year. We are confident that the steps we have taken have allowed us to effectively reward our people who have performed strongly, retain our key people, and ensure strong alignment with the Bank, the Group and our shareholder.

Henrietta Baldock
Chair, IBP Remuneration Committee
24 June 2024

REMUNERATION REPORT
CONTINUED

Remuneration overview

Inside this section

Remuneration philosophy and approach for all employees

Our remuneration approach is designed to foster an exceptional performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We use remuneration to help attract and retain culturally aligned, smart, innovative and talented people who adhere and subscribe to our culture, risk appetite, values and philosophies, and to recognise and drive out of the ordinary performance.

The Bank's remuneration levers work to:

- Provide a sense of security, so people feel free to innovate, challenge and influence;
- Motivate people to deliver exceptional performance; and
- Give people a sense of ownership, so they feel invested in the organisation.

Our remuneration approach reflects our culture; it is an honest and challenging process that is tailored to individual roles and acknowledges personal and team contributions. We reward people for the contribution they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance so that Executive Directors and employees may be positive contributors to our clients, our communities and the Group.

When determining levels of variable remuneration, the Bank considers the overall level of performance, culture and risk events in the year. The proportion of variable to fixed remuneration is carefully monitored to ensure compliance with regulatory requirements. All incentives are subject to the Bank's performance adjustment policy. This provides the Bank with the ability to reduce, revoke or recover variable remuneration in respect of a risk, control or conduct issue, event or behaviour.

Given IBP Executive Directors' and additional senior Bank executive incentives are deferred for up to seven years, the Bank does not believe that the incentive structures inadvertently motivate irresponsible or short-term behaviour.

REMUNERATION REPORT
CONTINUED

OVERVIEW OF REMUNERATION FOR ALL EMPLOYEES

Element	Operation – Bank
Salary	• Paid monthly in cash
Role-Based Allowance	• Role-Based Allowances may be awarded to certain Material Risk Takers to reflect their roles and ensure an appropriate balance between fixed and variable remuneration – Paid monthly in cash – These are fixed, according to the nature of each role, and can only be amended in certain limited circumstances (e.g. a material increase in organisational responsibilities)
Benefits and pension	• Benefits are provided, with the details depending on local market practice – Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, permanent health insurance, life insurance and cash allowances – Pension and benefit levels differ globally to be competitive in different markets, and there is no single pension level across the Group – Bank Executive Directors have access to the same benefits as Bank employees mentioned above, being Company-funded benefits such as pension schemes, private medical insurance, permanent health insurance and life insurance
Short-term incentive	• Discretionary performance bonuses based on business and individual performance • The amounts available to be distributed are based on the Bank-wide risk adjusted Economic Value Added (EVA) model which is, at a high level, based on revenue less risk-adjusted costs, and overall affordability • At an individual level the bonus allocations are determined based on performance against qualitative and quantitative factors. Qualitative measures include adherence to culture, including supporting belonging, inclusion and diversity, client outcomes, market context, contribution to performance and brand building, attitude displayed towards risk consciousness and effective risk management
	Non-Material Risk Takers: • For employees who are not Material Risk Takers, all bonus awards exceeding a pre-determined threshold are subject to 60% deferral in respect of the portion exceeding the threshold; • The deferred amount is awarded in the form of: short-term share awards vesting in three equal tranches over a period of approximately three years; or cash released in three equal tranches over a period of approximately three years; and • Deferred bonuses are subject to malus conditions.
	Material Risk Takers: Bonus awards are subject to deferral as follows: • Where variable remuneration, comprising bonus and long term incentives, equals or exceeds £500 000, 60% of variable remuneration is deferred; • Where variable remuneration is less than £500 000 40% is deferred, unless the de-minimis concession is met in which case there is no deferral; • A minimum of 50% of both the deferred and non-deferred elements are delivered in shares, with the remaining balance in cash or shares; • The deferred elements vest over periods from four up to seven years and are subject to an appropriate retention period, generally 12 months, after vesting; • All variable remuneration is subject to clawback; • All deferred variable remuneration is subject to malus; and • MRTs were subject to the 2:1 maximum ratio of variable to fixed remuneration for the 2023/24 year.
Other	• Where employees in the audit, risk and compliance functions support a specific area of the business, their variable remuneration is set independently of the business area that they oversee • The Non-Executive Directors are not eligible to participate in any of the Group's incentive plans or to join any pension scheme. They do not receive any taxable benefits over and above reimbursement for agreed travel and subsistence

REMUNERATION REPORT
CONTINUED

Consideration of all employee remuneration

The IBP Remuneration Committee reviews changes in remuneration arrangements in the workforce as we recognise that all our people play an important role in the success of the Bank. The Bank is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner, and the IBP Remuneration Committee reviews our practices around creating a fair, diverse and inclusive working environment.

In making decisions on executive pay, the IBP Remuneration Committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis. Effective from 2019 the Board appointed a designated Non-Executive Director to represent employees in the boardroom.

The Board believes that employees throughout the Bank should be able to share in the success of the Bank. As such, as outlined in the table on the prior page, in addition to the fixed pay element, all of our employees have access to market relevant benefits, and all employees are eligible to be considered for an annual bonus after a short initial qualifying period. The Board believes strongly in share ownership among our employees and therefore all employees are, in principle eligible for, and many participate in our long-term incentive scheme.

Remuneration policy

All remuneration payable (salary, benefits and incentives) is assessed at a Bank, business unit and individual level. This framework seeks to balance both financial and non-financial measures of performance to ensure that the appropriate factors are considered prior to making awards, and that the appropriate mix of cash and share-based awards are made.

Determination of remuneration levels for employees

Qualitative and quantitative considerations form an integral part of the determination of overall levels of remuneration and total compensation for each individual.

Factors considered for overall levels of remuneration in the Bank include:

- Financial measures of performance
  - Risk-adjusted EVA model; and
  - Affordability.
- Non-financial measures of performance
  - Market context; and
  - Specific input from the risk and compliance functions.

Factors considered to determine total compensation for each individual include:

- Financial measures of performance
  - Achievement of individual targets and objectives; and
  - Scope of responsibility and individual contributions.
- Non-financial measures of performance
  - Alignment and adherence to our culture and values, including supporting belonging, inclusion and diversity;
  - The level of cooperation and collaboration fostered;
  - Development of self and others;
  - Attitude displayed towards risk consciousness and effective risk management;
  - Adherence to internal control procedures;
  - Compliance with the Bank's regulatory requirements and relevant policies and procedures, including treating customers fairly;
  - The ability to grow and develop markets and client relationships;
  - Multi-year contribution to performance and brand building;
  - Long-term sustained performance;
  - Specific input from the risk and compliance functions; and
  - Attitude and contribution to sustainability principles and initiatives.

Remuneration levels are targeted to be commercially competitive on the following basis:

- The most relevant competitive reference points for remuneration levels are based on the scope of responsibility and individual contributions made;
- The IBP Remuneration Committee recognises that the Bank operates an international business and competes with both local and international competitors in each of our markets;
- Appropriate benchmark of industry and comparable organisations' remuneration practices are reviewed regularly; and
- While benchmarking information is utilised, it is considered along with other relevant factors, including internal comparators, the scope and complexity of the role and the individual's contribution.

Variable remuneration

All employees are eligible to be considered for a discretionary annual bonus, subject inter alia to the factors set out above in the section dealing with the determination of remuneration levels. The structure of short-term incentives reflects differing regulatory requirements for the different legal entities and also differing competitive pressures in each distinct market in which the Bank operates.

Bank: variable short-term incentive

Risk-weighted returns form the basis for variable remuneration levels

In our ordinary course of business, we face a number of risks that could affect our business operations, as highlighted on page 61.

REMUNERATION REPORT
CONTINUED

Risk management is independent from the business units and monitors, manages and reports on the Bank's risk to ensure it is within the stated risk appetite, as mandated by the Board of Directors through the IBP Board Risk and Capital Committee (IBP BRCC). The Bank monitors and controls risk exposure through credit, market, capital, liquidity, operational and legal risk divisions/forums/committees.

The Bank's central credit, investment and risk forums, IBP Executive Risk Review Forum (Review ERRF) and IBP Executive Risk Committee (IBP ERC) provide transaction approval independent of the business unit on a deal-by-deal basis.

EVA model: allocation of performance-related bonus pool

Our business strategy and associated risk appetite, together with effective capital utilisation, underpin the EVA annual bonus allocation model.

Business units share in the annual bonus pool to the extent that they have generated a realised return on their allocated risk-adjusted capital base in excess of their target return on equity. Many of the potential future risks that the firm may face are avoided through ensuring that the bonus pools are based on actual realised risk-adjusted profits.

The bonus pools for non-operating business units (Business Enablement) are generated by a levy payable by each business unit on its operating profit. This bonus pool may, in some years, be supplemented by a discretionary allocation as determined by the executive, and agreed by the IBP Remuneration Committee.

In terms of our EVA process, if business and individual performance goals are exceeded, the variable element of the total remuneration package is likely to be substantially higher than the relevant target benchmark. This ensures that overall remuneration levels have the potential to be positioned at the upper quartile level for superior performance, in line with our overarching remuneration policy.

In circumstances where a business unit does not have an EVA pool (e.g. when it incurs a loss or when it is a start-up), the executive and IBP Remuneration Committee, with support from the Group and the DLC Remuneration Committee, may consider a discretionary allocation to allow for a bonus for those staff who were expected to contribute to the longer-term interests of that business unit or the Bank, despite the lack of EVA profits in the short term, e.g. control functions, support staff and key business staff.

Where employees in the audit, risk and compliance functions support a specific area of the business, their variable remuneration is set independently of the business area that they oversee. The level of rewards for these employees are assessed against the overall financial performance of the Bank; objectives based on their function; and compliance with the various non-financial aspects referred to above.

Key elements of the bonus allocation process are set out below:

- A fixed predetermined percentage of any return in excess of the EVA hurdle accrues to the business units' EVA pool;
- A portion of the total EVA pool is allocated towards the bonus pool for Business Enablement;
- These bonus pools are reviewed regularly by the appropriate management and Non-Executive committees to ensure that awards are only paid when it is appropriate to do so, considering the Group-wide performance against non-financial risk (both current and future) and compliance-based objectives and in order to ensure that the payment of such discretionary bonuses does not inhibit the Bank's ability to maintain or raise its capital levels. All users of capital operate within a strict philosophical framework that requires a balancing of risk and reward and that is designed to encourage behaviour in the interests of all stakeholders as opposed to just employees;
- The EVA pools are calculated centrally by the Bank's finance function and are subject to audit as part of the year-end audit process;
- Once the EVA pools are finalised, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above);
- Bonus recommendations are then subject to an extensive geographic review involving the People & Organisation function and the executive; and
- Thereafter, these recommendations are subject to a global review by executive management before the IBP Remuneration Committee and DLC Remuneration Committee review and approval process.

Deferral of annual bonus awards: other than Material Risk Takers within the Bank

All annual bonus awards exceeding a predetermined hurdle level are subject to 60% deferral in respect of the portion that exceeds the hurdle level. The deferred amount is awarded in the form of: forfeitable share awards vesting in three equal tranches over approximately three years; or cash released in three equal tranches over approximately three years. Where shares are being awarded to employees as part of the deferral of performance bonus awards, these are referred to as short-term share awards. These awards are made under the terms of our existing long-term incentive plans. The entire amount of the annual bonus that is not deferred is payable up-front in cash.

Deferral of variable remuneration awards: Material Risk Takers within the Bank

- Material Risk Takers include senior management, risk takers, staff engaged in certain central functions and any other employees whose professional activities have a material impact on the Bank's risk profile
- Individual awards to MRTs are determined based on EVA pools in the same manner as is applicable to all staff (as set out above), and subject to the Bank's remuneration policy and governance processes (also set out above)

REMUNERATION REPORT
CONTINUED

- Variable remuneration awards to Executive Directors of the Bank (excluding Executive Directors who are employees of a separately regulated firm) and all variable remuneration awards to other MRTs where total variable remuneration is equal to or exceeds £500,000 are subject to 60% deferral
- All variable remuneration awards to other MRTs where total variable remuneration is less than £500,000 are subject to 40% deferral
- The 40% not deferred in the former instance or the 60% not deferred in the latter instance are awarded as either 50% in cash and 50% in short-term share awards or 100% in short-term share awards
- The up-front short-term share awards vest immediately, but are only released after a period of 12 months for all MRTs, with the exception of risk managers, for which it is six months
- All deferrals in the form of short-term share awards (being either 50% or 100% of such deferral) vest over periods of up to seven years and are then subject to an appropriate period of retention, being 12 months, with the exception of risk managers, for which it is six months

Malus and clawback within the Bank

Employees who leave the employment of the Bank prior to the vesting of deferred incentive awards will lose their deferred bonus forfeitable shares other than as a result of retirement, subject to the Bank's normal good leaver provisions and approval process in exceptional cases.

The deferred share and cash awards for MRTs are subject to malus and clawback adjustments. The assessment of whether any malus adjustment should be made to an individual's unvested awards will be undertaken within the following framework:

- Where there is reasonable evidence of employee misbehaviour;
- Where the firm or business unit suffers a material failure of risk management; and
- Other relevant events.

In these cases, management and the IBP Remuneration Committee will take into account the following factors in determining the extent (if any) to which the quantum of deferred awards should be subject to clawback:

- The extent to which the individual had control over the outcome;
- Failure of internal control systems;
- The impact of the risk profile of the relevant member of the Bank or business unit;
- Any violation of the Bank's culture and values;
- The long-term impact of the outcome on the Bank or relevant business unit;
- External factors including market conditions; and
- Any other relevant factors.

Specifically for short-term share awards, where profits which were used to determine the original bonus are materially reduced after the bonus determination, the awards will be recalculated for such reduction and consideration will be given to malus and/or clawback (if any) to the extent that the prior period's EVA pool is reduced and the extent to which it affected each employee.

The deferred share awards of non-Material Risk Takers are subject to malus adjustments.

Long-term incentive: share awards

The Bank has a number of share option and long-term share incentive plans that are designed to align the interests of employees with those of shareholder and long-term organisational interests, and to build material share ownership over the long term through share awards. These share option and incentive plans are also used in appropriate circumstances as a mechanism for retaining key talent.

Awards are made in the form of forfeitable share awards other than for countries where the taxation of such awards is penal. In these cases awards are made in the form of conditional awards or market strike options.

In principle all employees are eligible for long-term incentives. Awards are considered by the IBP Remuneration Committee and made only in the 42-day period following the release of Investec Group's interim or final financial results in accordance with the Investment Association Principles of Remuneration. These awards comprise three elements, namely:

- 'New starter' awards may be awarded on a discretionary basis to new starters and are generally linked to salary levels;
- 'General allocation' awards are similar to new starter awards and may be awarded on a discretionary basis to employees who have not had any other share award for a number of years; and
- 'Top up' awards are made at the discretion of line management primarily to ensure multi-year performance and long-term value generation.

All proposed long-term incentive awards are recommended by business unit management and approved by the DLC Remuneration Committee and the IBP Remuneration Committee before being awarded.

Forfeitable shares for non-Material Risk Takers are subject to one-third vesting after approximately three, four and five years, which we believe is appropriate for our business requirements. LTIP awards to Material Risk Takers are subject to performance conditions and vest over a period of two to four years, or three to seven years, as determined by regulatory requirements. Such LTIP awards are then subject to a 12-month retention period, with the exception of risk managers, for which it is six months. The awards are forfeited on termination, but 'good leaver' discretion is applied in exceptional circumstances.

Retention is addressed through the long-term nature of awards granted, which provides an element of 'lock-in' for employees throughout the vesting period and allows for multi-year contribution to performance and brand building.

REMUNERATION REPORT
CONTINUED

For further information on the share option and long-term share incentive plans in operation and in which the directors are eligible to participate, refer to the Investec Group's 2024 Remuneration Report.

Other remuneration structures

Guaranteed variable remuneration

Guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to award. This includes, but is not limited to sign-on, buy-out and guaranteed awards. Guaranteed variable awards will not be awarded, paid or provided to any individual within the Bank unless they are:

- Exceptional;
- In the context of hiring new staff; and
- Limited to the first year of service.

The IBP Remuneration Committee, or the Chair on behalf of the Committee, is required to pre-approve individual remuneration packages (including new joiner, retention and severance remuneration) for the following:

- IBP Executive Directors, in consultation with the DLC Remuneration Committee;
- IBP PDMRs; and
- IBP Senior Managers as defined under the Senior Managers and Certification Regime (SMCR).

All other forms of guaranteed remuneration above pre-determined thresholds are reported to the IBP and DLC Remuneration Committees.

Retention awards

The Bank only pays retention awards to serving staff in exceptional circumstances. In all such cases, the People & Organisation and Reward functions shall review proposed payments to ensure that they are in line with this policy and any other relevant regulation. Additionally, for MRTs, the IBP Remuneration Committee shall review and approve all proposed awards. Circumstances where the Bank will consider making retention awards include the case of a major restructuring of the Group or any subsidiary or one of its business units (for instance in the start-up of a new business line, or the closure of a business line), or where the retention of individuals is essential to the completion of the task. A valid business case for the retention of the individual must be presented to the IBP Remuneration Committee in order for a retention award to be approved. It is required that the PRA be notified prior to a retention award being made to an MRT, and their guidance sought on the appropriateness of retention awards for certain other individuals.

Severance awards

Severance payments for the early termination of a contract are at executive management's absolute discretion and must reflect performance achieved over time and be designed in a way that does not reward failure. Severance payments for MRTs in the Bank are subject to all necessary regulatory requirements, and approval by the IBP Remuneration Committee.

Other remuneration structures

On occasion, the Bank may utilise other remuneration structures which are not mentioned above, in certain pre-agreed circumstances such as are required by our clients or market practice.

Discretionary extended pension benefits policy

Extended pension payments are very rarely made and any such proposed payments to employees upon reaching retirement are required to be reviewed and approved by the IBP Remuneration Committee for alignment with appropriate laws, policy and regulation.

Governance

Compliance and governance statement

The IBP Remuneration Report and Investec Group Remuneration Report comply with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended), the UK Corporate Governance Code, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA and FCA Remuneration Code and Pillar 3 disclosure requirements.

Scope of our remuneration policy

The Bank aims to apply remuneration policies to Executive Directors and employees that are largely consistent across the Bank, but recognises that certain parts of the Bank are governed by local regulations that may contain more onerous requirements in certain respects.

In those cases, the higher requirements are applied to that part of the Bank. This is relevant to Investec Bank plc and its subsidiary companies that are subject to the PRA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to MRTs. Additionally, where any aspect of our remuneration policy contravenes local laws or regulations, the local laws or regulations shall prevail.

Whilst IW&I was a subsidiary of Investec Bank plc it was separately regulated by the FCA and as such maintained its own remuneration policy, separate to the Bank policy, in line with the FCA MIFIDPRU Remuneration Code and the entity's own risk profile and business activities.

REMUNERATION REPORT
CONTINUED

Directors' emoluments (audited)

	2024 £'000	2023 £'000
Aggregated emoluments (excluding pension contributions)	10 308	9 276
Contributions to defined contribution scheme	132	112
	10 440	**9 388**
Number of directors in defined contribution scheme	4	4
Number of directors in closed defined benefits scheme	—	—

Included in aggregate Director emoluments for the current year are performance awards to IBP Executive and Non-Executive Directors. Performance awards comprise £705,660 in up-front cash, £1,629,822 in up-front shares (vesting immediately and subject to 12 months' retention thereafter), £579,240 in deferred cash (vesting equally over three to seven years, subject to regulatory requirements), and £1,722,584 in deferred short-term share awards (vesting equally over three to seven years, subject to regulatory requirements).

Fani Titi was the highest paid director. Emoluments of the highest paid director were £3,690,374 (2023: £3,115,083) excluding £29,545 of pension contribution to the defined contribution scheme, emoluments disclosed for Fani Titi is for services rendered as the Executive Director of Investec Group. The performance awards of the highest paid director comprise £0 in up-front cash, £924,162 in up-front shares (vesting immediately and subject to 12 months' retention thereafter) and £516,644 in deferred short-term share awards (vesting over four to seven years). The emoluments exclude long-term incentives with vesting subject to achievement against future performance conditions.

All four Executive Directors exercised share options during the financial year, this includes Fani Titi as the highest paid director. Fani Titi was granted shares in respect of qualifying services under a long-term incentive scheme. Please refer to the Investec Group Remuneration Report for further details.

Key Management Personnel (audited)

IAS 24 'Related party disclosures' requires the following additional information for key management compensation.

Compensation of key management personnel	2024 £'000	2023 £'000
Short-term employee benefits	22 556	23 356
Other long-term employee benefits	4 337	2 704
Share-based payments	3 859	3 385
Total	**30 752**	**29 445**

Shareholdings, options and other securities of key management personnel

	2024	2023
Number of options held over Investec plc or Investec Limited ordinary shares under employee share schemes	10 089	8 157

	2024	2023
Number of Investec plc or Investec Limited Ordinary shares held beneficially and non-beneficially	3 748	3 890

For the purposes of the UK's Disclosure and Transparency Rules, members of the Investec Group Executive Team have been designated as Persons Discharging Managerial Responsibilities (PDMR). We have defined key management personnel as the Executive Directors of Investec Bank plc plus those classified as PDMRs. In addition to the directors listed in the report, those are Mark Currie (Investec Group Chief Risk Officer), Lesley-Anne Gatter (Investec Group Head of People & Organisation), Iain Hooley[1] (Acting Chief Executive – IW&I UK), Marc Kahn (Investec Group Chief Strategy Officer), Abey Mokgwatsane (Investec Group Chief Marketing Officer), Cumesh Moodliar (Head of Private Clients SA), Nishlan Samujh (Investec Group Finance Director), Stuart Spencer (Investec Group Chief Operations Officer), Lyndon Subroyen (Investec Group Head of Digital & Technology), Richard Wainwright[2] (Chief Executive – Investec Bank Ltd) and Ciaran Whelan[2] (Executive).

1. Iain Hooley stepped down from the Group Executive Team, following completion of the Rathbones combination on 21 September 2023
2. Ciaran Whelan and Richard Wainwright stepped down as DLC Executive directors on 3 August 2023, and are now classified as PDMR

Annual financial statements

Our performance is a testament to the continued *execution of our strategy*. This section contains Investec Bank plc's financial statements.

IN THIS SECTION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC

Opinion

In our opinion:

- Investec Bank plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Investec Bank plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise:

Group	Parent Company
Consolidated balance sheet as at 31 March 2024	Balance sheet as at 31 March 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Cash flow statement for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 8,9,13-31,33,35-41,43-49,52-53 and 68 to the financial statements including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 57 to the financial statements, including material accounting policy information	
Related risk and capital management notes 58,59 and 63 excluding information marked as "unaudited".	
Information identified as 'audited' in the annual report on remuneration in section four	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and; as regards to the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding management's going concern assessment process, including obtaining an understanding of the business planning process, assessing the Board approved budgets and the reasonableness and completeness of assumptions applied. In assessing these assumptions, we considered the impact of the current macro-economic environment in which the Group operates on future operating performance and the principal risks affecting the Group;
- involving specialists to assess the results of management's stress testing, including consideration of principal and emerging risks on funding, liquidity and regulatory capital. We performed independent reverse stress testing by evaluating the plausibility of the outcome under which regulatory minimum requirements would be breached. In addition, we evaluated the viability of management actions available to mitigate erosion of capital and liquidity;
- assessing the Group's compliance with external debt covenants;
- inspecting correspondence with the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) for matters that may impact the going concern assessment; and
- evaluating the appropriateness and conformity of the going concern disclosure included in the annual report with the reporting standards and management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a 12 months period from the date the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have voluntarily applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Overview of our audit approach	
Audit Scope	• We performed an audit of the complete financial information of four components. • The components where we performed full audit procedures accounted for 97% of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ("operating profit"), 98% of total operating income less interest expense and fee and commission expense ("revenue") and 99% of total assets.
Key Audit Matters	• Adequacy of the provision for expected credit losses on loans and advances to customers • Valuation of fair value assets and liabilities with higher risk characteristics and associated income • Provision for regulatory and litigation matters • Gain on the combination of Investec Wealth & Investments Limited with Rathbones Group plc • IT systems and controls impacting financial reporting
Materiality	• We applied Group materiality of £22.3 million which represents 5% of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ("operating profit")

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

An overview of the scope of the Group and Parent Company audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

We take into account size, risk profile, the organisation of the Group and effectiveness of Group wide controls, and other factors such as changes in the business environment when assessing the level of work to be performed at each Company.

Of the four components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics.

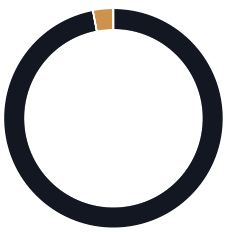
Component	Scoping
Investec Bank plc*	Full
Investec Wealth & Investment Limited	Full
Rathbones Group Plc	Full
Investec Bank (Channel Islands) Limited	Full

* This component consists of Investec Bank plc, the Parent Company along with all the consolidation adjustments and other material balances relating to UK and Australian subsidiaries of Investec Bank plc which are also signed off by the senior statutory auditor.

The reporting components where we performed audit procedures for the current year, included full scope components contributing 97% (2023: 87%) of the Group's operating profit, 98% (2023: 93%) of the Group's revenue and 99% (2023: 89%) of the Group's total assets. The remaining components represent 3% (2023: 1%) of the Group's operating profit and for these components we performed other procedures, including analytical review, review scope components and ensuring journals for these components were included in the population from which we selected journals to test in order to respond to potential risks of material misstatement to the Group financial statements.

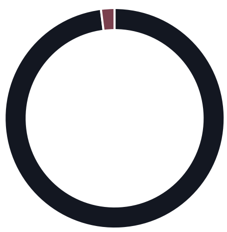
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Operating profit



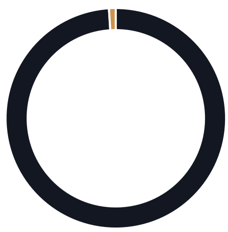
Full scope components	97%
Other procedures	3%

Revenue



Full scope components	98%
Other procedures	2%

Total Assets



Full scope components	99%
Other procedures	1%

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Changes from the prior year

There are two changes from the prior year. The first is that subsequent to the combination date of Investec Wealth & Investments Limited with Rathbones Group Plc, Rathbones Group Plc became a full scope component. The second is given the increase in contribution to the overall Group operating profit by Investec Bank Channel Islands, the component has changed from a specific scope to full scope component.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, the primary audit team followed a programme of in-person visits and virtual oversight reviews that had been designed to ensure that the Senior Statutory Auditor visits all full scope locations in the UK and Europe. These in-person visits and virtual reviews involved discussing the audit approach with the component team and any issues arising from their work. The primary audit engagement team interacted regularly with the component audit teams, where appropriate, throughout the course of the audit, which included attending planning meetings, maintaining regular communication on the status of the audits, reviewing relevant audit working papers and were responsible for the scope and direction of the audit process. We also attended certain audit team meetings with component management.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be from Credit risk, Market risk, Liquidity risk, Operational risk and Reputational risk. These are explained in Note 60 Sustainability risk (including climate and ESG), on pages 27 to 37 in the Climate related Disclosures and on page 64 in the principal risks. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Accounting Policies note, how they have reflected the impact of climate change in their financial statements and the significant judgements and estimates relating to climate change. The Group notes that many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting judgments and estimates for the current period under the requirements of UK adopted international accounting standards and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, their climate commitments and the significant judgements and estimates disclosed in the Accounting Policies and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, and in the timing and nature of liabilities recognised following the requirements of UK adopted international accounting standards and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have considered the impact of climate change on the financial statements to impact the adequacy of provision for expected credit losses on loans and advances to customers and the valuation of fair value assets and liabilities with higher risk characteristics and associated income. Details of our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td colspan="2">Adequacy of the provision for expected credit losses on loans and advances to customers</td></tr>
<tr><td>
Refer to the Audit Committee Report (page 95); Accounting policies (page 149-151, 156-157); and Note 6, Expected credit loss impairment (releases)/charges and 26, Loans and advances to customers and other loans and advances of the Consolidated Financial Statements (page 162 and 210-211)
The determination of the provision for expected credit losses ('ECL') is highly subjective. The subjectivity relates to the current uncertain geopolitical and economic outlook and the impact of climate change which were considered in our risk assessment.
At year-end the Group reported gross loans and advances to customers subject to expected credit losses of £16,108 million (2023: £16,162 million); expected credit losses on loans and advances to customers at amortised cost of £174 million (2023: £141 million); and expected credit loss impairment charges of £86 million (2023: £67 million).
Given the subjective nature of the calculation of ECL there is a heightened risk that the provisions could be misstated.
This included the following:

ECL models: The significant level of subjectivity, management judgements and estimation uncertainty applied to ECL – these include:

Accounting interpretations, modelling assumptions and data used in the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models;
Key model assumptions and techniques, including in-model adjustments.

Multiple economic scenarios: The appropriateness of the economic scenarios, and incorporation of forward looking information as determined by management, the probability weights assigned to each and the inputs and assumptions used to estimate their impact;
Assessment of significant increase in credit risk: Allocation of assets recognised in stages 1, 2 and 3, including the determination of the triggers for an asset moving between stages;
Post model adjustments: Measurement and completeness of post model adjustments; and
Individually assessed provisions: Where the measurement of the ECL is dependent on the subjectivity and estimation of recoverable amounts based on various recovery strategies, the valuation of related collateral and timing of cash flows.

The level of risk has remained consistent with the prior year.
</td><td>
To address the risks we performed the following key procedures, amongst others:
ECL models
We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, review and approval of relevant models.
We performed a risk assessment on all models involved in the ECL calculation to select a sample of models to test. We involved modelling specialists to assist us to test this sample of ECL models by testing the assumptions, inputs and formulae used. We also assessed the accounting interpretations made for compliance with IFRS 9.
This included performing an assessment of:

the model design documentation against accepted industry principles;
the appropriateness of the methodology, considering alternative techniques including in-model adjustments; and
the programming code to review its consistency with the design documentation.

To evaluate data quality, we agreed a sample of ECL calculation data points to source systems.
Multiple economic scenarios
We assessed the design and tested the operating effectiveness of key controls focusing on management's review and approval of the base case and alternative scenarios, including the probability weights assigned.
We used our internal economists to independently assess the appropriateness of macroeconomic scenario forecasts and the probability weightings applied by management by benchmarking these against third-party data. This assessment included developments related to the current uncertain geopolitical and economic outlook.
We involved our specialists to assess the correlation of the forecast macroeconomic factors to the ECL and to test the impact of the macroeconomic scenarios on PDs, LGD, and SICR.
Assessment of significant increase in credit risk
We assessed the design and tested the operating effectiveness of key controls focusing on the following:

assessment and approval of assets determined to have a significant increase in credit risk and monitoring of assets in each stage; and
assessment of manual overrides to staging outcomes.

We recalculated the assets in stages 1, 2 and 3 to assess if they were allocated appropriately in line with the Group's criteria and performed sensitivity analysis to assess the impact of different staging criteria on the ECL.
</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Risk	Our response to the risk
Adequacy of the provision for expected credit losses on loans and advances to customers (continued)	
	Post model adjustments We obtained an understanding of the model limitations to evaluate the measurement and completeness of the related adjustments. We determined an independent range of adjustments based on our understanding of the models and the current economic environment to compare against management's estimate. We assessed the governance processes that the Group has put in place to review and approve post model adjustments. **Individually assessed provisions** We selected a sample of loans to recalculate the individually assessed ECL with the involvement of valuation specialists, where appropriate. Our sample considered high-risk sectors. For each sample item selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered management's potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising above our threshold. **Overall stand-back assessment** We performed a stand-back assessment of the ECL provision and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group's portfolios, risk profile, the impacts of the current economic conditions and geopolitical factors, and climate change on the Group's customers. We performed peer benchmarking where available to assess overall staging and provision coverage levels. We evaluated the adequacy of disclosures in the financial statements considering the accounting standards including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.

The audit work was performed centrally by the Group audit team supported by relevant component audit teams, as required. We have performed audit work over 100% of the ECL.

Key observations communicated to the Audit Committee
Based on the testing performed we concluded that the ECL provision is within a reasonable range of outcomes and in compliance with IFRS

We highlighted the following matters to the Audit Committee:

- Where the design of key controls was effective, we tested those key controls and concluded they had operated effectively. We identified a limited number of design and operating deficiencies that required us to perform compensating procedures to conclude that the ECL provision was not materially misstated;
- Our testing of models and model assumptions highlighted some model design and performance deficiencies; however, these did not result in a material impact on the financial statements;
- Overall, the post-model adjustments applied were reasonable and addressed model shortcomings identified, however our independent range was outside management's estimate but this did not result in a material impact on the financial statements;
- For individually assessed impairments, staging and multiple economic scenarios, judgemental differences both increasing and decreasing impairment levels were identified; however, none of these individually or in aggregate were material to the financial statements; and
- Our stand-back assessment of the overall provision balance in light of the current economic environment and through peer benchmarking analysis of key indicators, such as coverage ratios, indicated the provision recorded as at year end was reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Risk	Our response to the risk
Valuation of fair value instruments with higher risk characteristics and associated income	
Valuation of fair value assets and liabilities with higher risk characteristics and associated income Refer to the Audit Committee Report (page 95); Accounting policies (page 149, and 156); and Note 14 Financial instruments at fair value, of the Consolidated Financial Statements (page 184). As at 31 March 2024, the Group held fair value financial instruments; assets of £4,533 million and liabilities of £573 million (2023: assets £4,407 million and liabilities £842 million). This included certain level 2 and level 3 assets and liabilities with higher risk characteristics whose values are dependent upon unobservable inputs, where management's significant judgement is applied. There are also non-financial assets where the net realisable value is at or below cost, meaning they are valued using similar techniques as the Group's financial instruments. The valuation of certain of these fair value assets and liabilities with higher risk characteristics can include significant judgement, including in relation to the current uncertain geopolitical and economic outlook and the impact of climate change. Therefore, there is a risk of inappropriate revenue recognition through incorrect valuation, as outlined below: • **Complex valuation models** – fair value calculations using complex valuation models for derivatives and fair value loans; • **Valuation techniques** – illiquid investments in, and fair valued loans to, unquoted private companies valued using different valuation techniques (e.g. price-earnings multiples, discounted cashflow, net asset valuations); • **Inputs where there is limited market observability or liquidity** – Management apply judgement and estimation to determine appropriate inputs for certain of the fair value estimations. These include yield curves, liquidity discounts, volatilities and sector specific inputs, where applicable. • **Fair value adjustments:** Factors such as unobservable inputs, funding costs, low levels of market liquidity, counterparty and own credit risk and volatility increase the level of judgement required. • The level of risk has remained consistent with the prior year.	We obtained an understanding of management's processes and tested the design of controls relating to financial instrument valuation and related income statement measurement. We performed, on a sample basis a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values. In addition, we assessed whether there were any indicators of aggregate bias in financial instrument valuation pricing sources and methodology assumptions. We considered the impact of the current uncertain geopolitical and economic outlook throughout the procedures performed on the higher risk characteristic financial instruments by challenging whether the valuation methodologies and assumptions used remained appropriate. Throughout our audit procedures, we considered the impact of climate change on the valuation of financial instruments. **Complex valuation models** We involved valuation and modelling specialists, where appropriate, to assist in testing complex model-dependent valuations for derivatives and fair value loans by performing independent revaluation, on a sample basis, to assess the appropriateness of models and the adequacy of assumptions and inputs used. We performed a search for potential contrary evidence by assessing trends in trading profit and loss and counterparty valuation differences. **Valuation techniques** We performed procedures on key judgments made by management in the calculation of fair value of a sample of unlisted investments, fair value loans and profit-sharing arrangements including: • assessing the suitability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations; • performing calculations to assess the appropriateness of discount rates used in discounted cashflow valuations, with reference to relevant industry and market data; • assessing external valuation reports received by management, where an external valuer has been engaged, and assessing their competence and objectivity in valuations which reference a net asset valuation; and • determining independent valuation estimates for a sample of financial instruments and compared them to management's estimate. **Illiquid inputs where there is limited market observability or liquidity** We performed procedures on key judgments made by management on inputs used in the valuation of a sample of unlisted equity investments, illiquid securities, fair value corporate, aviation and property loans and unlisted investment portfolios and profit-sharing arrangements, including: • for unlisted equity investments, fair value corporate, aviation and property loans, profit-sharing arrangements and illiquid securities, that had been valued using unobservable inputs, assessed alternative data/ input sources, where available, to evaluate management's valuation; and • for unlisted equity investments, fair value corporate, aviation and property loans and profit shares; we involved valuation specialists to independently assess the valuations of a sample of positions. Our analyses considered the range of acceptable fair values taking account of other qualitative risk factors, such as company and sector specific risk factors. For all positions, we compared our determined ranges and estimates to management's fair values. We assessed the appropriateness of the disclosures in the consolidated financial statements in accordance with IFRS 13.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

We performed full audit procedures over this risk area for two components, which covered 100% (2023: 100%) of the risk amount.

Key observations communicated to the Audit Committee
We are satisfied that the assumptions used by management to reflect the fair value of assets and liabilities with higher risk characteristics and the recognition of related income are reasonable and in accordance with IFRS. We highlighted the following matters to the Audit Committee:

- Complex-model dependent valuations and techniques were appropriate based on the output of our independent re-valuations, including the analysis of any trade activity during the year, peer benchmarking, and counterparty valuation differences;
- For the valuation of fair value instruments with higher risk characteristics judgemental differences both increasing and decreasing valuation levels were identified; however, none of these individually or in aggregate were material to the financial statements.

Risk	Our response to the risk
Provision for regulatory and litigation matters	
Refer to the Audit Committee Report (page 96); Accounting policies (page 157); and Note 46, Contingent liabilities, legal matters and provisions of the Consolidated Financial Statements (pages 231-232)	We reviewed management's provision assessments in accordance with IAS 37, including potential outcome scenarios and associated probabilities. We verified and evaluated whether the methodology, data and significant judgements and assumptions used in the valuation of the provisions were appropriate in the context of the applicable financial reporting framework.
The Group operates in an environment where it may be subject to litigation, regulatory investigations and customer remediation.	We inspected correspondence and made direct inquiry with the Group's internal and external legal counsel.
The Group continues to be involved in the ongoing investigations into historical German dividend tax arbitrage transactions where the outcome is dependent on the resolution of the investigation by the Office of the Public Prosecutor in Cologne. Formal claims have also been made by the German Federal Tax Office in Bonn related to reclaims of tax related to the dividend tax arbitrage transactions. Further, whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future.	In relation to the Historic German dividend tax arbitrage transactions matter we obtained and evaluated the minutes of committees overseeing management's responses and with the assistance of Tax specialists, we considered the matter in dispute. We also inspected the correspondence between the Group and the Office of the Public Prosecutor in Cologne, and between the Group and the German Federal Tax Office in Bonn. We evaluated the appropriateness of management's accounting treatment and disclosure in relation to motor finance commission arrangement and the investigation by the Office of the Public Prosecutor in Cologne, claims by the German Federal Tax Office in Bonn, and the potential related civil claims.
In addition, the Group recognised a provision of £30m relating to motor vehicle finance commission arrangements. This is following the Financial Conduct Authority's (FCA) announcement on their industry wide review of historical motor finance commissions arrangements.	
Significant judgement is required by the Group in determining whether, under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': • any provision recorded is representative of the Group's best estimate to settle the obligations based on the information available to the Group, • any contingent liabilities and underlying significant estimation uncertainties are adequately disclosed.	
Following the announcement by the FCA in January 2024 on their review of historical motor finance commissions arrangements, this new risk has increased the overall risk of this key audit matter from the prior year.	

We performed full scope audit procedures over this risk area in the component impacted by the risk.

Key observations communicated to the Audit Committee
Based on the information that is currently available management's recognition and estimation of the provision for historical German dividend tax arbitrage transactions and the provision for historic motor vehicle finance discretionary commission arrangements are reasonable and the related disclosures are appropriate and consistent with the requirements of IAS 37.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Risk	Our response to the risk
Gain on the combination of Investec Wealth & Investments Limited with Rathbones Group plc	
Refer to the Accounting policies (pages 147); and Note 34, Acquisitions and disposals of the Consolidated Financial Statements (page 221-223) On 4 April 2023, the Boards and Management of the Group and Rathbones Group plc ("Rathbones") entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited ("IW&I UK") and Rathbones (the "Combination") and the combination completed on 21 September 2023. On completion, Rathbones issued new Rathbones shares in exchange for 100% of IW&I UK share capital. The Group now owns 41.25% of the economic interest in Rathbones, with Group's voting rights limited to 29.9%. The results of the IW&I UK business until 21 September 2023 have been consolidated into the Group's results and reflected as profit after tax from discontinued operations. A gain on loss of control of IW&I UK was recognised by the Group, arising from the difference between the consideration received (Rathbones shares) and the net asset value of IWI UK, being £364 million net of transaction costs. The measurement of the gain is sensitive to the following: • The net asset value of IW&I UK on 21 September 2023; • The fair value of the newly issued Rathbones shares; • The accuracy and classification of transaction costs; • Whether the gain is subject to corporation taxes; and • Whether the transaction gives rise to potential unrecorded liabilities. This is a new risk.	Our procedures included the following: • Examining the underlying contracts, in particular focusing on key terms relating to the combination including any indemnities or guarantees; • Assessing management's accounting papers outlining the accounting treatment to be applied to the investment, for the period to and including at the balance sheet date; • Assessing management's tax treatment applied to the transaction; • Testing related transaction costs to ensure appropriateness of their classification and attribution to legal entities; • Testing the fair value of the newly issued Rathbones shares, including the impact of differing voting rights; • Testing the net assets of IW&I UK at 21 September 2023; and • Assessing the appropriateness of the disclosure in relation to the combination.

We performed full scope audit procedures over the risk area in the component impacted by the risk.

Key observations communicated to the Audit Committee
Based on the procedures described above, we considered the accounting treatment, valuation and disclosure in relation to the combination of IW&I UK and Rathbones to be appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td colspan="2">IT systems and controls impacting financial reporting</td></tr>
<tr><td>The IT environment is complex and pervasive to the operations of the Group due to the large volume of transactions processed in numerous locations on a daily basis with extensive reliance on automated controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. As part of our audit we rely upon the IT control environment, in particular in relation to:
• User access management across application, database and operating systems;
• Controls over changes to the IT environment, including transformation, that changes the IT landscape;
• IT operational controls; and
• IT application or IT-dependent manual controls.
These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data.
The Group has implemented a series of remediation programmes during the year which remain ongoing to address previously identified control deficiencies. Whilst these programmes are implemented we have identified certain risks of inappropriate access and unauthorised changes to applications and production environments in the scope of our audit.
The level of risk has remained consistent with the prior year.</td><td>We evaluated the design and tested the operating effectiveness of IT general controls in the access management and change management IT processes for key applications, operating systems and databases that are material to financial reporting. We tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations and the completeness and accuracy of system and data feeds.

Certain systems are outsourced to third party service providers. For these systems, we tested IT general controls through evaluating the relevant Service Organisation Controls reports. This included assessing the timing of the reporting, the controls tested by the service auditor and whether they address relevant IT risks.

Where control deficiencies were identified and we could not rely on compensating IT controls, we performed substantive testing procedures to address the resulting risk to the financial statements.</td></tr>
<tr><td colspan="2">We have considered the impact of IT systems and controls impacting financial reporting throughout the audit.</td></tr>
<tr><td colspan="2">Key observations communicated to the Audit Committee
We identified certain control deficiencies predominately in relation to user access controls and the segregation of IT duties. However, based on the initial and additional testing outlined above, we concluded that the findings identified in relation to the IT control environment relevant to the financial statements did not give rise to a material misstatement.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £22.3 million (2023: £20.4 million), which is 5% (2023: 5%) of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ("operating profit") (£445.7 million). We believe that operating profit provides us with the most appropriate measure to reflect the performance of the Group, as this is also the level at which management considers the financial performance of the Group.

We determined materiality for the Parent Company to be £13.1 million (2023: £10.5 million), which is 0.5% (2023: 0.5%) of distributable equity. There has been no change in the basis from the prior year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely £11.2 million (2023: £10.2 million). We have set performance materiality at this percentage based on our understanding of the Group and past experience with the audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £2.1 million to £8.0 million (2023: £2.0 million to £5.6 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.1 million (2023: £1.0 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report including the strategic report (operations and strategic overview set out on pages 2 to 37 and financial review set out on pages 38 to 55), risk management and governance (set out on pages 56 to 109), remuneration report (set out on pages 110 to 121), directors' report (set out on pages 105 to 109), alternative performance measures (set out on page 305), Definitions (set out on page 306), Glossary (set out on page 307 to 308), credit ratings (set out on page 309) and corporate Information (set out on page 310), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's voluntary compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- directors' explanation as to its assessment of the Group and Parent Company's prospects, the period this assessment covers and why the period is appropriate;
- directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities;
- directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and;
- The section describing the work of the audit committee.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 108, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union), the Companies Act 2006 and the UK Corporate Governance Code, the FCA Listing Rules, regulations and supervisory requirements of the PRA, FRC and FCA regulatory requirements, and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We understood how the Group and parent are complying with these legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and parent Company and UK regulatory bodies; reviewed minutes of the Board, Audit Committee and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INVESTEC BANK PLC
CONTINUED

Risk and Capital Committee; and gained an understanding of the Group and Parent Company's approach to governance.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group and parent Company has established to address risks identified by the Group and parent Company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inspecting correspondence with the PRA and FCA.
- Our procedures involved focused testing referred to in the Key Audit Matters section above. In addition, we tested journal entries using a risk based approach analysing the general ledger data, with the focus of nonstandard journals.
- The Group and Parent Company operate in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure the that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Group on 8 November 1996 to audit the financial statements for the year ending 31 March 1997 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 27 years, covering the years ending 31 March 1997 to 31 March 2024.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Chris Brouard (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 June 2024

CONSOLIDATED INCOME STATEMENT

For the year to 31 March £'000	Notes	2024	2023^
Interest income	2	1 933 984	1 225 353
Interest income calculated using effective interest rate method		1 840 589	1 138 886
Other interest income		93 395	86 467
Interest expense	2	(1 105 027)	(499 096)
Net interest income		**828 957**	**726 257**
Fee and commission income	3	178 770	131 307
Fee and commission expense	3	(16 381)	(15 372)
Investment income	4	2 625	5 003
Share of post-taxation profit of associates and joint venture holdings	28	31 287	660
Trading income/(loss) arising from			
– customer flow*		103 158	87 366
– balance sheet management and other trading activities		27 119	13 060
Other operating income	5	2 915	12 620
Operating income		**1 158 450**	**960 901**
Expected credit loss impairment charges	6	(85 997)	(66 740)
Operating income after expected credit loss impairment charges		**1 072 453**	**894 161**
Operating costs	7	(626 732)	(577 152)
Operating profit before goodwill, acquired intangibles and strategic actions		**445 721**	**317 009**
Impairment of goodwill	32	—	(805)
Amortisation of acquired intangibles	33	(940)	—
Amortisation of acquired intangibles of associate	28	(5 679)	—
Closure and rundown of the Hong Kong direct investments business		(784)	(480)
Operating profit		**438 318**	**315 724**
Financial impact of group restructures		(16 576)	—
Profit before taxation		**421 742**	**315 724**
Taxation on operating profit before goodwill and strategic actions	10	(96 956)	(66 087)
Taxation on goodwill, acquired intangibles and strategic actions	10	427	—
Profit after taxation from continuing operations		**325 213**	**249 637**
Profit after taxation from discontinued operations	34	**395 600**	**63 972**
Profit after taxation		**720 813**	**313 609**
Profit attributable to non-controlling interests		(1 204)	—
Earnings attributable to shareholder		**719 609**	**313 609**

^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 56.
* Included within Trading income/(loss) arising from customer flow, as required by IAS 1, is income of £105.1 million (31 March 2023: £90.6 million) and a net funding cost of £1.9 million (31 March 2023: £3.2 million).

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

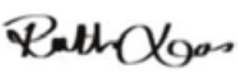
For the year to 31 March £'000	Notes	2024	2023^
Profit after taxation from continuing operations		**325 213**	**249 637**
Other comprehensive income/(loss) from continuing operations:			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income*		(9 971)	27 635
Gains on realisation of debt instruments at FVOCI recycled through the income statement*		(817)	(313)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*		6 078	217
Foreign currency adjustments on translating foreign operations		(3 601)	5 615
Effect of rate change on deferred taxation relating to adjustment for IFRS 9		—	(7)
Items that will not be reclassified to the income statement:			
Share of other comprehensive income of associates and joint venture holdings		257	—
Total comprehensive income from continuing operations		**317 159**	**282 784**
Total comprehensive loss attributable to non-controlling interests		1 183	—
Total comprehensive income attributable to ordinary shareholder		295 338	265 909
Total comprehensive income attributable to perpetual preferred securities and Additional Tier 1 securities		20 638	16 875
Total comprehensive income		**317 159**	**282 784**
Profit after taxation from discontinued operations		**395 600**	**63 972**
Other comprehensive income/(loss) from discontinued operations:			
Items that will not be reclassified to the income statement:			
Movement in post-retirement benefit liabilities		—	75
Total comprehensive income from discontinued operations		**395 600**	**64 047**
Total comprehensive income attributable to non-controlling interests from discontinued operations		—	—
Total comprehensive income attributable to ordinary shareholders from discontinued operations		395 600	64 047
Total comprehensive income from discontinued operations		**395 600**	**64 047**
Profit after taxation		**720 813**	**313 609**
Other comprehensive income/(loss):			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income*		(9 971)	27 635
Gains on realisation of debt instruments at FVOCI recycled through the income statement*	10	(817)	(313)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	10	6 078	217
Foreign currency adjustments on translating foreign operations		(3 601)	5 615
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	10	—	(7)
Items that will not be reclassified to the income statement:			
Share of other comprehensive income of associates and joint venture holdings		257	—
Movement in post-retirement benefit liabilities		—	75
Total comprehensive income		**712 759**	**346 831**
Total comprehensive loss attributable to non-controlling interests		1 183	—
Total comprehensive income attributable to ordinary shareholders		690 938	329 956
Total comprehensive income attributable to perpetual preferred securities and Additional Tier 1 securities		20 638	16 875
Total comprehensive income		**712 759**	**346 831**

* Net of £8.8 million tax charge (31 March 2023: £0.2 million tax credit), except for the impact of rate changes on deferred taxation relating to adjustment for IFRS 9 as shown separately above.

^ Restated to reflect continuing operations as detailed in note 56.

BALANCE SHEETS

		Group	
At 31 March **£'000**	Notes	**2024**	2023
Assets			
Cash and balances at central banks	17	5 661 623	5 400 401
Loans and advances to banks	18	676 001	892 791
Reverse repurchase agreements and cash collateral on securities borrowed	19	1 140 115	1 338 699
Sovereign debt securities	20	1 928 134	1 221 744
Bank debt securities	21	297 255	204 691
Other debt securities	22	708 285	697 275
Derivative financial instruments	23	474 834	680 262
Securities arising from trading activities	24	157 332	127 537
Loans and advances to customers	26	16 570 313	15 567 809
Other loans and advances	26	145 545	172 087
Other securitised assets	27	66 702	78 231
Investment portfolio	25	244 140	311 618
Interests in associated undertakings and joint venture holdings	28	791 272	10 851
Current taxation assets		13 254	9 890
Deferred taxation assets	29	119 730	111 513
Other assets	30	764 473	993 385
Property and equipment	31	72 947	121 014
Goodwill	32	58 082	249 503
Software	33	4 571	9 415
Other acquired intangible assets	33	—	43 887
		29 894 608	**28 242 603**
Liabilities			
Deposits by banks		2 174 305	2 172 170
Derivative financial instruments	23	472 662	704 816
Other trading liabilities	35	18 449	28 184
Repurchase agreements and cash collateral on securities lent	19	85 091	139 529
Customer accounts (deposits)	36	20 851 216	19 251 399
Debt securities in issue	37	956 887	1 140 879
Liabilities arising on securitisation of other assets	27	71 751	81 609
Current taxation liabilities		8 624	4 813
Other liabilities	38	980 595	1 198 267
		25 619 580	**24 721 666**
Subordinated liabilities	39	668 810	731 483
		26 288 390	**25 453 149**
Equity			
Ordinary share capital	40	1 280 550	1 280 550
Share premium		199 538	199 538
Capital reserve		11 274	153 177
Other reserves		26 524	34 814
Retained income		1 627 373	870 424
Shareholder's equity excluding non-controlling interests		**3 145 259**	**2 538 503**
Additional Tier 1 securities in issue	41	458 108	250 000
Non-controlling interests in partially held subsidiaries	42	2 851	951
Total equity		**3 606 218**	**2 789 454**
Total liabilities and equity		**29 894 608**	**28 242 603**



Ruth Leas

Chief Executive

24 June 2024

BALANCE SHEETS
CONTINUED

As at 31 March 2024

At 31 March **£'000**	Notes	**Company** **2024**	 2023
Assets			
Cash and balances at central banks	17	5 650 257	5 380 346
Loans and advances to banks	18	290 068	237 897
Reverse repurchase agreements and cash collateral on securities borrowed	19	1 140 115	1 338 699
Sovereign debt securities	20	1 077 424	372 741
Bank debt securities	21	289 531	200 590
Other debt securities	22	1 415 230	1 404 253
Derivative financial instruments	23	421 230	625 897
Securities arising from trading activities	24	157 332	127 537
Loans and advances to customers	26	12 692 623	11 827 489
Other loans and advances	26	3 311 808	3 199 833
Other securitised assets	27	468	4 005
Investment portfolio	25	43 677	46 534
Interests in associated undertakings and joint venture holdings	28	781 674	2 301
Current taxation assets		31 456	36 006
Deferred taxation assets	29	58 572	59 833
Other assets	30	447 974	446 286
Property and equipment	31	45 716	58 577
Software	33	—	238
Investment in subsidiaries	54	451 867	872 829
		28 307 022	**26 241 891**
Liabilities			
Deposits by banks		2 558 021	2 524 081
Derivative financial instruments	23	429 675	665 600
Other trading liabilities	35	18 449	28 184
Repurchase agreements and cash collateral on securities lent	19	235 447	289 529
Customer accounts (deposits)	36	19 720 605	17 953 810
Debt securities in issue	37	955 694	1 139 696
Other liabilities	38	655 025	564 441
		24 572 916	**23 165 341**
Subordinated liabilities	39	668 810	731 483
		25 241 726	**23 896 824**
Equity			
Ordinary share capital	40	1 280 550	1 280 550
Share premium		199 538	199 538
Capital reserve		11 528	153 177
Other reserves		19 553	24 904
Retained income		1 096 019	436 898
Shareholder's equity excluding non-controlling interests		**2 607 188**	**2 095 067**
Additional Tier 1 securities in issue	41	458 108	250 000
Total equity		**3 065 296**	**2 345 067**
Total liabilities and equity		**28 307 022**	**26 241 891**

The Company's profit for the year, determined in accordance with the Companies Act 2006, was £613.8 million (2023: £234.7 million).

The Company has taken advantage in Section 408 of the Companies Act 2006 not to present its own profit and loss account.

Ruth Leas
Chief Executive
24 June 2024

CASH FLOW STATEMENTS

For the year to 31 March £'000	Notes	Group 2024	Group 2023	Company 2024	Company 2023
Profit before taxation adjusted for non-cash items	44	567 094	509 014	382 326	298 709
Taxation paid		(110 339)	(74 998)	(79 894)	(55 652)
Dividends received from subsidiaries		—	—	79 798	88 873
Increase in operating assets	44	(1 474 914)	(1 268 534)	(1 459 675)	(1 165 730)
Increase in operating liabilities	44	1 277 670	435 513	1 430 407	768 779
Net cash inflow/(outflow) from operating activities		**259 511**	**(399 005)**	**352 962**	**(65 021)**
Cash flow on acquisition of Group operations and subsidiaries, net of cash acquired		(28 559)	(9 720)	—	—
Cash flow on disposal of Group operations and subsidiaries		—	12	—	—
Derecognition of cash on deconsolidation and disposal of subsidiaries*		(172 615)	—	—	—
Cash flow on net disposal of non-controlling interest		—	118	—	—
Cash flow on net disposal of associates and joint venture holdings		—	565	—	—
Cash flow on acquisition of property, equipment, software and other intangible assets		(3 848)	(11 712)	(1 183)	(1 973)
Cash flow on disposal of property, equipment, software and other intangible assets		157	23 975	141	—
Injection of capital to subsidiary		—	—	(49 630)	(75 795)
Return of capital by subsidiary		—	—	9 924	5 676
Net cash (outflow)/inflow from investing activities		**(204 865)**	**3 238**	**(40 748)**	**(72 092)**
Dividends paid to ordinary shareholder		(89 798)	(95 000)	(89 798)	(95 000)
Dividends paid to other equity holders		(16 771)	(16 875)	(16 771)	(16 875)
Proceeds on issue of Additional Tier 1 Securities		350 000	—	350 000	—
Redemption of Additional Tier 1 instruments		(140 472)	—	(140 472)	—
Proceeds from issue of subordinated debt		—	345 590	—	345 590
Redemption of subordinated debt		(70 000)	(347 925)	(70 000)	(347 925)
Lease liabilities paid		(42 444)	(44 089)	(7 496)	(7 518)
Net cash (outflow)/inflow from financing activities		**(9 485)**	**(158 299)**	**25 463**	**(121 728)**
Effects of exchange rate changes on cash and cash equivalents		**(498)**	**773**	**—**	**—**
Net increase/(decrease) in cash and cash equivalents		**44 663**	**(553 293)**	**337 677**	**(258 841)**
Cash and cash equivalents at the beginning of the year		6 287 746	6 841 039	5 597 436	5 856 277
Cash and cash equivalents at the end of the year		**6 332 409**	**6 287 746**	**5 935 113**	**5 597 436**
Cash and cash equivalents is defined as including:					
Cash and balances at central banks		5 661 623	5 400 401	5 650 257	5 380 346
On demand loans and advances to banks		670 786	887 345	284 856	217 090
Cash and cash equivalents at the end of the year		**6 332 409**	**6 287 746**	**5 935 113**	**5 597 436**

* Includes cash and cash equivalents derecognised from Investec Wealth & Investment Limited balance sheet as a result of the all-share combination with Rathbones Group PLC. There are no other cash flow impacts as a result of this transaction.

Cash and cash equivalents have a maturity profile of less than three months. Loans and advances to banks with a maturity profile of greater than three months are £5.2 million (31 March 2023: £5.4 million) for Group. Company £5.2 million (31 March 2023: £5.4 million).

In the prior year, the Group was required to maintain reserve deposits with central banks and other regulatory authorities and these amounted to £50.5 million. For the current year, this was replaced by a Bank of England Levy effective from 1 March 2024.

Included within net cash inflow/(outflow) from operating activities for the Group is Interest received of £1 849 million (2023: £1 186 million), interest paid of £886 million (2023: £409 million) and dividends received of £1.5 million (2023: £6.5 million). The Company includes interest received of £1 570 million (2023: £959 million), interest paid of £865 million (2023: £400 million) and dividends received of £81.0 million (2023: £90.3 million) including those received from its subsidiaries.

Cash flow from discontinued operations

Cash inflows from operating activities of £13.0 million (31 March 2023: cash inflows of £92.8 million), cash outflows from investing activities of £0.6 million (31 March 2023: cash outflows of £15.3 million) and cash outflows from financing activities of £56.4 million (31 March 2023: cash outflows of £40.4 million) were incurred in the year relating to discontinued operations. Cash flows from discontinued operations have been included in the consolidated statement of cash flow above.

STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Share premium	Capital reserve account
Group			
At 1 April 2022	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 April 2022 – 31 March 2023			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
At 31 March 2023	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 April 2023 – 31 March 2024			
Profit after taxation	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Share of other comprehensive income of associates and joint venture holdings	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Transaction with equity holders	—	—	—
Issue of Additional Tier 1 security instruments	—	—	—
Redemption of Additional Tier 1 security instruments	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Gain on Additional Tier 1 security instruments callback	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Release of capital reserve to retained income	—	—	(141 903)
At 31 March 2024	**1 280 550**	**199 538**	**11 274**

STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves							
Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	**Shareholder's equity excluding non-controlling interests**	Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
413	**—**	**1 254**	**661 420**	**2 296 352**	**250 000**	**833**	**2 547 185**
—	—	—	313 609	313 609	—	—	313 609
(7)	—	—	—	(7)	—	—	(7)
(313)	—	—	—	(313)	—	—	(313)
—	27 635	—	—	27 635	—	—	27 635
217	—	—	—	217	—	—	217
—	—	5 615	—	5 615	—	—	5 615
—	—	—	75	75	—	—	75
(103)	**27 635**	**5 615**	**313 684**	**346 831**	**—**	**—**	**346 831**
—	—	—	(295)	(295)	—	—	(295)
—	—	—	7 490	7 490	—	—	7 490
—	—	—	(95 000)	(95 000)	—	—	(95 000)
—	—	—	(16 875)	(16 875)	16 875	—	—
—	—	—	—	—	(16 875)	—	(16 875)
—	—	—	—	—	—	118	118
310	**27 635**	**6 869**	**870 424**	**2 538 503**	**250 000**	**951**	**2 789 454**
	—						
—	—	—	719 609	719 609	—	1 204	720 813
(817)	—	—	—	(817)	—	—	(817)
—	(9 971)	—	—	(9 971)	—	—	(9 971)
6 078	—	—	—	6 078	—	—	6 078
—	—	(3 580)	—	(3 580)	—	(21)	(3 601)
—	—	—	257	257	—	—	257
5 261	**(9 971)**	**(3 580)**	**719 866**	**711 576**	**—**	**1 183**	**712 759**
—	—	—	5 427	5 427	—	—	5 427
—	—	—	1 740	1 740	—	—	1 740
—	—	—	(2 971)	(2 971)	—	—	(2 971)
—	—	—	—	—	350 000	—	350 000
—	—	—	—	—	(141 892)	—	(141 892)
—	—	—	(89 798)	(89 798)	—	—	(89 798)
—	—	—	(20 638)	(20 638)	20 638	—	—
—	—	—	—	—	(20 638)	—	(20 638)
—	—	—	1 420	1 420	—	—	1 420
—	—	—	—	—	—	717	717
—	—	—	141 903	—	—	—	—
5 571	**17 664**	**3 289**	**1 627 373**	**3 145 259**	**458 108**	**2 851**	**3 606 218**

STATEMENT OF CHANGES IN EQUITY
CONTINUED

£'000	Ordinary share capital	Share premium	Capital reserve account
Company			
At 1 April 2022	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 April 2022 – 31 March 2023			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
At 31 March 2023	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 April 2023 – 31 March 2024			
Profit after taxation	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Foreign currency gain on capital return from US subsidiary	—	—	—
Issue of Additional Tier 1 security instruments	—	—	—
Redemption of Additional Tier 1 security instruments	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Gain on Additional Tier 1 security instruments callback	—	—	—
Release of capital reserve to retained income	—	—	(141 649)
At 31 March 2024	**1 280 550**	**199 538**	**11 528**

STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves						
Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	**Shareholder's equity excluding non-controlling interests**	Additional Tier 1 securities in issue	**Total equity**
1 748	**—**	**(4 649)**	**308 879**	**1 939 243**	**250 000**	**2 189 243**
—	—	—	234 695	234 695	—	234 695
(7)	—	—	—	(7)	—	(7)
(315)	—	—	—	(315)	—	(315)
—	27 635	—	—	27 635	—	27 635
675	—	—	—	675	—	675
—	—	(183)	—	(183)	—	(183)
353	**27 635**	**(183)**	**234 695**	**262 500**	**—**	**262 500**
—	—	—	(207)	(207)	—	(207)
—	—	—	5 406	5 406	—	5 406
—	—	—	(95 000)	(95 000)	—	(95 000)
—	—	—	(16 875)	(16 875)	16 875	—
—	—	—	—	—	(16 875)	(16 875)
2 101	**27 635**	**(4 832)**	**436 898**	**2 095 067**	**250 000**	**2 345 067**
—	—	—	613 811	613 811	—	613 811
(385)	—	—	—	(385)	—	(385)
—	(9 971)	—	—	(9 971)	—	(9 971)
5 246	—	—	—	5 246	—	5 246
—	—	(241)	—	(241)	—	(241)
4 861	**(9 971)**	**(241)**	**613 811**	**608 460**	**—**	**608 460**
—	—	—	5 504	5 504	—	5 504
—	—	—	1 281	1 281	—	1 281
—	—	—	5 892	5 892	—	5 892
—	—	—	—	—	350 000	350 000
—	—	—	—	—	(141 892)	(141 892)
—	—	—	(89 798)	(89 798)	—	(89 798)
—	—	—	(20 638)	(20 638)	20 638	—
—	—	—	—	—	(20 638)	(20 638)
—	—	—	1 420	1 420	—	1 420
—	—	—	141 649	—		—
6 962	**17 664**	**(5 073)**	**1 096 019**	**2 607 188**	**458 108**	**3 065 296**

ACCOUNTING POLICIES

Basis of presentation

These Group and Company annual financial statements have been prepared in accordance with UK adopted international accounting standards and with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union (EU).

The Group and Company annual financial statements have been prepared on historical cost basis, except for debt instruments at FVOCI, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss or subject to hedge accounting.

As stated on page 105, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The accounting policies adopted by the Group are consistent with the prior year.

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. The mandatory exception applies retrospectively.

IFRS 17 – Insurance contracts

IFRS 17 was effective for accounting periods beginning on or after 1 January 2023 but the impact to the Group is not material.

Presentation of information

Disclosure under IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements: relating to the nature and extent of risks have been included in the notes to risk and capital management on pages 263 to 304.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 112 to 121.

Basis of consolidation

All subsidiaries or structured entities are consolidated when the Group controls an investee. The Group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the Group from the date on which control is obtained until the date the Group can no longer demonstrate control

The Group performs a reassessment of control whenever there is a change in the substance of the relationship between the Group and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group also holds investments, for example, in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether the Group controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the Group exercises significant influence or joint control over operating and financial policies, are treated as interests in associated undertakings and joint venture holdings. Interests in associated undertakings and joint venture holdings are accounted for using the equity method from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. In circumstances where interests in associated undertakings and joint venture holdings arise in which the Group has no strategic intention, these investments are classified as ‘venture capital’ holdings and are elected as held at fair value through profit or loss.

For equity accounted associates and joint venture holdings, the consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The Group’s interests in associated undertakings and joint venture holdings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the Group’s share of the net assets of the associated undertakings and joint venture holdings.

The consolidated balance sheet reflects the associated undertakings and joint venture holdings net of accumulated impairment losses.

Investments in subsidiaries and interests in associated undertakings and joint venture holdings are carried at their cost less any accumulated impairment in the Company financial statements.

All intergroup balances, transactions and unrealised gains or losses within the Group that do not reflect an impairment to the asset are eliminated in full regarding subsidiaries and to the extent of the interest in associated undertakings and joint venture holdings.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, where operating results are reviewed regularly by chief operating decision-makers who are considered to be executive members of the Board and for which discrete financial information is available.

The Group’s segmental reporting is presented in the form of a business analysis. The business analysis is presented in terms of the Group’s three principal business divisions namely, Wealth & Investment, Private Banking and Corporate, Investment Banking and Other.

For further detail on the Group's segmental basis, refer to the divisional review section.

ACCOUNTING POLICIES
CONTINUED

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value and the amount of any prior non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and the designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9, either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration and amount recognised for non-controlling interest is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement as a gain in the year of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Group tests goodwill acquired in a business combination for impairment annually, irrespective of whether an indication of impairment exists and in accordance with IAS 36.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating units retained.

Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise. Additional disclosures are provided in note 34.

Share-based payments to employees

The Group engages in equity-settled share-based payments in respect of services received from employees. Share-based payments transactions will be settled with instruments of the Parent company, Investec plc. The obligation to provide shares to the employees is with the Parent company. For these equity-settled transactions a corresponding increase in equity, a 'contribution from parent company', is recognised over the period the service conditions of the grant are met. The Group is required to repay the parent company for the share-based payments provided. The repayment to the holding company will be accounted for as a 'distribution to the parent company'.

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met, with the amount changing according to the number of awards expected to vest. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and share prices at grant date.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Employee benefits

The Group operates various defined contribution schemes.

In respect of the defined contribution schemes, all employer contributions are charged to the income statement as incurred, in accordance with the rules of the scheme, and included under staff costs.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The long-term employment benefits liability relates to the obligation of the Investec Group to deliver ordinary shares of Ninety One plc to employees over a predetermined vesting period. The fair value of this liability is calculated by applying the Black-Scholes option pricing model at each reporting date. The changes in fair value will be recognised as an employee benefit expense. The liability is included in other liabilities on the balance sheet.

The Group has no liabilities for other post-retirement benefits.

Foreign currency transactions and foreign operations

The presentation currency of the Group is Pound Sterling, being the functional currency of Investec Bank plc.

Foreign operations are subsidiaries, interests in associated undertakings and joint venture holdings or branches of the Group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of Group entities is determined based on the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the entity in which the transactions arise based on rates of exchange ruling at the date of the transactions.

At each balance sheet date foreign currency items are translated as follows:

- Monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains or losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation and are reclassified to the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical cost are translated using the exchange rates ruling at the date of the transaction.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the Group, as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transactions.

On loss of control or disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss.

Revenue recognition

Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management and other trading activities, share of post-taxation profit of associates and joint venture holdings and other operating income.

Interest income on debt instruments at amortised cost or FVOCI is recognised in the income statement using the effective interest method. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments' yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs.

The effective interest method is based on the estimated life of the underlying instrument and, where this estimate is not readily available, the contractual life. Interest on instruments at fair value through profit or loss is recognised based on the contractual rates.

Fee and commission income includes revenue from contracts with customers earned from providing advisory services as well as portfolio management.

Revenue from contracts with customers is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Investment advisory and management fees are earned over the period in which the services are provided. Performance fees can be variable and recognition is constrained until such time as it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the services related to the transactions have been completed under the terms of the contract.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Customer flow trading income includes income from trading activities arising from making and facilitating client activities.

Trading income arising from balance sheet management and other trading activities consists of proprietary trading income and other gains or losses arising from balance sheet management.

Trading profit includes the unrealised profit on trading portfolios, which are marked-to-market daily. Equity investments received in lieu of corporate finance fees are included in investment portfolio and valued accordingly.

Dividend income is recognised when the Group's right to receive payment is established and the cash is received.

Included in other operating income is incidental rental income, gains on realisation of properties, operating lease income, income from interests in associated undertakings and revenue from other investments. Operating costs associated with these investments are included in operating costs in the income statement.

ACCOUNTING POLICIES
CONTINUED

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of an asset or a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group classifies disclosed fair values according to a hierarchy that reflects the significance of observable market inputs.

A transfer is made between the hierarchy levels when the inputs have changed or there has been a change in the valuation method. Transfers are deemed to occur at the end of each semi-annual reporting period.

Financial instruments

Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Business model assessment

For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the Group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business models:

- **Hold to collect:** it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI
- **Hold to sell/managed on a fair value basis:** the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- Elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI
- A debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the Group's business model for managing the assets and the contractual cash flow characteristics of the assets.

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The Group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost, the undrawn commitment is also considered to be and is included in the impairment calculation.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

Impairment of financial assets held at amortised cost or FVOCI

At each balance sheet date, each financial asset or portfolio of advances categorised at amortised cost or at FVOCI, issued financial guarantee and loan commitment is measured for ECL impairment.

The costs of loss allowances on assets held at amortised cost and at FVOCI are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances, except where the asset has been wholly or partially written off.

Stage 1

Financial assets that are considered performing and have not had a significant increase in credit risk are reported as Stage 1 assets. Stage 1 financial assets have loss allowances measured at an amount equal to a 12-month ECL.

Stage 2

Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. A loss allowance equivalent to a lifetime ECL is required to be held.

The Group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty. These exposures are assessed on a case-by-case basis to determine whether the proposed modifications will be considered as forbearance. Where the Credit Committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable time frame these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred. There is a common definition across the Bank's exposures regarding what constitutes a significant PD movement. The test involves both an absolute and relative movement threshold. An asset is considered to have been subjected to a significant increase in credit risk if the appropriate PD has doubled relative to the value at origination and on an absolute basis has increased by more than 1%. Any asset with an original rating that is classified as investment grade will be judged to have had a significant movement if the new PD would classify it as sub-investment grade and the equivalent rating has moved by more than three notches.

The Group adopts the view that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposures) are met.

Stage 3

Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The Group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable time frame, the loan will be classified as Stage 3. Loans which are 90 days or more past due are considered to be in default.

The Group calculates the credit adjusted effective interest rate on Stage 3 assets, which is calculated based on the amortised cost of the financial asset (i.e. gross carrying amount less ECL allowance) instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cash flows.

Definition of default

The Group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

ACCOUNTING POLICIES
CONTINUED

ECL

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking and therefore, potentially volatile.

Write-offs

The Group has developed specific guidelines on write-off aimed at granting full compliance with IFRS 9 and the document 'Guidance to banks on non-performing loans' issued by the European Central Bank.

A loan or advance is normally written off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is assessed on a case-by-case basis with considerations to indicators such as whether the exposure has been restructured or the given financial position of the borrower and guarantors. Any recoveries of amounts previously written off decrease the amount of impairment losses.

Cured assets

Loans and advances are regularly assessed to determine whether conditions which led to a significant increase in credit risk or impairment still exist. Where applicable, the cured asset will move to the appropriate performing stage which reflects the re-assessed credit risk in line with our Arrears, default and recovery (ADR) policy which is aligned to the applicable Regulatory requirements.

Process to determine ECL

ECLs are calculated using three main components:

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

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

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

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

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

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

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

Financial instruments held at fair value through profit or loss (FVPL)

Financial instruments held at fair value through profit or loss include all instruments classified as held for trading, those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments are classified as held for trading when they are held with the intention of short-term disposal, held with the intention of generating short-term profit, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A Group of financial liabilities or both financial assets and financial liabilities is managed and their performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the Group's key management personnel; or
- A financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the Group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Changes in own credit risk on financial liabilities designated at fair value are recognised in other comprehensive income. Any other changes are recognised in the income statement.

ACCOUNTING POLICIES
CONTINUED

Securitisation/credit investment and trading activities exposures

The Group makes use of securitisation vehicles as a source of finance, as a means of risk transfer and to leverage returns through the retention of equity tranches in low default rate portfolios. The Group predominantly focuses on the securitisation of residential and commercial mortgages and lease receivables. The Group also trades in structured credit investments.

The structured entities are consolidated under IFRS 10 Consolidated Financial Statements when the Group has exposure to, or rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Loans and advances that are originated are transferred to structured entities, and the structured entities issue debt securities to external investors to fund the purchase of the securitised assets. When the Group consolidates the structured entity, the Group recognises the assets and liabilities on a gross basis. When the Group does not consolidate the structured entity, the securitised assets are derecognised and only any position still held by the Group in the structured entity is reflected.

Day-one profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the Group's rights to cash flows have expired or when the Group has transferred its rights to cash flows relating to the financial assets and either (a) the Group has transferred substantially all the risks and rewards associated with the financial assets or (b) the Group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Reclassification of financial instruments

Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative instruments

All derivative instruments of the Group are recorded on the balance sheet at fair value positive and negative fair values are reported as assets and liabilities, respectively.

Derivative positions are entered into either for trading purposes or as part of the Group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed in the hedge accounting section below).

Derivative instruments entered into as economic hedges which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through the income statement, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment (CVA).

Hedge accounting

When the Group first implemented IFRS 9, it made an election to continue to apply the hedge accounting requirements of IAS 39 as an accounting policy.

The Group applies either fair value or cash flow hedge or hedge accounting of net investments in foreign operations accounting when the transactions meet the specified hedge accounting criteria.

To qualify for hedge accounting treatment, the Group ensures that all of the following conditions are met:

- At inception of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the income statement
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured

- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument relating to the effective portion is initially recognised directly in other comprehensive income in the cash flow hedge reserve and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in trading income from balance sheet management and other trading activities.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in other comprehensive income and is reclassified to the income statement in the same period during which the relevant financial asset or liability affects the income statement. Any ineffective portion of the hedge is immediately recognised in the income statement.

For qualifying hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, changes in the fair value of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gain or loss recorded in other comprehensive income is reclassified to the income statement.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; when the derivative expires, or is sold, terminated or exercised; when the hedged item matures or is sold or repaid; when a forecasted transaction is no longer deemed highly probable or when the designation as a hedge is revoked.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-fair value, and notional and timing differences between the zero hedged items and hedging instruments.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the Group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Financial instruments issued by the Group are classified as equity where they confer on the holder a residual interest in the Group, and the Group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec Bank plc are recorded as non-controlling interests on the balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec Bank plc shareholders.

Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on-balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

Where sovereign debt securities have been purchased at the same time as derivatives with the same counterparty, such that the combined position has the economic substance similar to secured lending, an asset is recognised under 'reverse repurchase agreements and cash collateral on securities borrowed'.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees, which are not classified as insurance contracts, are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount recognised less cumulative amount of income recognised in accordance with IFRS 15 and the best estimate of expected credit loss calculated for the financial guarantee. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

ACCOUNTING POLICIES
CONTINUED

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the expected useful life of the asset.

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current and comparative annual depreciation rates for each class of property and equipment are as follows:

• Computer and related equipment	20% to 33%
• Motor vehicles	20% to 25%
• Furniture and fittings	10% to 20%
• Freehold buildings	2%
• Right-of-use assets*	
• Leasehold property and improvements*	

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease. Leasehold property and right-of-use asset depreciation rates are determined by reference to the period of the lease.

Routine maintenance and service costs for Group assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Group.

Leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right-of-use (ROU asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, or, where that is not available, at the Group's incremental borrowing rate.

The lease liability will increase for the accrual of interest, and will result in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for low value assets and short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

For the balance sheet, the ROU assets are included within property and equipment, finance lease receivables are included within loans and advances to customers and other assets and the lease liabilities are included within other liabilities.

Where the Group has a head lease and sublease arrangement with external partners, the finance lease receivable is recognised in other assets on the balance sheet.

ACCOUNTING POLICIES
CONTINUED

Trading properties

Trading properties are carried at the lower of cost and net realisable value.

Software and intangible assets

Software and intangible assets are recorded at cost less accumulated amortisation and impairments. Software and intangible assets with a finite life are amortised over the useful economic life on a straight-line basis. Amortisation of each asset starts when it becomes available for use. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

The current and comparative annual amortisation rates for each class of intangible assets are as follows:

- Client relationships 12 to 20 years
- Acquired software 3 to 7 years
- Internally generated software 5 years

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying value of non-financial assets. The recoverable amount, being the higher of fair value less cost of disposal and value-in-use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversals of impairment losses are recognised in income in the period in which the reversals are identified, to the extent that the carrying value of the asset does not exceed the amount that would have been calculated without impairment.

Trust and fiduciary activities

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients. As these are not assets of the Group, they are not recognised on the balance sheet but are included at market value as part of third party assets under management.

Taxation and deferred taxation

Current taxation payable is provided for based on the amount expected to be payable on taxable profit at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit
- Temporary differences associated with the investments in subsidiaries and interests in associated undertakings and joint venture holdings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets or liabilities are measured using the taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred taxation assets can be utilised.

Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Borrowing costs

Borrowing costs that are directly attributable to property developments which take a substantial period of time to develop are capitalised to qualifying properties.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the income statement net of any reimbursement. Contingent assets and contingent liabilities are not recognised on the balance sheet.

ACCOUNTING POLICIES
CONTINUED

Standards and interpretations issued but not yet effective

The following significant standards and interpretations, which have been issued but are not yet effective, are applicable to the Group. These standards and interpretations have not been applied in these annual financial statements. The Group intends to comply with these standards from the effective dates.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. These new requirements are expected to impact all reporting entities.

IFRS 18 and the consequential amendments to other standards is effective for reporting periods beginning on or after 1 January 2027 and the Group is considering its impact.

Amendments to IFRS 9 Amendments to Classification and Measurement of Financial Instruments and IFRS 7 disclosures

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The classification of financial assets with ESG linked features has been clarified via additional guidance on the assessment of contingent features.

Clarifications have been made on non-recourse loans and contractually linked instruments.

Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI. The amendments are effective for annual periods starting on or after 1 January 2026 and the Group is considering the impact.

All other standards and interpretations issued but not yet effective are not expected to have a material impact on the Group.

Key management assumptions

In preparation of the annual financial statements, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year.

Key areas in which estimates are made include:

- In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 are determined using valuation techniques including discounted cash flow analysis, price-earnings multiples, net asset value and complex valuation models. The valuation techniques for level 3 financial instruments involve management judgement and estimates, the extent of which, depends on the complexity of the instrument, counterparty and own credit risk, funding cost, low levels of market liquidity, and the availability of market observable information. In particular, significant uncertainty exists in the valuation of unlisted investments and fair value loans in the private equity and direct investments portfolios.The estimation of fair value is subject to an uncertain economic outlook. Key valuation inputs are based on the most relevant observable market information and can include expected cash flows, yield curves, discount rates, growth rates, earnings multiples and the underlying assets and liabilities within a business, adjusted where necessary for factors that specifically apply to the individual investments, sector specific factors and recognising market volatility and liquidity. Further details of the Group's level 3 financial instruments, valuation techniques, key valuation inputs applied and the sensitivity of the valuation including the effect of applying reasonably possible alternative assumptions in determining their fair value are set out in note 14.

  Details of unlisted investments can be found in note 25 with further analysis contained in the notes to risk and capital management on page 285.
- In accordance with IFRS 10 Consolidated Financial statements, the Group controls and consolidates an investee where the Group has power over the entity's relevant activities, is exposed to variable returns from its involvement with the investee and has the ability to affect the returns through its power over the entity. Determining whether the group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the Group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights including whether such rights are substantive. Details of subsidiaries can be found in note 57.
- The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at FVOCI involves a high degree of uncertainty as it involves using assumptions that are highly subjective and sensitive to risk factors. The most significant judgements relate to defining what is considered to be a significant increase in credit risk; determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) and future cash flows; incorporating information about forecast economic conditions and the weightings to be applied to

ACCOUNTING POLICIES
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economic scenarios. More detail relating to the methodology, judgements and estimates and results of the Group's assessment of ECLs can be found on pages 280 to 282.

- The measurement of ECL has reliance on expert credit judgement. Key judgmental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:
  - The assessment of staging due to a significant increase in credit risk
  - Adequacy of post model adjustments;
  - Assessment of ECL on Stage 3 exposures, including the valuation of collateral, expected timing of cash flows, client industry considerations and recovery strategies
  - The determination of write-off points
  - A range of forward-looking probability weighted macro-economic scenarios
  - Estimations of probabilities of default, loss given default and exposures at default using models.
- In addition to these drivers, some initial judgements and assumptions were required in the design and build of the Group's ECL methodology, which are not considered to have a material impact. These include the use of income recognition effective interest rates (EIRs), in accordance with accounting standards, as the discount factor in the ECL calculation as well as the use of contractual maturity to assess behavioural lives. In addition, where we have experienced limitations on the availability of probability of default origination data for the historic book, a portfolio average has been used in some instances.
  Following a detailed review of the outcome of the ECL models, management continue to hold an additional overlay provision in the UK of £3.7 million (31 March 2023: £4.9 million). Detail of the approach followed and management's assumptions are set out on page 280 of section 3.
- The Group's income tax charge and balance sheet provision are judgemental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The Group has recognised in its current tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority and whether the proposed tax treatment will be accepted by the authorities. The carrying amount of this provision is sensitive to the resolution of issues, which is often dependent on the timetable and progress of discussion and negotiations with the relevant tax authorities, arbitration process and legal proceedings in the relevant tax jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the Group in order to determine if an exposure should be measured based on the most likely amount or expected value. In making any estimates, management's judgement has been based on various factors, including:
  - The current status of tax audits and enquiries;
  - The current status of discussions and negotiations with the relevant tax authorities;
  - The results of any previous claims; and
  - Any changes to the relevant tax environments.
- The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings, commercial outcomes and advice from internal and external legal counsel when considering the accounting implications as set out in note 46.
- The Group makes use of reasonable and supportable information to make accounting judgements and estimates related to climate change. This includes information about the observable impact of climate change on the current credit risk of clients and the valuation of assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting judgements and estimates for the current period.

  The following items represent the most significant effects that climate change can have on the shorter term:

  – The measurement of ECL considers the ability of borrowers to make contractual payments as and when they become due. Investec performed an assessment of specific sectors that could be most impacted by climate risk in all jurisdictions, specifically focusing on the ability of the clients in these sectors to meet their financing needs. The assessment further included a review of Investec's appetite to fund clients in the respective sectors. While these have not resulted in material impact to ECL, the determination of the impact of these risks into PD, LGD and other inputs into the ECL calculation is ongoing.

  – The assessment of asset impairment, based on value in use, and the ability to recognise deferred tax assets are based on future expected cash flows. The expected cash flows are based on management's best estimate of the operational results, including the near-term impact of climate risk. The Group did not consider any additional adjustments to the cash flows to account for this risk given the time frame of the cash flows that were considered – The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

Key areas in which judgement is applied include:

- On the basis of current financial projections and having made appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 24 June 2025, which is a period greater than twelve months from the date of issue of the financial statements that aligns with internal budgeting processes. Accordingly, the going concern basis is adopted in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Segmental business analysis – income statement

For the year to 31 March 2024 £'000	Private Client Wealth & Investment	Private Client / Specialist Banking Private Banking	Specialist Banking Corporate, Investment Banking and Other	Total Group
Continuing operations				
Net interest income	8 340	132 302	688 315	828 957
Fee and commission income	9 170	874	168 726	178 770
Fee and commission expense	(993)	(41)	(15 347)	(16 381)
Investment income	2	1 138	1 485	2 625
Share of post-taxation profit of associates and joint venture holdings	31 013	—	274	31 287
Trading income/(loss) arising from				
– customer flow	2 099	4 869	96 190	103 158
– balance sheet management and other trading activities	(662)	(99)	27 880	27 119
Other operating income	—	—	2 915	2 915
Operating income	**48 969**	**139 043**	**970 438**	**1 158 450**
Expected credit loss impairment charges	4	(13 557)	(72 444)	(85 997)
Operating income after expected credit loss impairment charges	**48 973**	**125 486**	**897 994**	**1 072 453**
Operating costs	(14 178)	(57 090)	(555 464)	(626 732)
Operating profit before goodwill, acquired intangibles and strategic actions from continuing operations	**34 795**	**68 396**	**342 530**	**445 721**
Profit attributable to non-controlling interests	—	—	(1 204)	(1 204)
Adjusted operating profit from continuing operations	**34 795**	**68 396**	**341 326**	**444 517**
Operating profit before acquired intangibles and strategic actions from discontinued operations				**47 828**
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests				**492 345**
Selected returns and key statistics				
Cost to income ratio	29.0%	41.1%	57.3%	54.2%
Total assets (£'mn)	1 028	5 327	23 540	29 895

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. Segmental business analysis – income statement (continued)

For the year to 31 March 2023^ £'000	Private Client: Wealth & Investment	Private Client / Specialist Banking: Private Banking	Specialist Banking: Corporate, Investment Banking and Other	Total Group
Continuing operations				
Net interest income	5 382	128 945	591 930	726 257
Fee and commission income	8 284	2 120	120 903	131 307
Fee and commission expense	(691)	(174)	(14 507)	(15 372)
Investment income	7	141	4 855	5 003
Share of post-taxation profit of associates and joint venture holdings	—	—	660	660
Trading income/(loss) arising from				
– customer flow	1 252	4 449	81 665	87 366
– balance sheet management and other trading activities	10	13	13 037	13 060
Other operating income	—	—	12 620	12 620
Operating income	**14 244**	**135 494**	**811 163**	**960 901**
Expected credit loss impairment charges	2	(6 344)	(60 398)	(66 740)
Operating income after expected credit loss impairment charges	**14 246**	**129 150**	**750 765**	**894 161**
Operating costs	(14 286)	(58 996)	(503 870)	(577 152)
Operating profit/(loss) before goodwill and strategic actions from continuing operations	**(40)**	**70 154**	**246 895**	**317 009**
Profit attributable to non-controlling interests	—	—	—	—
Adjusted operating profit/(loss) from continuing operations	**(40)**	**70 154**	**246 895**	**317 009**
Operating profit before acquired intangibles and strategic actions from discontinued operations				**91 767**
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests				**408 776**
Selected returns and key statistics				
Cost to income ratio	100.3%	43.5%	62.1%	60.1%
Total assets (£'mn)	1 061	5 202	21 979	28 242

^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 56.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Net interest income

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

For the year to 31 March £'000	Notes	2024 Average balance sheet value	2024 Interest income	2024 Average yield	2023^ Average balance sheet value	2023^ Interest income	2023^ Average yield
Cash, near cash and bank debt and sovereign debt securities	1	8 871 883	427 558	4.82%	9 148 091	210 026	2.30%
Loans and advances	2	16 247 191	1 304 395	8.03%	15 268 383	915 989	6.00%
Private client		5 302 275	272 640	5.14%	5 085 272	214 368	4.22%
Corporate, institutional and other clients		10 944 916	1 031 755	9.43%	10 183 111	701 621	6.89%
Other debt securities and other loans and advances		920 886	66 290	7.20%	758 352	38 862	5.12%
Other#	3	190 123	135 741	n/a	225 900	60 476	n/a
Total interest-earning assets		**26 230 083**	**1 933 984**	**7.37%**	**25 400 726**	**1 225 353**	**4.82%**

For the year to 31 March £'000	Notes	2024 Average balance sheet value	2024 Interest expense	2024 Average yield	2023^ Average balance sheet value	2023^ Interest expense	2023^ Average yield
Deposits by banks and other debt-related securities	4	3 397 885	64 221	1.89%	3 435 368	41 516	1.21%
Customer accounts (deposits)		19 842 571	886 358	4.47%	19 192 531	383 189	2.00%
Subordinated liabilities		692 444	51 863	7.49%	753 269	34 548	4.59%
Other#	5	259 387	102 585	n/a	309 623	39 843	n/a
Total interest-bearing liabilities		**24 192 287**	**1 105 027**	**4.57%**	**23 690 791**	**499 096**	**2.11%**
Net interest income			**828 957**			**726 257**	
Net interest margin			**3.16%**			**2.86%**	

Notes:
1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
2 Comprises (as per the balance sheet) loans and advances to customers.
3 Comprises (as per the balance sheet) lease receivables (housed in other assets on the balance sheet) as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5 Comprises (as per the balance sheet) liabilities arising from lease liabilities (housed in other liabilities on the balance sheet) as well as interest expense from derivative financial instruments where there is no associated balance sheet value.
Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.

^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 56.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

3. Net fee and commission income

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

For the year to 31 March £'000	2024	2023^
Wealth & Investment businesses net fee and commission income*	**8 177**	**7 593**
Fund management fees/fees for assets under management	6 862	6 688
Private client transactional fees	2 308	1 596
Fee and commission expense	(993)	(691)
Specialist Banking net fee and commission income	**154 212**	**108 342**
Specialist Banking fee and commission income	169 600	123 023
Specialist Banking fee and commission expense	(15 388)	(14 681)
Net fee and commission income	**162 389**	**115 935**
Fee and commission income	178 770	131 307
Fee and commission expense	(16 381)	(15 372)
Net fee and commission income	**162 389**	**115 935**
Annuity fees (net of fees payable)	17 864	21 978
Deal fees	144 525	93 957

* Wealth & Investment businesses relates to Investec Bank (Switzerland) AG.

^ Restated to reflect continuing operations as detailed in note 56.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4. Investment income

For the year to 31 March £'000	2024	2023
Realised	30 560	13 158
Unrealised*	(29 396)	(15 566)
Dividend income	1 461	6 546
Funding and other net related income	—	865
	2 625	**5 003**

For the year to 31 March £'000	Listed equities	Unlisted equities	Warrants and profit shares	**Total investment portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	**Total**
2024								
Realised	(2 907)	40 717	287	38 097	831	—	(8 368)	30 560
Unrealised*	2 798	(32 260)	450	(29 012)	(253)	(12 500)	12 369	(29 396)
Dividend income	—	1 261	—	1 261	—	—	200	1 461
Funding and other net related income	—	—	—	—	—	—	—	—
	(109)	**9 718**	**737**	**10 346**	**578**	**(12 500)**	**4 201**	**2 625**
2023								
Realised	(994)	53 495	1 062	53 563	(528)	(1 118)	(38 759)	13 158
Unrealised*	1 147	(51 333)	(1 281)	(51 467)	(5 649)	(2 325)	43 875	(15 566)
Dividend income	—	6 313	—	6 313	—	—	233	6 546
Funding and other net related income	—	—	—	—	—	865	—	865
	153	**8 475**	**(219)**	**8 409**	**(6 177)**	**(2 578)**	**5 349**	**5 003**

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

5. Other operating income

For the year to 31 March £'000	2024	2023
Unrealised gains on other investments	—	1 968
Income from operating leases	1 554	4 468
Income from government grants*	1 361	6 184
	2 915	**12 620**

* Government grants income includes Research and Development Expenditure Credits and income from the Capability and Innovation Fund from the Banking Competition Remedies Limited.

6. Expected credit loss impairment charges

For the year to 31 March £'000	2024	2023
Expected credit losses have arisen on the following items:		
Loans and advances to customers	90 448	54 396
Other loans and advances	(63)	57
Other balance sheet assets	(159)	3 648
Undrawn commitments and guarantees	(4 229)	8 639
	85 997	**66 740**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. Operating costs

This note analyses operating costs from the Group's continuing operations.

For the year to 31 March £'000	2024	2023^
Staff compensation costs	423 415	413 440
Salaries and wages (including directors' remuneration)**	342 565	336 543
Share-based payment expense	19 389	18 761
Social security costs	41 461	39 111
Pensions and provident fund contributions	20 000	19 025
Training and other costs	5 160	5 913
Staff costs	428 575	419 353
Premises expenses	28 560	26 337
Premises expenses (excluding depreciation and impairments)	13 687	12 292
Premises depreciation and impairments	14 873	14 045
Equipment expenses (excluding depreciation)	50 813	45 137
Business expenses*	106 306	73 475
Marketing expenses	9 352	9 024
Depreciation, amortisation and impairment of equipment, software and intangibles	3 126	3 826
	626 732	**577 152**

* Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions. Also, in the current year a provision relating to motor vehicle financing.
** Details of the directors' emoluments, pensions and their interests are disclosed in the remuneration report on pages 112 to 121.
^ Restated to reflect continuing operations as detailed in note 56.

Segmental breakdown of operating costs

For the year to 31 March 2024 £'000	Private Client	Specialist Banking		
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Total Group
Staff costs	8 520	24 803	395 252	428 575
Premises expenses	512	1 418	26 630	28 560
Equipment expenses (excluding depreciation)	2 650	6 568	41 595	50 813
Business expenses	2 347	20 881	83 078	106 306
Marketing expenses	29	3 420	5 903	9 352
Depreciation, amortisation and impairment of equipment, software and intangibles	120	—	3 006	3 126
	14 178	**57 090**	**555 464**	**626 732**

For the year to 31 March 2023 £'000	Private Client	Specialist Banking		
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Total Group
Staff costs	9 379	26 973	383 001	419 353
Premises expenses	412	1 303	24 622	26 337
Equipment expenses (excluding depreciation)	2 218	9 090	33 829	45 137
Business expenses	1 941	17 173	54 361	73 475
Marketing expenses	17	4 457	4 550	9 024
Depreciation, amortisation and impairment of equipment, software and intangibles	319	—	3 507	3 826
	14 286	**58 996**	**503 870**	**577 152**

During the year, the average number of permanent employees was 3 591 (2023: 3 545).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. Operating costs (continued)

The following amounts were paid by the Group to the auditors in respect of the audit of the financial statements and for other services provided to the Group:

For the year to 31 March £'000	2024	2023
Ernst & Young fees		
Total audit fees	**5 852**	**5 750**
Audit of the Group's accounts	3 465	3 438
Audit of the Group's subsidiaries	2 387	2 312
Total non-audit fees	**1 118**	**1 230**
Audit related assurance services[1]	759	655
Other assurance services[2]	346	423
Services related to corporate finance transactions[3]	13	—
Other non-audit services	—	152
Total auditor's remuneration	**6 970**	**6 980**

1. Audit related assurance fees consist of reviews of interim financial information.
2. Other assurance services relate to services required by law or regulation (including agreed-upon-procedures relating to statutory and regulatory filings and reporting to regulators on client assets).
3. Corporate finance transaction services relate to comfort letters on debt issuances.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments

The Investec Group operates share option and long-term share incentive plans for employees, the majority of which are on an equity-settled basis in Investec plc but in accordance with IFRS 2 are cash-settled in the Company as set out in the accounting policies on pages 146 to 157. The purpose of the staff share schemes is to promote an *esprit de corps* within the organisation, create an awareness of Investec Group's performance and provide an incentive to maximise individual business unit and Investec Group performance by allowing all staff to share in the risks and rewards of the Investec Group.

Awards made under the UK share schemes are settled in Investec Plc shares (INVP).

These awards are contingent on the continued employment of employees up to the date of vesting.

The share incentive plans are granted in the following award types, each of which vest in line with the specified parameters.

Equity-settled awards granted under Investec share plans

Forfeitable share awards are shares held in the name of or for the benefit of an employee, for which the employee has dividend and voting rights.

Conditional awards are the right to receive a share at a future date once the service conditions have been met. Employees do not have a right to dividends or voting rights on these grants until vesting.

Nil-cost options are share options in respect of which no option price is payable and where the employee has no dividends or voting rights.

Forfeitable and conditional awards and nil cost options are awarded to employees for no consideration. These are settled by grants from the Investec Group's share scheme trusts, which acquire shares through purchase of shares on market.

For the year to 31 March £'000	2024	2023^
Share-based payment expense:		
Cash-settled (equity-settled in Investec plc)	**19 389**	**18 761**

^ Restated to reflect continuing operations as detailed in note 56.

Group

For the year to 31 March £'000	2024	2023
Weighted average fair value of awards granted in the year		
UK schemes	**17 029**	**22 734**

	2024		2023	
Details of awards outstanding during the year	**Number of share awards**	**Weighted average exercise price £**	Number of share awards	Weighted average exercise price £
Outstanding at the beginning of the year	23 667 017	—	24 941 009	0.02
Deconsolidation of subsidiaries	(748 335)	—	—	—
Transfer of employees during the year	375	—	4 861	—
Granted during the year	4 192 672	—	4 848 800	—
Exercised during the year^	(4 434 180)	—	(4 569 397)	0.01
Awards forfeited during the year	(658 715)	—	(1 558 256)	—
Outstanding at the end of the year	**22 018 834**	**—**	**23 667 017**	**—**
Exercisable at the end of the year	**418 451**	**—**	**697 225**	**—**

^ The weighted average share price of options exercised during the year was £4.58 (2023: £4.57).

The weighted average share price during the year was £4.81 (2023: £4.59).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments (continued)

Additional information relating to awards:	2024	2023
Options with strike prices		
Exercise price range	n/a	n/a
Weighted average remaining contractual life	n/a	n/a
Long-term incentive grants with no strike price		
Exercise price range	£nil	£nil
Weighted average remaining contractual life	1.58 years	1.90 years
Weighted average fair value of awards and long-term grants at measurement date	£4.06	£4.69
The fair values of awards granted were calculated using a Black-Scholes option pricing model. For awards granted during the year, the inputs into the model were as follows:		
– Share price at date of grant	£4.25–£5.13	£4.70–£4.81
– Exercise price	£nil	£nil
– Expected volatility	n/a	n/a
– Award life	2.00–7.01 years	3–7.01 years
– Expected dividend yields	n/a	n/a
– Risk-free rate	n/a	n/a

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months but also includes an element of forward expectation.

The expected attrition rates used were determined based on historical Group data with an adjustment to actual attrition on final vesting.

	2024		2023	
Summary by award type	Number of share awards outstanding	Year of vesting	Number of share awards outstanding	Year of vesting
Conditional awards	384 616	3,4,5	213 822	3,4,5
Executive conditional awards	3 174 305	1,2,3 & 3,4,5 & 3,4,5,6,7	4 057 401	1,2,3 & 3,4,5 & 3,4,5,6,7
Forfeitable shares	18 444 913	3,4,5	19 380 794	3,4,5
Nil-cost options	15 000	4,5	15 000	4,5
Outstanding at the end of the year	**22 018 834**		**23 667 017**	

Details of awards granted and not exercised at 31 March 2024	2024	2023
Year to 31 March 2023	—	697 225
Year to 31 March 2024	418 451	4 548 513
Year to 31 March 2025	6 462 466	6 601 647
Year to 31 March 2026	8 013 889	8 352 227
Year to 31 March 2027	4 152 224	3 033 133
Year to 31 March 2028	2 766 737	300 992
Year to 31 March 2029	148 711	90 500
Year to 31 March 2030	49 567	42 780
Year to 31 March 2031	6 789	—
Outstanding at the end of the year	**22 018 834**	**23 667 017**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments (continued)

Company

For the year to 31 March £'000	2024	2023
UK schemes	13 431	19 164

	2024		2023	
Details of awards outstanding during the year	**Number of share awards**	**Weighted average exercise price £**	Number of share awards	Weighted average exercise price £
Outstanding at the beginning of the year	19 776 521	—	19 379 880	—
Transfer of employees during the year	(35 312)	—	(108 133)	—
Granted during the year	3 276 702	—	4 081 612	—
Exercised during the year^	(3 530 524)	—	(2 966 401)	—
Awards forfeited during the year	(471 384)	—	(610 437)	—
Outstanding at the end of the year	**19 016 003**	**—**	**19 776 521**	**—**
Exercisable at the end of the year	**189 609**	**—**	**358 402**	**—**

^ The weighted average share price of options exercised during the year was £4.61 (2023: £4.57).

The weighted average share price during the year was £4.81 (2023: £4.59).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments (continued)

Additional information relating to awards:	2024	2023
Company		
Options with strike prices		
Exercise price range	n/a	n/a
Weighted average remaining contractual life	n/a	n/a
Long-term incentive grants with no strike price		
Exercise price range	£nil	£nil
Weighted average remaining contractual life	1.55 years	1.93 years
Weighted average fair value of awards and long-term grants at measurement date	£4.10	£4.70
The fair values of awards granted were calculated using a Black-Scholes option pricing model. For awards granted during the year, the inputs into the model were as follows:		
– Share price at date of grant	£4.25–£5.13	£4.70–£4.81
– Exercise price	£nil	£nil
– Expected volatility	n/a	n/a
– Award life	2.00–7.01 years	3–7.01 years
– Expected dividend yields	n/a	n/a
– Risk-free rate	n/a	n/a

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months, but also includes an element of forward expectation.

The expected attrition rates used were determined based on historical Group data with an adjustment to actual attrition on final vesting.

	2024		2023	
Summary by award type	**Number of share awards outstanding**	**Year of vesting**	Number of share awards outstanding	Year of vesting
Conditional awards	—		1 818	3,4,5
Executive conditional awards	2 848 131	1,2,3 & 3,4,5 & 3,4,5,6,7	3 582 368	1,2,3 & 3,4,5 & 3,4,5,6,7
Forfeitable shares	16 167 872	3,4,5	16 192 335	3,4,5
Nil-cost options	—		—	
Outstanding at the end of the year	**19 016 003**		**19 776 521**	

Details of awards granted and not exercised at 31 March 2024	2024	2023
Year to 31 March 2023	—	358 402
Year to 31 March 2024	189 609	3 370 765
Year to 31 March 2025	5 736 875	5 784 215
Year to 31 March 2026	7 135 866	7 288 138
Year to 31 March 2027	3 508 031	2 563 029
Year to 31 March 2028	2 258 040	278 692
Year to 31 March 2029	131 226	90 500
Year to 31 March 2030	49 567	42 780
Year to 31 March 2031	6 789	—
Outstanding at the end of the year	**19 016 003**	**19 776 521**

NOTES TO THE FINANCIAL STATEMENTS
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9. Long-term employment benefits

Group

In March 2020, as part of the Investec Asset Management Limited (IAM) demerger, each participant of the Investec Group share option and long-term share incentive plans received the right to receive one Ninety One plc share award for every two Investec plc share awards they held. The Ninety One plc share awards were granted on the same terms and vesting period as the Investec plc awards they related to.

Investec DLC has an obligation to deliver Ninety One plc shares to the holders of Investec plc share awards. Accordingly, this obligation was classified and measured as an other long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £5 354 000 was calculated as the fair value of the liability at the date of demerger for the portion of the awards already vested. The total value of the liability represented past service cost and as a result was accounted for in retained income. The liability was subsequently measured at fair value through profit and loss.

In the prior year, on 30 May 2022, DLC's 15% shareholding in Ninety One DLC was distributed to ordinary shareholders. Each participant of the Investec share option and long-term share incentive plans for employees, received the right to receive 0.13751 Ninety One shares for each Investec share option they had.

In addition, management approved the acceleration of certain remaining Ninety One awards. Participants had 90 days to exercise the acceleration. The acceleration excluded awards made to senior management.

IAS 19 long-term employment benefit liability fair value movement recognised in the income statement for the year ended 31 March 2024 was £0.2 million (31 March 2023: £2.5 million).

	2024		2023	
Details of awards outstanding during the year	**Number of Ninety One awards**	**Weighted average exercise price £**	Number of Ninety One awards	Weighted average exercise price £
Outstanding at the beginning of the year	1 567 698	—	3 620 311	0.01
Transfer of employees during the year	74	—	(56)	—
Grant linked to Ninety One Distribution	—	—	3 656 998	—
Granted during the year^	12 341	—	—	—
Exercised during the year	(1 021 957)	—	(5 520 503)	—
Awards forfeited during the year	(21 369)	—	(189 052)	0.17
Outstanding at the end of the year	**536 787**	**—**	**1 567 698**	**—**
Exercisable at the end of the year	**141 765**	**—**	**875 600**	**—**

^ The Ninety One shares granted are due to the Investec Group reaching predetermined performance conditions. These awards are aligned with the uptick in Investec shares in the ratio of 1 Ninety One share for every 2 Investec shares.

For the liability calculated, the inputs into the model were as follows:

Additional information relating to awards:	**2024**	2023
The fair value of the liability was calculated by using the Black-Scholes option pricing model.		
– Listed share price at 31 March	£1.71	£1.85
– Exercise price	£nil	£nil
– Expected volatility	30.96%–31.37%	37.7%
– Award life	0–4.42 years	0–5.41 years
– Expected dividend yields	0%–5.54%	0%–9.82%
– Risk-free rate	3.78%–5.07%	3.67%–4.45%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Long-term employment benefits (continued)

Company

In March 2020, as part of the Investec Asset Management Limited (IAM) demerger, each participant of the Investec Group share option and long-term share incentive plans for employees, received the right to receive one Ninety One plc share award for every two Investec plc share awards they held. The Ninety One plc share awards were granted on the same terms and vesting period as the Investec plc awards they related to.

Investec DLC has an obligation to deliver Ninety One plc shares to the holders of Investec plc share awards, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £3 987 000 was calculated as the fair value of the liability at the date of demerger for the portion of the awards already vested. The total value of the liability represented past service cost and as a result was accounted for in retained income. The liability was subsequently measured at fair value through profit or loss.

In the prior year, on 30 May 2022, DLC's 15% shareholding in Ninety One DLC was distributed to ordinary shareholders. Each participant of the Investec share option and long-term share incentive plans for employees, received the right to receive 0.13751 Ninety One shares for each Investec share option they had.

In addition, management approved the acceleration of certain remaining Ninety One awards. Participants had 90 days to exercise the acceleration. The acceleration excluded awards made to senior management.

IAS 19 long-term employment benefit liability fair value movement recognised in the income statement for the year ended 31 March 2024 was £0.1 million (31 March 2023: £2.4 million).

	2024		2023	
Details of awards outstanding during the year	**Number of Ninety One awards**	**Weighted average exercise price £**	Number of Ninety One awards	Weighted average exercise price £
Outstanding at the beginning of the year	1 149 125	—	2 420 600	—
Transfer of employees during the year	(148)	—	(27 836)	—
Distributed during the year	—	—	2 890 562	—
Granted during the year^	12 341	—	—	—
Exercised during the year	(728 174)	—	(4 084 589)	—
Awards forfeited during the year	(6 265)	—	(49 612)	—
Outstanding at the end of the year	**426 879**	**—**	**1 149 125**	**—**
Exercisable at the end of the year	**44 204**	**—**	**507 068**	**—**

^ The Ninety One shares granted are due to the Investec Group reaching predetermined performance conditions. These awards are aligned with the uptick in Investec shares in the ratio of 1 Ninety One share for every 2 Investec shares.

For the liability calculated, the inputs into the model were as follows:

Additional information relating to awards:	**2024**	2023
The fair value of the liability was calculated by using the Black-Scholes option pricing model.		
– Listed share price at 31 March	£1.71	£1.85
– Exercise price	£nil	£nil
– Expected volatility	31.04%–31.37%	37.7%
– Award life	0–4.42 years	0–5.41 years
– Expected dividend yields	0%–5.54%	0%–9.82%
– Risk-free rate	3.78%–5.07%	3.67%–4.45%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. Taxation

This note analyses taxation from the Group's continuing operations.

For the year to 31 March £'000	2024	2023^
Income statement taxation charge		
Current taxation		
UK		
Current taxation on income for the year	95 872	75 276
Adjustments in respect of prior years	2 095	(7 625)
Corporation tax before double tax relief	**97 967**	**67 651**
Double tax relief	(566)	(335)
	97 401	**67 316**
Europe	7 383	5 230
Australia	333	438
Other*	1 336	638
	9 052	**6 306**
Total current taxation	**106 453**	**73 622**
Deferred taxation		
UK	(9 689)	(7 632)
Europe	(199)	102
Australia	—	—
Other	(36)	(5)
Total deferred taxation	**(9 924)**	**(7 535)**
Total taxation charge for the year	**96 529**	**66 087**
Total taxation charge for the year comprises:		
Taxation on operating profit before goodwill	96 956	66 087
Taxation on acquired intangibles, goodwill and disposal of subsidiaries	(427)	—
	96 529	**66 087**
Deferred taxation comprises:		
Origination and reversal of temporary differences	(8 560)	(54)
Changes in taxation rates	(616)	(6 710)
Adjustment in respect of prior years	(748)	(771)
	(9 924)	**(7 535)**
The deferred taxation credit in the income statement arose from:		
Deferred capital allowances	(3 125)	(11 303)
Income and expenditure accruals	25	(423)
Asset in respect of unexpired options	(6 349)	(2 258)
Unrealised fair value adjustment on financial instruments	(283)	220
Movement in deferred tax assets related to assessed losses	33	6 087
Asset in respect of pension surplus	10	11
Deferred tax on acquired intangibles	(235)	—
Other temporary differences	—	131
	(9 924)	**(7 535)**
The deferred taxation charge in OCI/equity arose from:		
Asset in respect of unexpired options	(6 433)	(612)
Unrealised fair value adjustment on financial instruments	14 119	5 229
	7 686	**4 617**

* Where Other largely includes India and North America.
^ Restated to reflect continuing operations as detailed in note 56.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. Taxation (continued)

For the year to 31 March £'000	2024	2023^
The rates of corporation tax for the relevant years are:	**%**	%
UK	25	19
Europe (average)	10	10
Australia	30	30
Profit before taxation	**421 742**	**315 724**
Taxation on profit before taxation	**96 529**	**66 087**
Effective tax rate	**22.9%**	**20.9%**
The taxation charge on activities for the year is different from the standard rate as detailed below:		
Taxation on profit on ordinary activities before taxation at UK rate of 25% (2023: 19%)	105 435	59 987
Taxation adjustments relating to foreign earnings	(11 004)	(4 179)
Taxation relating to prior years	1 347	(8 395)
Impairment of goodwill and non-operating items	2	184
Share options accounting expense/(income)	(1 123)	144
Non-taxable income	(2 238)	(824)
Net other permanent differences	(755)	1 300
Bank surcharge	6 910	17 068
Capital gains – non-taxable/covered by losses	369	2 178
Movement in unrecognised trading losses	(1 798)	5 335
Change in tax rate	(616)	(6 711)
Total taxation charge as per income statement	**96 529**	**66 087**
Other comprehensive income taxation effects		
Gains on realisation of debt instruments at FVOCI recycled through the income statement	(817)	(313)
Pre-taxation	(966)	(430)
Taxation effect	149	117
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	6 078	217
Pre-taxation	8 188	486
Taxation effect	(2 110)	(269)
Cash flow hedge reserve	17 664	—
Pre-taxation	24 533	—
Taxation effect	(6 869)	—
Statement of changes in equity taxation effects		
Additional Tier 1 capital	(20 634)	(16 875)
Pre-taxation	(20 634)	(16 875)
Taxation effect	—	—
Share-based payment adjustment	6 984	491
Pre-taxation	—	—
Taxation effect	6 984	491
IFRS 9 transitional adjustments	—	(7)
Pre-taxation	—	—
Taxation effect	—	(7)

^ Restated to reflect continuing operations as detailed in note 56.

Global Minimum Tax

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates in. The legislation will be effective for the Group's financial year beginning 1 April 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions (Guernsey, Jersey and Isle of Man) where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is below 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

We will continue to review the impact of the Pillar Two rules as further guidance is released by the OECD and additional governments implement this tax regime.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

11. Dividends

For the year to 31 March £'000	2024	2023
Ordinary dividends		
Dividends for current year	89 798	95 000
Total dividends attributable to ordinary shareholder	**89 798**	**95 000**

For the year to 31 March £'000	2024	2023
Dividend attributable to Additional Tier 1 securities	**20 638**	**16 875**

The £200 000 000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (AT1 securities), issued on 16 October 2017, pay a distribution rate of 6.75% per annum quarterly.

A further £50 000 000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities issued on 22 January 2019, pay a distribution rate of 6.75% per annum quarterly after the initial short period distribution paid on 5 March 2019. These notes were consolidated to form a single series and are fungible with the £200 000 000 2024 notes issued on 16 October 2017.

£141 892 000 of the AT1 securities were bought back on 1 March 2024.

On 28 February 2024, a new £350 000 000 issuance was made paying a distribution rate of 10.5% per annum semi-annually.

The dividend is shown gross of UK corporation tax.

12. Analysis of income and impairments by category of financial instrument

This note analyses income and impairments from the Group's continuing operations.

	At fair value through profit or loss		
	IFRS 9 mandatory		
For the year to 31 March £'000	Trading**	Non-trading**	Designated at inception
2024			
Net interest income	8 477	81 632	—
Fee and commission income	13 685	1 054	—
Fee and commission expense	—	—	—
Investment income	(1 365)	16 554	(3 550)
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	105 349	(736)	451
– balance sheet management and other trading activities	372	27 119	—
Other operating income	—	—	—
Total operating income/(expense) before expected credit loss	**126 518**	**125 623**	**(3 099)**
Expected credit loss impairments charges*	—	—	—
Operating income/(expense)	**126 518**	**125 623**	**(3 099)**

For the year to 31 March £'000	Trading**	Non-trading**	Designated at inception
2023^			
Net interest income	19 858	70 562	—
Fee and commission income	15 457	1 054	—
Fee and commission expense	—	—	—
Investment income	(8 096)	18 565	(396)
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	90 917	(1 573)	1 218
– balance sheet management and other trading activities	624	20 914	(6 116)
Other operating income	—	—	—
Total operating income/(expense) before expected credit loss	**118 760**	**109 522**	**(5 294)**
Expected credit loss impairments charges*	—	—	—
Operating income/(expense)	**118 760**	**109 522**	**(5 294)**

* Includes off-balance sheet items.
** Fair value through profit and loss income statement items have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of income and expenses from positions held for trading intent or to hedge elements of the trading book. Non-trading consists of income and expenses from positions that are expected to be held to maturity.
^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 56.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income				
Debt instruments with a dual business model	**Amortised cost**	**Non-financial instruments**	**Other fee income and expenses**	**Total**
175 370	563 940	(462)	—	828 957
—	69 721	—	94 310	178 770
—	(2 736)	—	(13 645)	(16 381)
966	700	(10 680)	—	2 625
—	—	31 287	—	31 287
—	(1 906)	—	—	103 158
—	(372)	—	—	27 119
—	1 554	—	1 361	2 915
176 336	**630 901**	**20 145**	**82 026**	**1 158 450**
—	(85 997)	—	—	(85 997)
176 336	**544 904**	**20 145**	**82 026**	**1 072 453**

Debt instruments with a dual business model	Amortised cost	Non-financial instruments	Other fee income and expenses	Total
83 370	551 712	755	—	726 257
—	68 381	—	46 415	131 307
—	(2 594)	—	(12 778)	(15 372)
1 001	484	(6 555)	—	5 003
—	—	660	—	660
—	(3 196)	—	—	87 366
—	(2 362)	—	—	13 060
—	4 468	—	8 152	12 620
84 371	**616 893**	**(5 140)**	**41 789**	**960 901**
—	(66 740)	—	—	(66 740)
84 371	**550 153**	**(5 140)**	**41 789**	**894 161**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of financial assets and liabilities by category of financial instruments

	At fair value through profit or loss		
	IFRS 9 mandatory		
At 31 March **£'000**	Trading*	Non–trading*	Designated at initial recognition
Group			
2024			
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	164 319	—
Sovereign debt securities	—	—	—
Bank debt securities	—	—	—
Other debt securities	—	59 678	—
Derivative financial instruments	474 834	—	—
Securities arising from trading activities	145 200	1 433	10 699
Loans and advances to customers	—	641 197	—
Other loans and advances	—	—	—
Other securitised assets	—	—	66 702
Investment portfolio	—	244 140	—
Interests in associated undertakings and joint venture holdings	—	—	—
Deferred taxation assets	—	—	—
Current taxation assets	—	—	—
Other assets	4 732	—	—
Property and equipment	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	
	624 766	**1 110 767**	**77 401**
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	472 662	—	—
Other trading liabilities	18 449	—	—
Repurchase agreements and cash collateral on securities lent	—	—	—
Customer accounts (deposits)	—	—	—
Debt securities in issue	—	—	9 823
Liabilities arising on securitisation of other assets	—	—	71 751
Current taxation liabilities	—	—	—
Other liabilities	—	—	—
	491 111	**—**	**81 574**
Subordinated liabilities	—	—	—
	491 111	**—**	**81 574**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or to hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

For more information on hedges, please refer to note 48 on pages 237 to 242.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income					
Debt instrument with dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	5 661 623	—	5 661 623
—	—	676 001	—	676 001
—	164 319	975 796	—	1 140 115
993 289	993 289	934 845	—	1 928 134
247 263	247 263	49 992	—	297 255
8 552	68 230	640 055	—	708 285
—	474 834	—	—	474 834
—	157 332	—	—	157 332
1 471 371	2 112 568	14 457 745	—	16 570 313
—	—	145 545	—	145 545
—	66 702	—	—	66 702
—	244 140	—	—	244 140
—	—	—	791 272	791 272
—	—	—	13 254	13 254
—	—	—	119 730	119 730
—	4 732	450 714	309 027	764 473
—	—	—	72 947	72 947
—	—	—	58 082	58 082
—	—	—	4 571	4 571
—	—	—	—	—
2 720 475	**4 533 409**	**23 992 316**	**1 368 883**	**29 894 608**
—	—	2 174 305	—	2 174 305
—	472 662	—	—	472 662
—	18 449	—	—	18 449
—	—	85 091	—	85 091
—	—	20 851 216	—	20 851 216
—	9 823	947 064	—	956 887
—	71 751	—	—	71 751
—	—	—	8 624	8 624
—	—	557 111	423 484	980 595
—	**572 685**	**24 614 787**	**432 108**	**25 619 580**
—	—	668 810	—	668 810
—	**572 685**	**25 283 597**	**432 108**	**26 288 390**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of financial assets and liabilities by category of financial instruments (continued)

	At fair value through profit or loss		
	IFRS 9 mandatory		
At 31 March **£'000**	Trading*	Non–trading*	Designated at initial recognition
Group			
2023			
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	345 869	—
Sovereign debt securities	—	24 077	—
Bank debt securities	—	—	—
Other debt securities	—	93 992	—
Derivative financial instruments	680 262	—	—
Securities arising from trading activities	110 619	4 002	12 916
Loans and advances to customers	—	550 515	—
Other loans and advances	—	—	—
Other securitised assets	—	—	78 231
Investment portfolio	—	311 618	—
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	10 327	—	—
Property and equipment	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	
	801 208	**1 330 073**	**91 147**
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	704 816	—	—
Other trading liabilities	28 184	—	—
Repurchase agreements and cash collateral on securities lent	—	—	—
Customer accounts (deposits)	—	—	—
Debt securities in issue	—	—	21 554
Liabilities arising on securitisation of other assets	—	—	81 609
Current taxation liabilities	—	—	—
Other liabilities	—	6 324	—
	733 000	**6 324**	**103 163**
Subordinated liabilities	—	—	—
	733 000	**6 324**	**103 163**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or to hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

For more information on hedges, please refer to note 48 on pages 237 to 242.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income				
Debt instrument with dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	5 400 401	—	5 400 401
—	—	892 791	—	892 791
—	345 869	992 830	—	1 338 699
1 141 745	1 165 822	55 922	—	1 221 744
199 737	199 737	4 954	—	204 691
—	93 992	603 283	—	697 275
—	680 262	—	—	680 262
—	127 537	—	—	127 537
843 428	1 393 943	14 173 866	—	15 567 809
—	—	172 087	—	172 087
—	78 231	—	—	78 231
—	311 618	—	—	311 618
—	—	—	10 851	10 851
—	—	—	9 890	9 890
—	—	—	111 513	111 513
—	10 327	612 197	370 861	993 385
—	—	—	121 014	121 014
—	—	—	249 503	249 503
—	—	—	9 415	9 415
—	—	—	43 887	43 887
2 184 910	**4 407 338**	**22 908 331**	**926 934**	**28 242 603**
—	—	2 172 170	—	2 172 170
—	704 816	—	—	704 816
—	28 184	—	—	28 184
—	—	139 529	—	139 529
—	—	19 251 399	—	19 251 399
—	21 554	1 119 325	—	1 140 879
—	81 609	—	—	81 609
—	—	—	4 813	4 813
—	6 324	622 337	569 606	1 198 267
—	**842 487**	**23 304 760**	**574 419**	**24 721 666**
—	—	731 483	—	731 483
—	**842 487**	**24 036 243**	**574 419**	**25 453 149**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of financial assets and liabilities by category of financial instruments (continued)

	At fair value through profit or loss		
	IFRS 9 mandatory		
At 31 March £'000	Trading*	Non–trading*	Designated at initial recognition
Company			
2024			
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	164 319	—
Sovereign debt securities	—	—	—
Bank debt securities	—	—	—
Other debt securities	—	59 421	1 064
Derivative financial instruments	421 230	—	—
Securities arising from trading activities	145 200	1 433	10 699
Loans and advances to customers	—	561 435	—
Other loans and advances	—	24 124	—
Other securitised assets	—	—	468
Investment portfolio	—	43 677	—
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	4 732	—	—
Property and equipment	—	—	—
Software	—	—	—
Investment in subsidiaries	—	—	
	571 162	**854 409**	**12 231**
Liabilities			
Deposits by banks		—	—
Derivative financial instruments	429 675	—	—
Other trading liabilities	18 449	—	—
Repurchase agreements and cash collateral on securities lent	—	—	—
Customer accounts (deposits)	—	—	—
Debt securities in issue	—	—	9 823
Other liabilities	—	—	—
	448 124	**—**	**9 823**
Subordinated liabilities	—	—	—
	448 124	**—**	**9 823**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or to hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

For more information on hedges, please refer to note 48 on pages 237 to 242.

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At fair value through comprehensive income				
Debt instrument with dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	5 650 257	—	5 650 257
—	—	290 068	—	290 068
—	164 319	975 796	—	1 140 115
280 438	280 438	796 986	—	1 077 424
247 263	247 263	42 268	—	289 531
8 552	69 037	1 346 193	—	1 415 230
—	421 230	—	—	421 230
—	157 332	—	—	157 332
1 471 371	2 032 806	10 659 817	—	12 692 623
—	24 124	3 287 684	—	3 311 808
—	468	—	—	468
—	43 677	—	—	43 677
—	—	—	781 674	781 674
—	—	—	31 456	31 456
—	—	—	58 572	58 572
—	4 732	418 149	25 093	447 974
—	—	—	45 716	45 716
—	—	—	—	—
—	—	—	451 867	451 867
2 007 624	**3 445 426**	**23 467 218**	**1 394 378**	**28 307 022**
—	—	2 558 021	—	2 558 021
—	429 675	—	—	429 675
—	18 449	—	—	18 449
—	—	235 447	—	235 447
—	—	19 720 605	—	19 720 605
—	9 823	945 871	—	955 694
—	—	468 790	186 235	655 025
—	**457 947**	**23 928 734**	**186 235**	**24 572 916**
—	—	668 810	—	668 810
—	**457 947**	**24 597 544**	**186 235**	**25 241 726**

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13. Analysis of financial assets and liabilities by category of financial instruments (continued)

	At fair value through profit or loss		
	IFRS 9 mandatory		
At 31 March £'000	Trading*	Non–trading*	Designated at initial recognition
Company			
2023			
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	345 869	—
Sovereign debt securities	—	24 077	—
Bank debt securities	—	—	—
Other debt securities	—	93 753	1 094
Derivative financial instruments	625 897	—	—
Securities arising from trading activities	110 619	4 002	12 916
Loans and advances to customers	—	449 618	—
Other loans and advances	—	—	—
Other securitised assets	—	—	4 005
Investment portfolio	—	46 534	—
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	10 327	—	—
Property and equipment	—	—	—
Software	—	—	—
Investment in subsidiaries	—	—	
	746 843	**963 853**	**18 015**
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	665 600	—	—
Other trading liabilities	28 184	—	—
Repurchase agreements and cash collateral on securities lent	—	—	—
Customer accounts (deposits)	—	—	—
Debt securities in issue	—	—	21 554
Other liabilities	—	—	—
	693 784	**—**	**21 554**
Subordinated liabilities	—	—	—
	693 784	**—**	**21 554**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or to hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

For more information on hedges, please refer to note 48 on pages 237 to 242.

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At fair value through comprehensive income				
Debt instrument with dual business model	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	5 380 346	—	5 380 346
—	—	237 897	—	237 897
—	345 869	992 830	—	1 338 699
338 799	362 876	9 865	—	372 741
195 636	195 636	4 954	—	200 590
—	94 847	1 309 406	—	1 404 253
—	625 897	—	—	625 897
—	127 537	—	—	127 537
843 428	1 293 046	10 534 443	—	11 827 489
—	—	3 199 833	—	3 199 833
—	4 005		—	4 005
—	46 534	—	—	46 534
—	—	—	2 301	2 301
—	—	—	36 006	36 006
—	—	—	59 833	59 833
—	10 327	366 195	69 764	446 286
—	—	—	58 577	58 577
—	—	—	238	238
—	—	—	872 829	872 829
1 377 863	**3 106 574**	**22 035 769**	**1 099 548**	**26 241 891**
—	—	2 524 081	—	2 524 081
—	665 600	—	—	665 600
—	28 184	—	—	28 184
—	—	289 529	—	289 529
—	—	17 953 810	—	17 953 810
—	21 554	1 118 142	—	1 139 696
—	—	384 410	180 031	564 441
—	**715 338**	**22 269 972**	**180 031**	**23 165 341**
—	—	731 483	—	731 483
—	**715 338**	**23 001 455**	**180 031**	**23 896 824**

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14. Fair value hierarchy

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

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

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

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

		Fair value category		
At 31 March £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
Group				
2024				
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	164 319	—	164 319	—
Sovereign debt securities	993 289	993 289	—	—
Bank debt securities	247 263	247 263	—	—
Other debt securities	68 230	8 552	65	59 613
Derivative financial instruments	474 834	—	421 825	53 009
Securities arising from trading activities	157 332	157 332	—	—
Loans and advances to customers*	2 112 568	—	70 418	2 042 150
Other securitised assets	66 702	—	—	66 702
Investment portfolio	244 140	793	754	242 593
Other assets	4 732	4 732	—	—
	4 533 409	**1 411 961**	**657 381**	**2 464 067**
Liabilities				
Derivative financial instruments	472 662	—	408 321	64 341
Other trading liabilities	18 449	18 449	—	—
Debt securities in issue	9 823	—	9 823	—
Liabilities arising on securitisation of other assets	71 751	—	—	71 751
	572 685	**18 449**	**418 144**	**136 092**
Net assets at fair value	**3 960 724**	**1 393 512**	**239 237**	**2 327 975**

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

At 31 March £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Group				
2023				
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	345 869	—	345 869	—
Sovereign debt securities	1 165 822	1 165 822	—	—
Bank debt securities	199 737	199 737	—	—
Other debt securities	93 992	—	60	93 932
Derivative financial instruments	680 262	—	627 078	53 184
Securities arising from trading activities	127 537	123 475	60	4 002
Loans and advances to customers*	1 393 943	—	90 297	1 303 646
Other securitised assets	78 231	—	—	78 231
Investment portfolio	311 618	1 666	885	309 067
Other assets	10 327	10 327	—	—
	4 407 338	**1 501 027**	**1 064 249**	**1 842 062**
Liabilities				
Derivative financial instruments	704 816	—	645 358	59 458
Other trading liabilities	28 184	28 184	—	—
Debt securities in issue	21 554	—	21 554	—
Liabilities arising on securitisation of other assets	81 609	—	—	81 609
Other liabilities	6 324	—	—	6 324
	842 487	**28 184**	**666 912**	**147 391**
Net assets at fair value	**3 564 851**	**1 472 843**	**397 337**	**1 694 671**

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

Level 3 instruments

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

For the year to £'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets[1]	Total
Group					
Assets					
Balance as at 1 April 2022	**324 635**	**1 211 848**	**93 087**	**153 761**	**1 783 331**
Total gains or (losses)	6 228	100 832	1 000	5 252	113 312
In the income statement	6 228	101 088	1 000	5 252	113 568
In the statement of comprehensive income	—	(256)	—	—	(256)
Purchases	23 416	1 692 584	—	26 056	1 742 056
Sales	(43 653)	(762 668)	—	(12 565)	(818 886)
Settlements	(13 648)	(981 996)	(15 856)	(31 148)	(1 042 648)
Transfers into level 3	6 304	—	—	4 746	11 050
Foreign exchange adjustments	5 785	43 046	—	5 016	53 847
Balance as at 31 March 2023	**309 067**	**1 303 646**	**78 231**	**151 118**	**1 842 062**
Total gains or (losses)	(731)	175 394	(1 495)	5 307	178 475
In the income statement	(731)	177 180	(1 495)	5 307	180 261
In the statement of comprehensive income	—	(1 786)	—	—	(1 786)
Purchases	31 559	2 551 558	—	39 709	2 622 826
Sales	(75 323)	(1 058 680)	—	(14 481)	(1 148 484)
Settlements	(18 352)	(898 422)	(10 034)	(74 870)	(1 001 678)
Foreign exchange adjustments	(3 627)	(31 346)	—	5 839	(29 134)
Balance as at 31 March 2024	**242 593**	**2 042 150**	**66 702**	**112 622**	**2 464 067**

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

The Group transfers between levels within the fair value hierarchy when the observability of inputs change, or if the valuation methods change. Transfers are deemed to occur at the end of each semi-annual reporting period.

For the year to 31 March 2024, there were no transfers into or from level 3. In the prior year, investment portfolio of £6.3 million and derivative financial instruments assets of £4.7 million were transferred from level 2 to level 3, and derivative financial instruments liabilities of £8 000 were transferred from level 3 to level 2. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

For the year to £'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities[2]	Total
Group			
Liabilities			
Balance as at 1 April 2022	**95 885**	**45 769**	**141 654**
Total losses	1 384	11 770	13 154
In the income statement	1 384	11 770	13 154
Purchases	—	6 324	6 324
Settlements	(15 660)	—	(15 660)
Transfers out of level 3	—	(8)	(8)
Foreign exchange adjustments	—	1 927	1 927
Balance as at 31 March 2023	**81 609**	**65 782**	**147 391**
Total losses	1 190	6 183	7 373
In the income statement	1 190	6 183	7 373
Deconsolidation of subsidiaries	—	(3 933)	(3 933)
Settlements	(11 048)	(2 391)	(13 439)
Foreign exchange adjustments	—	(1 300)	(1 300)
Balance as at 31 March 2024	**71 751**	**64 341**	**136 092**

2 Comprises level 3 derivative financial instruments and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS
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14. Fair value hierarchy (continued)

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

For the year to 31 March £'000	Total	Realised	Unrealised
Group			
2024			
Total gains or (losses) included in the income statement for the year			
Net interest income	174 393	156 766	17 627
Investment income*	649	31 331	(30 682)
Trading income arising from customer flow	(2 154)	—	(2 154)
	172 888	**188 097**	**(15 209)**
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	534	534	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(1 786)	—	(1 786)
	(1 252)	**534**	**(1 786)**
2023			
Total gains or (losses) included in the income statement for the year			
Net interest income	98 185	86 191	11 994
Investment income*	2 069	2 502	(433)
Trading loss arising from customer flow	160	1	159
	100 414	**88 694**	**11 720**
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	433	433	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(256)	—	(256)
	177	**433**	**(256)**

* Included within the investment income statement balance are fair value losses of £5.1 million (31 March 2023: £nil) presented within operational items in the income statement.

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CONTINUED

14. Fair value hierarchy (continued)

Level 2 financial assets and financial liabilities

The following table sets out the Group's principal valuation techniques as at 31 March 2024 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy:

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

14. Fair value hierarchy (continued)

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

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The table below shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2024	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Group					
Assets					
Other debt securities	59 613	Potential impact on income statement		2 192	(3 713)
		Credit spreads	0.75%–0.86%	40	(68)
		Cash flow adjustments	CPR 7.62%–11.08%	214	(160)
		Other	^	1 938	(3 485)
Derivative financial instruments	53 009	Potential impact on income statement		5 329	(5 420)
		Volatilities	7.5%–19.1%	1	(3)
		Cash flow adjustments	CPR 7.62%–11.08%	2	(2)
		Underlying asset value	^^	4 574	(4 619)
		Other	^	752	(796)
Investment portfolio	242 593	Potential impact on income statement		24 639	(48 475)
		Price earnings multiple	3.8x–9x	6 485	(13 200)
		Cash flow adjustments	10%	225	(449)
		Underlying asset value	^^	9 798	(18 625)
		Other	^	8 131	(16 201)
Loans and advances to customers	2 042 150	Potential impact on income statement		16 027	(35 018)
		Credit spreads	0.16%–37.8%	10 840	(24 697)
		Price earnings multiple	3.8x	2 762	(6 893)
		Underlying asset value	^^	1 435	(1 631)
		Other	^	990	(1 797)
		Potential impact on other comprehensive income			
		Credit spreads	0.14%–5.0%	12 783	(24 177)
Other securitised assets	66 702	Potential impact on income statement			
		Cash flow adjustments	CPR 7.62%	770	(1 291)
Total level 3 assets	**2 464 067**			**61 740**	**(118 094)**
Liabilities					
Derivative financial instruments	64 341	Potential impact on income statement		(5 552)	3 507
		Volatilities	9%–23.3%	(1)	2
		Underlying asset value	^^	(5 550)	3 505
		Other	^	(1)	—
Liabilities arising on securitisation of other assets*	71 751	Potential impact on income statement			
		Cash flow adjustments	CPR 7.62%	(805)	440
Total level 3 liabilities	**136 092**			**(6 357)**	**3 947**
Net level 3 assets	**2 327 975**				

* 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 and 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.

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14. Fair value hierarchy (continued)

At 31 March 2023	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Group					
Assets					
Other debt securities	93 932	Potential impact on income statement		2 702	(5 253)
		Credit spreads	1.05%–1.87%	108	(254)
		Cash flow adjustments	CPR 14.81%	10	(10)
		Other	^	2 584	(4 989)
Derivative financial instruments	53 184	Potential impact on income statement		5 260	(5 136)
		Volatilities	7.5%–18.9%	13	(25)
		Cash flow adjustments	CPR 14.81%	6	(5)
		Underlying asset value	^^	3 999	(4 100)
		Other	^	1 242	(1 006)
Securities arising from trading activities	4 002	Potential impact on income statement			
		Cash flow adjustments	CPR 14.17%	206	(235)
Investment portfolio	309 067	Potential impact on income statement		32 599	(65 295)
		Price earnings multiple	5.5x–11.2x	11 718	(21 695)
		Underlying asset value	^^	9 378	(20 883)
		Other	^	11 503	(22 717)
Loans and advances to customers	1 303 646				
		Potential impact on income statement		21 222	(40 572)
		Credit spreads	0.15%–34.3%	10 994	(22 971)
		Price earnings multiple	3.5x–4.2x	4 276	(7 083)
		Underlying asset value	^^	1 564	(1 742)
		Other	^	4 388	(8 776)
		Potential impact on other comprehensive income		15 756	(31 758)
		Credit spreads	0.29%–5.5%	15 753	(31 751)
		Other	^	3	(7)
Other securitised assets	78 231	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	701	(669)
Total level 3 assets	**1 842 062**			**78 446**	**(148 918)**
Liabilities					
Derivative financial instruments	59 458	Potential impact on income statement		(4 098)	4 099
		Volatilities	9%–18.9%	(1)	2
		Underlying asset value	^^	(4 097)	4 097
Liabilities arising on securitisation of other assets*	81 609	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	(351)	363
Other liabilities	6 324	Potential impact on income statement			
		Other	^	(632)	632
Total level 3 liabilities	**147 391**			**(5 081)**	**5 094**
Net level 3 assets	**1 694 671**				

* 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 and earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

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

Credit spreads

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

Discount rates

Discount rates 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 that can be expected from the instrument and requires judgement. Cash flows are input into a discounted cash flow valuation.

Price earnings multiple

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

Underlying asset value

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

NOTES TO THE FINANCIAL STATEMENTS
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14. Fair value hierarchy (continued)

At 31 March £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Company				
2024				
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	164 319	—	164 319	—
Sovereign debt securities	280 438	280 438	—	—
Bank debt securities	247 263	247 263	—	—
Other debt securities	69 037	8 552	65	60 420
Derivative financial instruments	421 230	—	413 245	7 985
Securities arising from trading activities	157 332	157 332	—	—
Loans and advances to customers*	2 032 806	—	—	2 032 806
Other loans and advances	24 124	—	—	24 124
Other securitised assets	468	—	—	468
Investment portfolio	43 677	35	754	42 888
Other assets	4 732	4 732	—	—
	3 445 426	**698 352**	**578 383**	**2 168 691**
Liabilities				
Derivative financial instruments	429 675	—	407 673	22 002
Other trading liabilities	18 449	18 449	—	—
Debt securities in issue	9 823	—	9 823	—
	457 947	**18 449**	**417 496**	**22 002**
Net assets at fair value	**2 987 479**	**679 903**	**160 887**	**2 146 689**

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

At 31 March £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Company				
2023				
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	345 869	—	345 869	—
Sovereign debt securities	362 876	362 876	—	—
Bank debt securities	195 636	195 636	—	—
Other debt securities	94 847	—	60	94 787
Derivative financial instruments	625 897	—	615 603	10 294
Securities arising from trading activities	127 537	123 475	60	4 002
Loans and advances to customers*	1 293 046	—	—	1 293 046
Other securitised assets	4 005	—	—	4 005
Investment portfolio	46 534	525	884	45 125
Other assets	10 327	10 327	—	—
	3 106 574	**692 839**	**962 476**	**1 451 259**
Liabilities				
Derivative financial instruments	665 600	—	643 602	21 998
Other trading liabilities	28 184	28 184	—	—
Debt securities in issue	21 554	—	21 554	—
	715 338	**28 184**	**665 156**	**21 998**
Net assets at fair value	**2 391 236**	**664 655**	**297 320**	**1 429 261**

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

Level 3 instruments

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

For the year to **£'000**	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets[1]	**Total**
Company					
Assets					
Balance as at 1 April 2022	**68 944**	**1 191 573**	**5 083**	**118 785**	**1 384 385**
Total gains or (losses)	12 890	90 069	(389)	1 079	103 649
In the income statement	12 890	90 325	(389)	1 079	103 905
In the statement of comprehensive income	—	(256)	—	—	(256)
Purchases	7 153	1 685 015	—	27 286	1 719 454
Sales	(38 150)	(739 499)	—	(12 565)	(790 214)
Settlements	(7 336)	(977 612)	(688)	(32 599)	(1 018 235)
Transfers into level 3	—	—	—	4 746	4 746
Foreign exchange adjustments	1 624	43 500	(1)	2 351	47 474
Balance as at 31 March 2023	**45 125**	**1 293 046**	**4 005**	**109 083**	**1 451 259**
Total gains or (losses)	138	176 062	(3 537)	3 405	176 068
In the income statement	138	177 848	(3 537)	3 405	177 854
In the statement of comprehensive income	—	(1 786)	—	—	(1 786)
Purchases	20 528	2 551 450	—	64 230	2 636 208
Sales	(4 496)	(1 058 680)	—	(14 481)	(1 077 657)
Settlements	(17 716)	(898 105)	—	(76 886)	(992 707)
Foreign exchange adjustments	(691)	(30 967)	—	7 178	(24 480)
Balance as at 31 March 2024	**42 888**	**2 032 806**	**468**	**92 529**	**2 168 691**

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

For the year to **£'000**	Derivative financial instruments	**Total**
Company		
Liabilities		
Balance as at 1 April 2022	**14 818**	**14 818**
Total losses	6 516	6 516
In the income statement	6 516	6 516
Transfers out of level 3	(8)	(8)
Foreign exchange adjustments	672	672
Balance as at 31 March 2023	**21 998**	**21 998**
Total (gains)	(458)	(458)
In the income statement	(458)	(458)
Foreign exchange adjustments	462	462
Balance as at 31 March 2024	**22 002**	**22 002**

The Group transfers between levels within the fair value hierarchy when the observability of inputs change, or if the valuation methods change. Transfers are deemed to occur at the end of each semi-annual reporting period.

For the year to 31 March 2024, there were no transfers into or from level 3. In the prior year, derivative financial instruments assets of £4.7 million were transferred from level 2 to level 3, and derivative financial instruments liabilities of £8 000 were transferred from level 3 to level 2. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

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

For the year to 31 March £'000	Total	Realised	Unrealised
Company			
2024			
Total gains or (losses) included in the income statement for the period			
Net interest income	177 923	157 749	20 174
Investment income*	1 617	8 558	(6 941)
Trading income arising from customer flow	(2 143)	—	(2 143)
	177 397	**166 307**	**11 090**
Total gains or (losses) included in other comprehensive income for the period			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	534	534	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(1 786)	—	(1 786)
	(1 252)	**534**	**(1 786)**
2023			
Total gains or (losses) included in the income statement for the period			
Net interest income	96 393	84 418	11 975
Investment income	837	20 380	(19 543)
Trading loss arising from customer flow	159	—	159
	97 389	**104 798**	**(7 409)**
Total gains or (losses) included in other comprehensive income for the period			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	433	433	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(256)	—	(256)
	177	**433**	**(256)**

* Included within the investment income statement balance are fair value losses of £5.1 million (31 March 2023: £nil) presented within operational items in the income statement.

Level 2 financial assets and financial liabilities

The Company follows the Group's principal valuation techniques set out on page 188 in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

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

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The table below shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2024	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Company					
Assets					
Other debt securities	60 420	Potential impact on income statement		2 214	(3 720)
		Credit spreads	0.75%–0.86%	39	(66)
		Cash flow adjustments	CPR 7.62%–11.08%	237	(169)
		Other	^	1 938	(3 485)
Derivative financial instruments	7 985	Potential impact on income statement		799	(891)
		Volatilities	7.5%–19.1%	1	(3)
		Underlying asset value	^^	46	(93)
		Other	^	752	(795)
Investment portfolio	42 888	Potential impact on income statement		4 372	(8 969)
		Underlying asset value	^^	3 822	(7 869)
		Other	^	550	(1 100)
Loans and advances to customers	2 032 806	Potential impact on income statement		13 070	(27 734)
		Credit spreads	0.16%–37.8%	10 840	(24 697)
		Underlying asset value	^^	1 240	(1 240)
		Other	^	990	(1 797)
		Potential impact on other comprehensive income			
		Credit spreads	0.14%–5.0%	12 783	(24 177)
Other securitised assets	468	Potential impact on income statement			
		Cash flow adjustments	CPR 11.08%	317	(468)
Other loans and advances	24 124	Potential impact on income statement		96	(1 906)
		Credit spreads	1.09%–4.41%	96	(246)
		Underlying asset value	^^	—	(1 660)
Total level 3 assets	**2 168 691**			**33 651**	**(67 865)**
Liabilities					
Derivative financial instruments	22 002	Potential impact on income statement		(316)	(654)
		Discount rate	10.93%–13.1%	(314)	(652)
		Volatilities	9%–22.3%	(1)	(2)
		Other	^	(1)	—
Total level 3 liabilities	**22 002**			**(316)**	**(654)**
Net level 3 assets	**2 146 689**				

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

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

At 31 March 2023	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	**Favourable changes £'000**	**Unfavourable changes £'000**
Company					
Assets					
Other debt securities	94 787	Potential impact on income statement		2 693	(5 251)
		Credit spreads	1.05%–1.87%	107	(253)
		Cash flow adjustments	CPR 14.81%	2	(9)
		Other	^	2 584	(4 989)
Derivative financial instruments	10 294	Potential impact on income statement		1 256	(1 034)
		Volatilities	7.5%–18.9%	13	(25)
		Underlying asset value	^^	1	(3)
		Other	^	1 242	(1 006)
Securities arising from trading activities	4 002	Potential impact on income statement			
		Cash flow adjustments	CPR 14.17%	206	(235)
Investment portfolio	45 125	Potential impact on income statement		4 670	(9 318)
		Underlying asset value	^^	2 367	(4 900)
		Other	^	2 303	(4 418)
Loans and advances to customers	1 293 046	Potential impact on income statement		16 642	(32 880)
		Credit spreads	0.28%–5.2%	10 994	(22 971)
		Underlying asset value	^^	1 293	(1 200)
		Other	^	4 355	(8 709)
		Potential impact on other comprehensive income		15 756	(31 758)
		Credit spreads	0.29%–5.5%	15 753	(31 751)
		Other	^	3	(7)
Other securitised assets	4 005	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	336	(310)
Total level 3 assets	**1 451 259**			**41 559**	**(80 786)**
Liabilities					
Derivative financial instruments	21 998	Potential impact on income statement		(424)	1 040
		Discount rate	12.28%	(423)	1 038
		Volatilities	9%–18.9%	(1)	2
Total level 3 liabilities	**21 998**			**(424)**	**1 040**
Net level 3 assets	**1 429 261**				

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

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level within the fair value hierarchy Level 1	Level 2	Level 3
Group							
2024							
Assets							
Cash and balances at central banks	5 661 623	5 661 623	—	—	—	—	—
Loans and advances to banks	676 001	676 001	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	975 796	904 973	70 823	70 775	—	70 775	—
Sovereign debt securities	934 845	4 253	930 592	930 937	930 937	—	—
Bank debt securities	49 992	—	49 992	50 432	50 432	—	—
Other debt securities	640 055	26 958	613 097	614 800	—	614 800	—
Loans and advances to customers	14 457 745	542 986	13 914 759	13 715 487	—	982 824	12 732 663
Other loans and advances	145 545	99 497	46 048	46 167	—	46 167	—
Other assets	450 714	450 714	—	—	—	—	—
	23 992 316	**8 367 005**	**15 625 311**	**15 428 598**			
Liabilities							
Deposits by banks	2 174 305	271 520	1 902 785	1 917 265	—	1 917 265	—
Repurchase agreements and cash collateral on securities lent	85 091	85 091	—	—	—	—	—
Customer accounts (deposits)	20 851 216	10 018 541	10 832 675	10 810 561	—	10 810 561	—
Debt securities in issue	947 064	1 194	945 870	951 478	665 266	286 212	—
Other liabilities	557 111	555 484	1 627	536	—	—	536
Subordinated liabilities	668 810	—	668 810	661 143	661 143	—	—
	25 283 597	**10 931 830**	**14 351 767**	**14 340 983**			

For the year ended 31 March 2024, there were insignificant disposals of financial instruments measured at amortised cost.

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These assets and liabilities include demand deposits, savings accounts without a specific maturity, which are included in customer accounts (deposits), and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value

Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level within the fair value hierarchy Level 1	Level 2	Level 3
Group							
2023							
Assets							
Cash and balances at central banks	5 400 401	5 400 401	—	—	—	—	—
Loans and advances to banks	892 791	892 791	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	992 830	807 046	185 784	185 503	—	185 503	—
Sovereign debt securities	55 922	4 370	51 552	51 494	51 494	—	—
Bank debt securities	4 954	—	4 954	4 952	4 952	—	—
Other debt securities	603 283	42 611	560 672	554 892	—	554 892	—
Loans and advances to customers	14 173 866	611 611	13 562 255	13 426 192	—	1 016 299	12 409 893
Other loans and advances	172 087	99 188	72 899	72 976	—	72 976	—
Other assets	612 197	612 197	—	—	—	—	—
	22 908 331	**8 470 215**	**14 438 116**	**14 296 009**			
Liabilities							
Deposits by banks	2 172 170	373 944	1 798 226	1 804 116	—	1 804 116	—
Repurchase agreements and cash collateral on securities lent	139 529	85 070	54 459	52 486	—	52 486	—
Customer accounts (deposits)	19 251 399	10 556 163	8 695 236	8 654 686	—	8 654 686	—
Debt securities in issue	1 119 325	1 183	1 118 142	1 093 330	621 480	471 850	—
Other liabilities	622 337	619 707	2 630	1 572	—	—	1 572
Subordinated liabilities	731 483	—	731 483	713 119	713 119	—	—
	24 036 243	**11 636 067**	**12 400 176**	**12 319 309**			

For the year ended 31 March 2023, there were insignificant disposals of financial instruments measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity.

For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Certain financial instruments that would normally be carried at fair value continue to be recognised at transaction price. This occurs when the fair value would normally be determined using valuation techniques which cannot be relied on due to insufficient external inputs. This results in gains or losses which have not been recognised on-balance sheet.

The following table sets out the Group's principal level 2 and 3 valuation techniques used in determining the fair value of its financial assets and financial liabilities:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Other debt securities	Priced with reference to similar trades in an observable market.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short term in nature, carrying amounts are assumed to approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level within the fair value hierarchy Level 1	Level 2	Level 3
Company							
2024							
Assets							
Cash and balances at central banks	5 650 257	5 650 257	—	—	—	—	—
Loans and advances to banks	290 068	290 068	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	975 796	904 973	70 823	70 775	—	70 775	—
Sovereign debt securities	796 986	—	796 986	797 057	797 057	—	—
Bank debt securities	42 268	—	42 268	42 785	42 785	—	—
Other debt securities	1 346 193	733 095	613 098	614 800	—	614 800	—
Loans and advances to customers	10 659 817	272 526	10 387 291	10 255 527	—	—	10 255 527
Other loans and advances	3 287 684	3 241 637	46 047	46 167	—	46 167	—
Other assets	418 149	418 149	—	—	—	—	—
	23 467 218	**11 510 705**	**11 956 513**	**11 827 111**			
Liabilities							
Deposits by banks	2 558 021	655 236	1 902 785	1 917 265	—	1 917 265	—
Repurchase agreements and cash collateral on securities lent	235 447	235 447	—	—	—	—	—
Customer accounts (deposits)	19 720 605	9 219 020	10 501 585	10 479 003	—	10 479 003	—
Debt securities in issue	945 871	—	945 871	951 478	665 266	286 212	—
Other liabilities	468 790	467 163	1 627	536	—	—	536
Subordinated liabilities	668 810	—	668 810	661 143	661 143	—	—
	24 597 544	**10 576 866**	**14 020 678**	**14 009 425**			

For the year ended 31 March 2024, there were insignificant disposals of financial instruments measured at amortised cost.

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These assets and liabilities include demand deposits, savings accounts without a specific maturity, which are included in customer accounts (deposits), and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value

Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level within the fair value hierarchy Level 1	Level 2	Level 3
Company							
2023							
Assets							
Cash and balances at central banks	5 380 346	5 380 346	—	—	—	—	—
Loans and advances to banks	237 897	237 897	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	992 830	807 046	185 784	185 503	—	185 503	—
Sovereign debt securities	9 865	—	9 865	9 862	9 862	—	—
Bank debt securities	4 954	—	4 954	4 952	4 952	—	—
Other debt securities	1 309 406	748 734	560 672	554 892	—	554 892	—
Loans and advances to customers	10 534 443	290 669	10 243 774	10 207 579	—	—	10 207 579
Other loans and advances	3 199 833	3 126 934	72 899	72 976	—	72 976	—
Other assets	366 195	366 195	—	—	—	—	—
	22 035 769	**10 957 821**	**11 077 948**	**11 035 764**			
Liabilities							
Deposits by banks	2 524 081	725 854	1 798 227	1 804 116	—	1 804 116	—
Repurchase agreements and cash collateral on securities lent	289 529	235 070	54 459	52 486	—	52 486	—
Customer accounts (deposits)	17 953 810	9 455 841	8 497 969	8 457 413	—	8 457 413	—
Debt securities in issue	1 118 142	—	1 118 142	1 093 330	621 480	471 850	—
Other liabilities	384 410	381 780	2 630	1 572	—	—	1 572
Subordinated liabilities	731 483	—	731 483	713 119	713 119	—	—
	23 001 455	**10 798 545**	**12 202 910**	**12 122 036**			

For the year ended 31 March 2023, there were insignificant disposals of financial instruments measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

16. Designated at fair value

		Fair value adjustment		Change in fair value attributable to credit risk*		
At 31 March £'000	**Carrying value**	**Current**	**Cumulative**	**Current**	**Cumulative**	**Maximum exposure to credit risk**
Group						
Assets						
2024						
Securities arising from trading activities	10 699	529	1 753	(98)	(161)	10 699
Other securitised assets	66 702	(2 747)	(12 648)	(2 747)	(12 648)	66 702
	77 401	**(2 218)**	**(10 895)**	**(2 845)**	**(12 809)**	**77 401**
2023						
Securities arising from trading activities	12 916	930	(638)	(120)	(57)	12 916
Other securitised assets	78 231	(2 352)	(7 459)	(2 352)	(7 459)	78 927
	91 147	**(1 422)**	**(8 097)**	**(2 472)**	**(7 516)**	**91 843**

			Fair value adjustment		Change in fair value attributable to credit risk*	
At 31 March £'000	**Carrying value**	**Remaining contractual amount to be repaid at maturity**	**Current**	**Cumulative**	**Current**	**Cumulative**
Liabilities						
2024						
Debt securities in issue	9 823	9 969	79	2 217	(106)	(160)
Liabilities arising on securitisation of other assets	71 751	77 152	567	(4 350)	567	(4 350)
	81 574	**87 121**	**646**	**(2 133)**	**461**	**(4 510)**
2023						
Debt securities in issue	21 554	20 097	(274)	5 146	(85)	(67)
Liabilities arising on securitisation of other assets	81 609	86 985	250	(5 441)	250	(5 441)
	103 163	**107 082**	**(24)**	**(295)**	**165**	**(5 508)**

* Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

16. Designated at fair value (continued)

At 31 March £'000	Carrying value	Fair value adjustment: Current	Fair value adjustment: Cumulative	Change in fair value attributable to credit risk*: Current	Change in fair value attributable to credit risk*: Cumulative	Maximum exposure to credit risk
Company						
Assets						
2024						
Other debt securities	1 064	—	1 064	—	1 064	1 064
Securities arising from trading activities	10 699	529	1 753	(98)	(161)	10 699
Other securitised assets	468	(3 537)	469	(3 537)	469	469
	12 231	**(3 008)**	**3 286**	**(3 635)**	**1 372**	**12 232**
2023						
Other debt securities	1 094	(218)	154	(218)	154	1 094
Securities arising from trading activities	12 916	930	(638)	(120)	(57)	12 916
Other securitised assets	4 005	(1 078)	4 005	(1 078)	4 005	4 005
	18 015	**(366)**	**3 521**	**(1 416)**	**4 102**	**18 015**

At 31 March £'000	Carrying value	Remaining contractual amount to be repaid at maturity	Fair value adjustment: Current	Fair value adjustment: Cumulative	Change in fair value attributable to credit risk*: Current	Change in fair value attributable to credit risk*: Cumulative
Liabilities						
2024						
Debt securities in issue	9 823	9 969	79	2 217	(106)	(160)
	9 823	**9 969**	**79**	**2 217**	**(106)**	**(160)**
2023						
Debt securities in issue	21 554	20 097	(274)	5 146	(85)	(67)
	21 554	**20 097**	**(274)**	**5 146**	**(85)**	**(67)**

* Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

17. Cash and balances at central banks

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Gross cash and balances at central banks	5 661 623	5 400 401	5 650 257	5 380 346
Expected credit loss	—	—	—	—
Net cash and balances at central banks	**5 661 623**	**5 400 401**	**5 650 257**	**5 380 346**
The country risk of cash and bank balances at central banks lies in the following geographies:				
United Kingdom	5 650 258	5 380 357	5 650 257	5 380 346
Europe (excluding UK)	11 365	20 044	—	—
	5 661 623	**5 400 401**	**5 650 257**	**5 380 346**

18. Loans and advances to banks

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Gross loans and advances to banks	676 024	892 862	290 071	237 916
Expected credit loss	(23)	(71)	(3)	(19)
Net loans and advances to banks	**676 001**	**892 791**	**290 068**	**237 897**
The country risk of loans and advances to banks lies in the following geographies:				
South Africa	2 074	6 763	31 907	45 710
United Kingdom	309 774	511 777	89 638	69 107
Europe (excluding UK)	266 415	287 669	92 498	63 928
Australia	9 617	14 313	5 766	10 187
North America	77 740	62 609	66 204	46 434
Asia	10 108	8 446	3 785	1 535
Other	273	1 214	270	996
	676 001	**892 791**	**290 068**	**237 897**

NOTES TO THE FINANCIAL STATEMENTS
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19. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Assets				
Gross reverse repurchase agreements and cash collateral on securities borrowed	1 140 129	1 338 711	1 140 129	1 338 711
Expected credit loss	(14)	(12)	(14)	(12)
Net reverse repurchase agreements and cash collateral on securities borrowed	**1 140 115**	**1 338 699**	**1 140 115**	**1 338 699**
Reverse repurchase agreements	1 131 175	1 328 235	1 131 175	1 328 235
Cash collateral on securities borrowed	8 940	10 464	8 940	10 464
	1 140 115	**1 338 699**	**1 140 115**	**1 338 699**
As part of the reverse repurchase and securities borrowing agreements the Group has received securities that it is allowed to sell or repledge. £59 million (2023: £90 million) has been resold or repledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.				
Liabilities				
Repurchase agreements	67 521	118 373	217 876	268 373
Cash collateral on securities lent	17 570	21 156	17 571	21 156
	85 091	**139 529**	**235 447**	**289 529**

The assets transferred and not derecognised in the above repurchase agreements are fair valued at £86 million (2023: £61 million). They are pledged as security for the term of the underlying repurchase agreement.

NOTES TO THE FINANCIAL STATEMENTS
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20. Sovereign debt securities

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Gross sovereign debt securities	1 928 134	1 221 744	1 077 424	372 741
Expected credit loss	—		—	
Net sovereign debt securities	**1 928 134**	**1 221 744**	**1 077 424**	**372 741**
The country risk of sovereign debt securities lies in the following geographies:				
United Kingdom	1 108 907	348 827	825 216	58 783
Europe (excluding UK)*	136 269	190 232	51 193	120 154
North America	682 958	682 685	201 015	193 804
	1 928 134	**1 221 744**	**1 077 424**	**372 741**

* Where Europe (excluding UK) largely includes securities held in Germany and Switzerland.

21. Bank debt securities

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Gross bank debt securities	297 257	204 691	289 533	200 590
Expected credit loss	(2)	—	(2)	—
Net bank debt securities	**297 255**	**204 691**	**289 531**	**200 590**
Bonds	297 255	200 590	289 531	200 590
Floating rate notes	—	4 101	—	—
	297 255	**204 691**	**289 531**	**200 590**
The country risk of bank debt securities lies in the following geographies:				
United Kingdom	188 179	122 690	188 179	122 662
Europe (excluding UK)	43 935	71 873	36 211	67 800
Australia	33 476	10 128	33 476	10 128
North America	31 665	—	31 665	—
	297 255	**204 691**	**289 531**	**200 590**

22. Other debt securities

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Gross other debt securities	708 689	697 837	1 415 634	1 404 815
Expected credit loss	(404)	(562)	(404)	(562)
Net other debt securities	**708 285**	**697 275**	**1 415 230**	**1 404 253**
Bonds	88 189	120 510	794 069	826 394
Asset-backed securities	620 096	576 765	621 161	577 859
	708 285	**697 275**	**1 415 230**	**1 404 253**
The country risk of other debt securities lies in the following geographies:				
United Kingdom	73 161	108 175	780 363	815 392
Europe (excluding UK)	95 957	140 937	95 957	140 937
North America	515 335	400 496	515 335	400 496
Asia	23 832	47 667	23 575	47 428
	708 285	**697 275**	**1 415 230**	**1 404 253**

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23. Derivative financial instruments

The Group enters into various contracts for derivatives, both as principal for trading purposes and as a customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at the balance sheet date.

	2024			2023		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Group						
Foreign exchange derivatives						
Forward foreign exchange contracts	17 274 128	121 509	76 185	15 680 009	186 867	142 523
Currency swaps	536 757	5 497	4 685	678 329	9 484	8 724
OTC options bought and sold	1 931 247	9 710	10 794	1 877 070	24 153	22 865
	19 742 132	**136 716**	**91 664**	**18 235 408**	**220 504**	**174 112**
Interest rate derivatives						
Caps and floors	11 881 599	99 163	95 676	10 576 158	155 330	150 118
Swaps	40 087 486	80 900	126 493	46 254 022	74 981	160 283
OTC options bought and sold	31 723	—	505	—	—	—
OTC derivatives	**52 000 808**	**180 063**	**222 674**	**56 830 180**	**230 311**	**310 401**
Exchange traded futures	—	—	—	—	—	—
	52 000 808	**180 063**	**222 674**	**56 830 180**	**230 311**	**310 401**
Equity and stock index derivatives						
OTC options bought and sold	711 169	39 170	69 483	1 604 247	63 258	120 243
Equity swaps and forwards	—	—	—	6 343	173	—
OTC derivatives	**711 169**	**39 170**	**69 483**	**1 610 590**	**63 431**	**120 243**
Exchange traded futures	109 117	—	—	225 212	—	—
Exchange traded options	4 319 032	53 073	79	11 453 984	55 231	45
	5 139 318	**92 243**	**69 562**	**13 289 786**	**118 662**	**120 288**
Commodity derivatives						
OTC options bought and sold	347 969	42 504	63 436	251 899	39 853	59 145
Commodity swaps and forwards	497 975	17 071	23 424	721 125	45 219	38 152
	845 944	**59 575**	**86 860**	**973 024**	**85 072**	**97 297**
Exchange traded futures	171 727	—	—	—	—	—
	1 017 671	**59 575**	**86 860**	**973 024**	**85 072**	**97 297**
Credit derivatives	**67 756**	**1 796**	**1 902**	**138 862**	**20 670**	**2 718**
Other derivatives		**4 441**			**5 043**	
Derivatives per balance sheet		**474 834**	**472 662**		**680 262**	**704 816**

NOTES TO THE FINANCIAL STATEMENTS
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23. Derivative financial instruments (continued)

At 31 March £'000	2024 Notional principal amounts	2024 Positive fair value	2024 Negative fair value	2023 Notional principal amounts	2023 Positive fair value	2023 Negative fair value
Company						
Foreign exchange derivatives						
Forward foreign exchange contracts	15 321 088	112 993	69 716	13 786 504	177 418	133 701
Currency swaps	509 266	2 912	4 464	653 113	6 252	7 806
OTC options bought and sold	1 893 529	9 363	10 626	1 818 939	22 616	22 565
	17 723 883	**125 268**	**84 806**	**16 258 556**	**206 286**	**164 072**
Interest rate derivatives						
Caps and floors	11 135 097	99 103	88 710	10 147 991	155 330	140 553
Swaps	40 030 668	80 907	138 625	46 181 646	74 988	177 968
Forward rate agreements	—	—	5 278	—	—	2 627
OTC options bought and sold	31 723	—	505	—	—	—
OTC derivatives	**51 197 488**	**180 010**	**233 118**	**56 329 637**	**230 318**	**321 148**
Exchange traded futures	—	—	—	—	—	—
	51 197 488	**180 010**	**233 118**	**56 329 637**	**230 318**	**321 148**
Equity and stock index derivatives						
OTC options bought and sold	711 169	39 170	69 483	1 604 247	63 258	120 243
Equity swaps and forwards	—	—	—	6 343	173	—
OTC derivatives	**711 169**	**39 170**	**69 483**	**1 610 590**	**63 431**	**120 243**
Exchange traded futures	109 117	—	—	225 212	—	—
Exchange traded options	4 319 032	53 073	79	11 453 984	55 231	45
	5 139 318	**92 243**	**69 562**	**13 289 786**	**118 662**	**120 288**
Commodity derivatives						
OTC options bought and sold	112 685	854	21 252	11 448	5 178	21 853
Commodity swaps and forwards	425 063	16 618	19 035	649 958	39 740	35 521
	537 748	**17 472**	**40 287**	**661 406**	**44 918**	**57 374**
Exchange traded futures	171 727	—	—	—	—	—
	709 475	**17 472**	**40 287**	**661 406**	**44 918**	**57 374**
Credit derivatives	**67 756**	**1 796**	**1 902**	**138 862**	**20 670**	**2 718**
Other derivatives		**4 441**			**5 043**	
Derivatives per balance sheet		**421 230**	**429 675**		**625 897**	**665 600**

NOTES TO THE FINANCIAL STATEMENTS
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24. Securities arising from trading activities

At 31 March £'000	Group **2024**	Group 2023	Company **2024**	Company 2023
Asset-backed securities	—	4 002	—	4 002
Bonds	12 050	24 106	12 050	24 106
Government securities	171	—	171	—
Listed equities	145 111	99 429	145 111	99 429
	157 332	**127 537**	**157 332**	**127 537**

25. Investment portfolio

At 31 March £'000	Group **2024**	Group 2023	Company **2024**	Company 2023
Listed equities	789	1 664	37	530
Unlisted equities*	243 351	309 954	43 640	46 004
	244 140	**311 618**	**43 677**	**46 534**

* Unlisted equities include loan instruments that are convertible into equity.

26. Loans and advances to customers and other loans and advances

At 31 March £'000	Group **2024**	Group 2023	Company **2024**	Company 2023
Gross loans and advances to customers at amortised cost	14 631 845	14 314 591	10 785 526	10 636 309
Gross loans and advances to customers at FVOCI^	1 471 371	843 428	1 471 371	843 428
Suspended interest	5 066	4 822	4 297	4 360
Gross loans and advances to customers subject to expected credit losses	**16 108 282**	**15 162 841**	**12 261 194**	**11 484 097**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(174 100)	(140 725)	(125 709)	(101 866)
Suspended interest	(5 066)	(4 822)	(4 297)	(4 360)
Net loans and advances to customers at amortised cost and FVOCI^	**15 929 116**	**15 017 294**	**12 131 188**	**11 377 871**
Loans and advances to customers at fair value through profit and loss	641 197	550 515	561 435	449 618
Net loans and advances to customers	**16 570 313**	**15 567 809**	**12 692 623**	**11 827 489**
Gross other loans and advances	145 575	172 180	3 294 144	3 206 224
Expected credit losses on other loans and advances	(30)	(93)	(6 460)	(6 391)
Net other loans and advances at amortised cost	**145 545**	**172 087**	**3 287 684**	**3 199 833**
Other loans and advances at fair value through profit and loss	—	—	24 124	—
Net other loans and advances	**145 545**	**172 087**	**3 311 808**	**3 199 833**

^ Expected credit losses above do not include £13.3 million (31 March 2023: £5.3 million) ECL held against financial assets held at FVOCI.

In accordance with IFRS 9, interest should only be recognised on the net position (i.e. gross loans and advances less ECL) on positions in default. Suspended interest relates to interest not recognised, relating to the ECL on the loans and advances in default.

For further analysis on loans and advances for the Group, refer to pages 274 to 280 in the notes to risk and capital management, for the Company pages 303 to 304.

NOTES TO THE FINANCIAL STATEMENTS
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26. Loans and advances to customers and other loans and advances (continued)

At 31 March £'000	Group 2024	Company 2024
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^		
Balance as at 1 April 2022	**130 805**	**85 679**
Charge to the income statement	53 592	43 499
Reversals and recoveries recognised in the income statement	(1 094)	(1 094)
Write-offs	(45 684)	(29 429)
Exchange adjustments	3 106	3 211
Balance as at 31 March 2023	**140 725**	**101 866**
Charge to the income statement	82 358	63 489
Reversals and recoveries recognised in the income statement	(83)	(83)
Write-offs	(48 018)	(38 702)
Exchange adjustments	(882)	(861)
Balance as at 31 March 2024	**174 100**	**125 709**
Expected credit loss on other loans and advances		
Balance as at 1 April 2022	**48**	**13 315**
Charge to the income statement	57	464
Write-offs	—	(7 388)
Exchange adjustments	(12)	—
Balance as at 31 March 2023	**93**	**6 391**
Charge to the income statement	(63)	120
Write-offs	—	(51)
Balance as at 31 March 2024	**30**	**6 460**

^ Expected credit losses above do not include £13.3 million (31 March 2023: £5.3 million) ECL held against financial assets held at FVOCI.

27. Other securitised assets and liabilities arising on securitisation

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Other securitised assets are made up of the following categories of assets:				
Loans and advances to customers	66 234	74 226	—	—
Other debt securities	468	4 005	468	4 005
Total other securitised assets	**66 702**	**78 231**	**468**	**4 005**
The associated liabilities are recorded on-balance sheet in the following line items:				
Liabilities arising on securitisation of other assets	**71 751**	**81 609**	**—**	**—**

NOTES TO THE FINANCIAL STATEMENTS
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28. Interests in associated undertakings and joint venture holdings

For the year to 31 March £'000	2024	2023
Group		
Interests in associated undertakings and joint venture holdings consist of:		
Net asset value	136 760	5 011
Goodwill and intangibles within the carrying value	654 512	5 840
Investment in associated undertakings and joint venture holdings	**791 272**	**10 851**
Associated undertakings and joint venture holdings comprise listed and unlisted investments		
Analysis of the movement in our share of net assets:		
At the beginning of the year	5 011	5 689
Exchange adjustments	(99)	228
Acquisitions*	119 230	—
Derecognition from stepped acquisition/disposals	(2 123)	(565)
Impairment	—	(282)
Share of post-taxation profits of associates and joint venture holdings^	14 712	1 081
Share of other comprehensive income of associates and joint venture holdings	257	—
Dividends received	(228)	(1 140)
At the end of the year	**136 760**	**5 011**
Analysis of the movement in goodwill and intangibles:		
At the beginning of the year	5 840	5 755
Exchange adjustments	(126)	224
Acquisitions*	660 191	—
Derecognition from stepped acquisition	(5 714)	—
Amortisation of acquired intangibles of associates	(5 679)	—
Impairment	—	(139)
At the end of the year	**654 512**	**5 840**

^ Included within the share of post-taxation profit from associates and joint venture holdings is an expense of £16.6 million in Rathbones presented within operational items in the income statement. In the prior year, included within the share of post-taxation profit from associates and joint venture holdings in the income statement is an impairment of £421 000.

* Refer to note 34 for more details.

For the year to 31 March £'000	2024	2023
Company		
Analysis of the movement in investment:		
At the beginning of the year	2 301	2 167
Exchange adjustments	(48)	134
Acquisitions	779 421	—
Disposals	—	—
At the end of the year	**781 674**	**2 301**
Provision for impairment in value:		
At the beginning of the year	—	—
Disposals	—	—
At the end of the year	**—**	**—**
Net book value at the end of the year	**781 674**	**2 301**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

28. Interests in associated undertakings and joint venture holdings (continued)

	Rathbones Group plc
	2024
Details of material associated undertakings	
Summarised financial information (£'000):	
For the year to 31 March	
Operating income*	436 272
Profit after taxation*	35 000
At 31 March	
Total assets	4 853 534
Total liabilities	3 472 425
Effective interest in issued share capital	41.25%
Net asset value	119 230
Goodwill and intangibles^^	660 191
Fair value of 41.25% interest in Rathbones Group	779 421
Carrying value of interest – equity method ^	**788 437**

* Income statement and other comprehensive income items are only shown for the period for which they are equity accounted.

^ The investment in Rathbones was initially recognised on 21 September 2023 at a fair value of £779.4 million with subsequent equity accounted earnings and amortisation of the intangible asset increasing the value to £788.4 million.

^^ The Group elected to apply the 12-month measurement exemption to finalise the purchase price allocation, with a provisional allocation of £523.9 million to goodwill and £136.3 million to intangible assets arising from client relationships. The allocation is incomplete at year-end as additional analysis is required to finalise the nature and value of intangible assets.

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29. Deferred taxation

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Deferred taxation assets	119 730	111 513	58 572	59 833
Deferred taxation liabilities	—	—	—	—
Net deferred taxation assets	**119 730**	**111 513**	**58 572**	**59 833**
The net deferred taxation assets arise from:				
Deferred capital allowances	62 042	60 249	5 443	5 515
Income and expenditure accruals	1 096	3 404	213	213
Asset in respect of unexpired options	42 436	30 859	42 436	29 654
Unrealised fair value adjustments on financial instruments	11 748	25 584	10 480	24 451
Losses carried forward	2 046	2 079	—	—
Asset in respect of pension deficit	362	372	—	—
Deferred taxation on acquired intangibles	—	(11 034)	—	—
Net deferred taxation assets	**119 730**	**111 513**	**58 572**	**59 833**
Reconciliation of net deferred taxation assets				
At the beginning of the year	**111 513**	**109 542**	**59 833**	**70 214**
Release/(charge) to income statement – current year taxation	9 924	9 577	6 231	(5 876)
Movement directly in other comprehensive income	(7 686)	(4 738)	(7 492)	(4 505)
Arising on acquisitions/disposals	6 035	(2 998)	—	—
Exchange adjustments	(56)	130	—	—
At the end of the year	**119 730**	**111 513**	**58 572**	**59 833**

Deferred tax assets are recognised to the extent it is likely that profits will arise in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred taxation assets are not recognised in respect of capital losses and excess management expenses as crystallisation of capital gains and the eligibility of potential losses is uncertain.

There are trading losses carried forward of £89.9 million (2023: £99.5 million). Company: £25.3 million (2023 Company: £25.3 million) and capital losses carried forward of £83.8 million (2023: £87.8 million) on which deferred tax assets have not been recognised due to uncertainty regarding future profits against which these losses can be utilised. Of the £89.9 million trading losses, £8.5 million will expire in the next four years.

NOTES TO THE FINANCIAL STATEMENTS
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30. Other assets

At 31 March £'000	Group **2024**	Group 2023	Company **2024**	Company 2023
Gross other assets	764 473	993 385	447 974	446 286
Expected credit loss	—	—	—	—
Net other assets	**764 473**	**993 385**	**447 974**	**446 286**
Financial assets				
Settlement debtors	336 788	500 890	331 388	288 144
Trading initial margin	4 732	10 327	4 732	10 327
Prepayments and accruals	38 509	25 656	34 554	1 918
Other	75 417	85 651	52 207	76 133
	455 446	**622 524**	**422 881**	**376 522**
Non-financial assets				
Trading properties	62 500	75 000	—	—
Prepayments and accruals	19 296	67 549	13 261	53 949
Finance lease receivables	174 754	207 203	—	—
Indirect taxation assets receivable	80	1 043	—	963
Other	52 397	20 066	11 832	14 852
	309 027	**370 861**	**25 093**	**69 764**
	764 473	**993 385**	**447 974**	**446 286**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

31. Property and equipment

At 31 March £'000	Freehold properties	Right-of-use assets^	Leasehold improvements	Furniture and vehicles	Equipment	Operating leases*	Total
Group							
2024							
Cost							
At the beginning of the year	36	141 830	57 382	7 129	26 330	1 431	234 138
Exchange adjustments	—	(268)	(41)	45	(21)	—	(285)
Acquisition of subsidiaries	—	—	—	506	—	—	506
Additions	—	8 063	892	221	1 972	53	11 201
Disposals	—	(292)	(2)	(110)	(84)	(188)	(676)
Deconsolidation of subsidiaries	—	(52 403)	(12 118)	—	(14 262)	—	(78 783)
Write-off	—	—	—	—	(5 928)	—	(5 928)
At the end of the year	**36**	**96 930**	**46 113**	**7 791**	**8 007**	**1 296**	**160 173**
Accumulated depreciation							
At the beginning of the year	(36)	(55 858)	(31 181)	(4 170)	(20 594)	(1 285)	(113 124)
Exchange adjustments	—	134	25	42	19	—	220
Acquisition of subsidiaries	—	—	—	(256)	—	—	(256)
Disposals	—	242	2	110	81	174	609
Deconsolidation of subsidiaries	—	20 568	9 684	—	11 662	—	41 914
Depreciation and impairment charge for the year**	—	(12 504)	(5 211)	(703)	(1 872)	(28)	(20 318)
Write-off	—	—	—	—	3 729	—	3 729
At the end of the year	**(36)**	**(47 418)**	**(26 681)**	**(4 977)**	**(6 975)**	**(1 139)**	**(87 226)**
Net carrying value	**—**	**49 512**	**19 432**	**2 814**	**1 032**	**157**	**72 947**
2023							
Cost							
At the beginning of the year	36	139 730	76 416	7 035	23 046	3 466	249 729
Exchange adjustments	—	557	2 789	22	35	—	3 403
Acquisition of subsidiaries	—	—	—	—	183	—	183
Additions	—	7 165	2 222	72	3 318	—	12 777
Disposals	—	(5 622)	(24 045)	—	(252)	(2 035)	(31 954)
At the end of the year	**36**	**141 830**	**57 382**	**7 129**	**26 330**	**1 431**	**234 138**
Accumulated depreciation							
At the beginning of the year	(36)	(45 206)	(25 304)	(3 612)	(17 295)	(3 221)	(94 674)
Exchange adjustments	—	(228)	(50)	(18)	(29)	—	(325)
Acquisition of subsidiaries	—	—	—	—	(167)	—	(167)
Disposals	—	4 076	119	—	246	1 992	6 433
Depreciation and impairment charge for the year**	—	(14 500)	(5 946)	(540)	(3 349)	(56)	(24 391)
At the end of the year	**(36)**	**(55 858)**	**(31 181)**	**(4 170)**	**(20 594)**	**(1 285)**	**(113 124)**
Net carrying value	**—**	**85 972**	**26 201**	**2 959**	**5 736**	**146**	**121 014**

* These are assets held by the Group, in circumstances where the Group is lessor.

^ Right-of-use assets primarily comprise property leases under IFRS 16.

** Included within the depreciation and impairment charge for the year above is £4 million (2023: £9 million) of depreciation expense relating to discontinued operations, which is presented as part of the profit after taxation from discontinued operations in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
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31. Property and equipment (continued)

At 31 March £'000	Right-of-use assets^	Leasehold improvements	Furniture and vehicles	Equipment	Total
Company					
2024					
Cost					
At the beginning of the year	59 617	41 191	5 501	16 672	122 981
Additions	—	—	79	1 104	1 183
Write-off	—	—	—	(5 928)	(5 928)
At the end of the year	**59 617**	**41 191**	**5 580**	**11 848**	**118 236**
Accumulated depreciation					
At the beginning of the year	(27 279)	(20 400)	(2 609)	(14 116)	(64 404)
Depreciation and impairment charge for the year	(5 979)	(4 290)	(542)	(1 034)	(11 845)
Write-off	—	—	—	3 729	3 729
At the end of the year	**(33 258)**	**(24 690)**	**(3 151)**	**(11 421)**	**(72 520)**
Net carrying value	**26 359**	**16 501**	**2 429**	**427**	**45 716**
2023					
Cost					
At the beginning of the year	62 023	41 191	5 460	15 036	123 710
Additions	—	—	41	1 636	1 677
Disposals	(2 406)	—	—	—	(2 406)
At the end of the year	**59 617**	**41 191**	**5 501**	**16 672**	**122 981**
Accumulated depreciation					
At the beginning of the year	(22 456)	(16 110)	(2 089)	(12 541)	(53 196)
Disposals	1 156	—	—	—	1 156
Depreciation and impairment charge for the year	(5 979)	(4 290)	(520)	(1 575)	(12 364)
At the end of the year	**(27 279)**	**(20 400)**	**(2 609)**	**(14 116)**	**(64 404)**
Net carrying value	**32 338**	**20 791**	**2 892**	**2 556**	**58 577**

^ Right-of-use assets primarily comprise property leases under IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS
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32. Goodwill

At 31 March £'000	2024	2023
Cost		
At the beginning of the year	282 381	276 145
Acquisition of subsidiaries	56 268	6 236
Adjustments to goodwill on acquisition within the measurement period	(200)	—
Deconsolidation of subsidiaries	(247 175)	—
Exchange adjustments	(314)	—
At the end of the year	**90 960**	**282 381**
Accumulated impairments		
At the beginning of the year	(32 878)	(32 073)
Impairments	—	(805)
At the end of the year	**(32 878)**	**(32 878)**
Net carrying value	**58 082**	**249 503**
Analysis of goodwill by line of business:		
Wealth & Investment	—	247 375
Specialist Banking	58 082	2 128
Total Group	**58 082**	**249 503**

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired, by comparing the carrying value to its recoverable amount.

The recoverable amount of goodwill is determined based on expected cash flows within the cash-generating units of the Group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue, and related expenditure and loan impairment rates.

Discount rates are based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on the most recent financial budgets for the next financial year and are extrapolated for a period of three to five years, adjusted for expected future events.

The most significant cash-generating unit giving rise to goodwill is Capitalmind with goodwill of £56.3 million. A detailed impairment assessment, including sensitivity test of the cash generating unit (CGU) has been carried out which shows a headroom of £6.52 million. As part of the assessment, a break-even point scenario has been considered. This highlights the CGU would have zero headroom were revenues to be reduced by 10% over the forecast period.

Key assessment input:

1. Forecast revenue based on 31 March 2024 actual
2. Growth rate 2%
3. Discount rate 11.6%

Movement in goodwill

During the year ended 31 March 2024, goodwill decreased by £247.2 million as a result of the deconsolidation of Investec Wealth & Investment following the all-share combination with Rathbones Group. For more details refer to note 34.

The increase of £56.3 million is due to the acquisition of Capitalmind in a stepped acquisition during the year.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

33. Software and other acquired intangible assets

At 31 March £'000	Software			Other acquired intangible assets		
	Acquired software	Internally generated software	Total	Client relationships*	Total	Total
Group						
2024						
Cost						
At the beginning of the year	29 803	3 298	33 101	193 359	193 359	226 460
Exchange adjustments	(42)	—	(42)	(5)	(5)	(47)
Acquisition of subsidiaries	—	—	—	945	945	945
Additions	710	—	710	—	—	710
Disposals	(381)	—	(381)	—	—	(381)
Deconsolidation of subsidiaries	(8 591)	(3 298)	(11 889)	(189 943)	(189 943)	(201 832)
At the end of the year	**21 499**	**—**	**21 499**	**4 356**	**4 356**	**25 855**
Accumulated amortisation and impairments						
At the beginning of the year	(22 432)	(1 254)	(23 686)	(149 472)	(149 472)	(173 158)
Exchange adjustments	39	—	39	—	—	39
Disposals	240	—	240	—	—	240
Deconsolidation of subsidiaries	6 542	1 643	8 185	152 480	152 480	160 665
Amortisation**	(1 317)	(389)	(1 706)	(7 364)	(7 364)	(9 070)
At the end of the year	**(16 928)**	**—**	**(16 928)**	**(4 356)**	**(4 356)**	**(21 284)**
Net carrying value	**4 571**	**—**	**4 571**	**—**	**—**	**4 571**
2023						
Cost						
At the beginning of the year	24 932	3 104	28 036	181 019	181 019	209 055
Exchange adjustments	230	—	230	—	—	230
Acquisition of subsidiaries	—	194	194	10 882	10 882	11 076
Additions	4 659	—	4 659	1 458	1 458	6 117
Disposals	(18)	—	(18)	—	—	(18)
At the end of the year	**29 803**	**3 298**	**33 101**	**193 359**	**193 359**	**226 460**
Accumulated amortisation and impairments						
At the beginning of the year	(20 453)	(517)	(20 970)	(136 874)	(136 874)	(157 844)
Exchange adjustments	(195)	—	(195)	—	—	(195)
Acquisition of subsidiaries	—	(105)	(105)	27	27	(78)
Disposals	18	—	18	—	—	18
Amortisation**	(1 802)	(632)	(2 434)	(12 625)	(12 625)	(15 059)
At the end of the year	**(22 432)**	**(1 254)**	**(23 686)**	**(149 472)**	**(149 472)**	**(173 158)**
Net carrying value	**7 371**	**2 044**	**9 415**	**43 887**	**43 887**	**53 302**

* Client relationships are acquired intangibles.

** Included within the amortisation charge above is £7 million (2023: £13.6 million) of amortisation expense relating to discontinued operations, which is presented as part of the profit after taxation from discontinued operations in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

33. Software and other acquired intangible assets (continued)

At 31 March £'000	Acquired software
Company	
2024	
Cost	
At the beginning of the year	3 017
Disposals	(381)
At the end of the year	**2 636**
Accumulated amortisation and impairments	
At the beginning of the year	(2 779)
Disposals	240
Amortisation	(97)
At the end of the year	**(2 636)**
Net carrying value	**—**
2023	
Cost	
At the beginning of the year	2 705
Additions	312
At the end of the year	**3 017**
Accumulated amortisation and impairments	
At the beginning of the year	(2 671)
Amortisation	(108)
At the end of the year	**(2 779)**
Net carrying value	**238**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

34. Acquisitions and disposals

During the reporting period the Group completed a stepped acquisition increasing its shareholding in the Capitalmind associate from 30% to 60% for a total consideration attributable to the increase in shareholding of £29.4 million and therefore as at 31 March 2024 has consolidated these entities as subsidiaries. The non-controlling interest has been measured as the proportionate share of the identifiable net assets. Goodwill of £56.3 million, including a deferred taxation liability of £0.2 million and an intangible asset of £0.9 million have been recognised as a consequence of this increased shareholding.

The goodwill recognised is the difference between the purchase price for the additional 30% acquired, the fair value of the previously held 30%, the non-controlling interest measured at its proportionate share of 40% of net asset, and the fair value of the identifiable assets and liabilities on transaction date. Goodwill represents the value of acquired intangible assets as of the acquisition date that did not meet the criteria for separate recognition, such as the assembled workforce of partners and potential contracts subject to negotiation.

Goodwill on acquisition is calculated as follows:

£'000	
Consideration*	29 352
Fair value of previously held 30% holding^	27 505
	56 857
Fair value of identifiable net assets	452
Intangible assets	945
Less, deferred taxation liability on intangible assets	(236)
Less, non-controlling interests as proportionate share of acquired net assets	(572)
	589
Goodwill	**56 268**

* Consideration attributable to the purchase of 30% was made up of £20.9 million cash and £8.5 million deferred consideration. Deferred consideration is not contingent on any performance measures.
^ Included within Investment income in the Income statement is a gain of £4.2 million from the remeasurement of the previously held 30% holding.

£'000	
Fair value of identifiable net assets	
Loans and advances to banks	2 332
Property and equipment	250
Other assets	3 533
Other liabilities	(5 663)
	452

Post-acquisition operating income of £16.6 million and profit after taxation of £2.6 million have been included in the consolidated income statement for the reporting period.

During the prior year, the Group acquired Murray Asset Management for a net cash consideration of £9.7 million.

In the current year, as a result of the all-share combination of Investec Wealth & Investment Limited and Rathbones Group Plc, as detailed below, Investec Wealth and Investment Limited ceased to be a subsidiary. There were no significant disposals of subsidiaries during the prior year.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

34. Acquisitions and disposals (continued)

Discontinued operations

Investec Wealth & Investment Limited

On 21 September 2023, the Investec Group successfully completed the all-share combination of Investec Wealth & Investment Limited with Rathbones Group Plc (Rathbones). On completion Rathbones issued new Rathbones shares in exchange for 100% of Investec Wealth & Investment Limited's share capital. The Group now owns 41.25% of the economic interest in the enlarged Rathbones Group, with the Group's voting rights limited to 29.9%. The Group's holding in Rathbones Group Plc is equity accounted for as an interest in associated undertakings and joint venture holdings in accordance with IAS 28.

Income statement of discontinued operations

For the year to 31 March **£'000**	**2024**	2023
Interest income	17 755	23 627
Interest expense	(431)	(859)
Net interest income	**17 324**	**22 768**
Fee and commission income	161 610	324 908
Fee and commission expense	—	—
Investment income	—	—
Trading income arising from		
– customer flow	—	—
– balance sheet management and other trading activities	—	—
Other operating income	—	—
Operating income	**178 934**	**347 676**
Expected credit loss impairment charges	—	—
Operating income after expected credit loss impairment charges	**178 934**	**347 676**
Operating costs	(131 106)	(255 909)
Operating profit before acquired intangibles and strategic actions	**47 828**	**91 767**
Amortisation of acquired intangibles	(6 424)	(12 625)
Operating profit	**41 404**	**79 142**
Gain on all-share combination net of implementation costs	364 554	—
Profit before taxation	**405 958**	**79 142**
Taxation on operating profit before acquired intangibles and strategic actions	(11 973)	(17 201)
Taxation on acquired intangibles and strategic actions	1 615	2 031
Profit after taxation	**395 600**	**63 972**
Profit attributable to non-controlling interests of discontinued operations	—	—
Earnings attributable to shareholder	**395 600**	**63 972**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

34. Acquisitions and disposals (continued)

Gain on loss of control of Investec Wealth & Investment Limited

The gain is calculated as follows:

£'000	
Fair value of 41.25% interest in Rathbones Group Plc	779 421
Net asset value of Investec Wealth & Investment previously consolidated (including goodwill)	(413 915)
Gain on the combination of Rathbones Group (before tax)	**365 506**
Implementation costs	(952)
Gain on combination of Rathbones Group (before tax)	**364 554**
Taxation on gain	—
Gain on combination of Rathbones Group net of taxation and implementation costs	**364 554**

Major classes of assets and liabilities

£'000	
Loans and advances to banks	172 595
Goodwill	247 175
Other assets	363 718
Other liabilities	(369 573)
	413 915

35. Other trading liabilities

	Group and Company	
At 31 March **£'000**	**2024**	2023
Short positions		
– Equities	18 449	28 184
	18 449	**28 184**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

36. Customer accounts (deposits)

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Demand	5 644 504	5 690 226	5 826 783	5 665 879
Transactional	484 625	742 116	484 625	742 116
Fixed	9 447 201	6 923 542	8 931 742	6 486 835
Notice	5 274 886	5 895 515	4 477 455	5 058 980
	20 851 216	**19 251 399**	**19 720 605**	**17 953 810**

37. Debt securities in issue

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Repayable in:				
Less than three months	16 660	28 447	16 660	28 458
Three months to one year	96 842	138 265	96 842	138 265
One to five years	832 710	962 545	832 710	962 545
Greater than five years	10 675	11 622	9 482	10 428
	956 887	**1 140 879**	**955 694**	**1 139 696**
Debt securities in issue shown above comprise:				
Senior unsecured notes	660 117	647 625	660 118	647 636
Structured notes	295 576	492 060	295 576	492 060
Redeemable preference shares	1 194	1 194	—	—
	956 887	**1 140 879**	**955 694**	**1 139 696**

38. Other liabilities

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Financial liabilities				
Settlement liabilities	310 134	411 824	304 302	204 366
Other creditors and accruals^	158 258	118 717	85 030	74 953
Other non-interest-bearing liabilities	77 461	82 461	68 260	89 542
Expected credit losses on undrawn commitments and guarantees	11 258	15 659	11 198	15 549
	557 111	**628 661**	**468 790**	**384 410**
Non-financial liabilities				
Other creditors and accruals	167 001	217 229	145 677	133 168
Lease liabilities	243 951	322 767	38 563	46 060
Other non-interest-bearing liabilities	10 623	18 909	1 247	803
Indirect taxation liabilities payable	1 909	10 701	748	—
	423 484	**569 606**	**186 235**	**180 031**
	980 595	**1 198 267**	**655 025**	**564 441**

^ Included in Other creditors and accruals in the current year is a provision relating to motor vehicle financing. Refer to note 46 for more details.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

38. Other liabilities (continued)

The maturity analysis of the lease liabilities is shown below:

At 31 March £'000	2024 Undiscounted lease payments	2024 Present value	2023 Undiscounted lease payments	2023 Present value
Group				
Lease liabilities included in other liabilities				
Lease liabilities payable in:				
Less than one year	55 810	53 152	60 631	57 770
One to two years	164 646	151 874	58 833	54 959
Two to three years	14 981	14 104	172 391	153 591
Three to four years	14 369	13 847	19 539	18 884
Four to five years	5 319	5 114	19 026	17 852
Later than five years	6 099	5 860	20 919	19 711
	261 224	**243 951**	**351 339**	**322 767**

At 31 March £'000	2024 Undiscounted lease payments	2024 Present value	2023 Undiscounted lease payments	2023 Present value
Company				
Lease liabilities included in other liabilities				
Lease liabilities payable in:				
Less than one year	11 767	10 973	10 602	9 660
One to two years	8 806	8 374	9 384	8 810
Two to three years	8 653	8 361	8 806	8 374
Three to four years	8 653	8 502	8 654	8 361
Four to five years	2 375	2 353	8 654	8 502
Later than five years	—	—	2 375	2 353
	40 254	**38 563**	**48 475**	**46 060**

Reconciliation from opening balance to closing balance

At 31 March £'000	Group 2024	Company 2024
Balance as at 1 April 2022	**344 802**	**53 578**
Interest on lease liabilities	13 235	868
New leases	3 009	—
Repayment of lease liabilities	(57 324)	(8 386)
Remeasurement of lease liabilities	4 114	—
Exchange adjustments	14 931	—
Balance as at 31 March 2023	**322 767**	**46 060**
Interest on lease liabilities	11 576	723
New leases	7 973	—
Deconsolidation of subsidiaries	(39 752)	—
Repayment of lease liabilities	(54 020)	(8 220)
Exchange adjustments	(4 593)	—
Balance as at 31 March 2024	**243 951**	**38 563**

NOTES TO THE FINANCIAL STATEMENTS
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39. Subordinated liabilities

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Issued by Investec Bank plc				
Subordinated fixed rate reset callable medium-term notes – amortised cost	668 810	731 483	668 810	731 483
	668 810	**731 483**	**668 810**	**731 483**
Remaining maturities:				
In one year or less, or on demand	—	—	—	—
In more than one year, but not more than two years	—	—	—	—
In more than two years, but not more than five years	—	—	—	—
In more than five years	668 810	731 483	668 810	731 483
	668 810	**731 483**	**668 810**	**731 483**
Reconciliation from opening balance to closing balance				
At the beginning of the year	**731 483**	**758 739**	**731 483**	**758 739**
New issue	—	345 590	—	345 590
Redemption	(70 000)	(347 925)	(70 000)	(347 925)
Accrual of interest	42 067	32 501	42 067	32 501
Repayment of interest	(44 100)	(40 455)	(44 100)	(40 455)
Hedge accounting/amortisation of discount	9 360	(16 967)	9 360	(16 967)
At the end of the year	**668 810**	**731 483**	**668 810**	**731 483**

The only potential event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default would be to petition for the winding up of the issuing entity. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

Medium-term notes

Subordinated fixed rate reset callable medium-term notes (denominated in Pound Sterling) – accounted for at amortised cost

On 24 July 2018, Investec Bank plc issued £420 000 000 of 4.25% subordinated notes due 2028 at a discount (2028 notes). Interest is paid annually. The notes are listed on the London Stock Exchange. The notes are redeemable at par on 24 July 2028, with a one-time redemption option on the early redemption date 24 July 2023 subject to conditions.

On 6 December 2022, Investec Bank plc completed a tender offer to purchase £350 000 000 aggregate nominal amount of the notes at a cash purchase price of 99.446 pence plus an accrued interest payment. The total value of the debt redeemed was £353 605 000 (excluding interest £347 926 000).

On 24 July 2023, Investec Bank plc exercised the one-time option to early redeem the remaining £70 000 000 aggregate nominal amount of the notes at par plus an accrued interest payment. Including the interest, the total value of the debt redeemed was £72 975 000.

Subordinated prepayable fixed rate resettable medium-term loan (denominated in Pound Sterling) – accounted for at amortised cost

On 4 October 2021, Investec Bank plc entered into a £350 000 000 subordinated loan at a rate of 2.625% and repayable in 2032 (2032 loan) with Investec plc. Interest, after the initial short-period distribution paid on 4 January 2022, is paid annually commencing on 4 January 2023 and ending on the maturity date. The loan may be prepaid on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions. If the option to prepay is not exercised, the loan will be repaid on the maturity date of 4 January 2032.

Subordinated prepayable fixed rate resettable medium-term loan (denominated in Pounds Sterling) – accounted for at amortised cost

On 6 December 2022, Investec Bank plc entered into a £350 000 000 subordinated loan at a rate of 9.125% (2033 loan) with Investec plc. Interest, after the initial short-period distribution paid on 6 March 2023, is paid annually commencing on 6 March 2024 and ending on the maturity date. The loan may be prepaid on any date in the period from 6 December 2027 to (and including) 6 March 2028 subject to conditions. If the option to prepay is not exercised, the loan will be repaid on the maturity date of 6 March 2033.

NOTES TO THE FINANCIAL STATEMENTS
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40. Ordinary share capital

At 31 March £'000	Group and Company 2024	 2023
Authorised		
The authorised share capital is £2 000 million (2023: £2 000 million) comprising:		
2 000 million ordinary shares of £1 each (2023: 2 000 million ordinary shares of £1 each)		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	1 280 550 000	1 280 550 000
Issued during the year	—	—
At the end of the year	**1 280 550 000**	**1 280 550 000**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	1 280 550	1 280 550
Issued during the year	—	—
At the end of the year	**1 280 550**	**1 280 550**

41. Additional Tier 1 securities in issue

At 31 March £'000	Group 2024	 2023	Company 2024	 2023
Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities	**458 108**	**250 000**	**458 108**	**250 000**

On 16 October 2017, Investec Bank plc issued £200 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (AT1 securities) to Investec plc. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. A further £50 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities issued on 22 January 2019, pay a distribution rate of 6.75% per annum quarterly after the initial short period distribution paid on 5 March 2019. These notes were consolidated to form a single series and are fungible with the £200 million 2024 notes issued on 16 October 2018. On 1 March 2024, Investec Bank plc bought back £142 million of these securities, leaving £108 million of the original securities outstanding as of 31 March 2024. At each distribution payment date, Investec Bank plc can decide whether to pay the distribution rate, which is non-cumulative in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate of 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and investors will lose their entire investment in the securities should the CET1 capital ratio of Investec Bank plc, as defined in the PRA's rules, fall below 7%. The AT1 securities are redeemable at the option of Investec Bank plc on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA.

On 28 February 2024, Investec Bank plc issued £350 million of Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities at par to Investec plc. These securities are perpetual and pay interest on a semi-annual basis on 28 February and 28 August each year, commencing on 28 August 2024. At each interest payment date, Investec Bank plc can decide whether to pay the coupon, which is non-cumulative, in whole or in part. The interest rate is 10.50% per annum until 28 February 2030; thereafter it resets every subsequent five years to a rate of 6.566% per annum plus the benchmark gilt rate. The securities will be automatically written down and the investors will lose their entire investment in the securities should the CET1 capital ratio of the Investec plc group, as defined in the PRA's rules, fall below 7%. The securities are redeemable at the option of the Company on any day falling in the period from (and including) 28 August 2029 to (and including) 28 February 2030 or on any day falling in the period of six months prior to (and including) any five-year reset date thereafter. No such redemption may be made without the consent of the PRA.

42. Non-controlling interests

At 31 March £'000	2024	2023
Group		
Non-controlling interests in partially held subsidiaries	**2 851**	**951**

The increase in non-controlling interests in the current year primarily relates to the stepped acquisition of Capitalmind measured at its proportionate share of 40% net asset value.

NOTES TO THE FINANCIAL STATEMENTS
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43. Finance lease disclosures

At 31 March £'000	2024 Total future minimum payments	2024 Present value	2023 Total future minimum payments	2023 Present value
Group				
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	231 750	183 405	234 669	194 458
One to two years	174 095	142 619	166 503	142 178
Two to three years	122 889	104 657	104 705	91 470
Three to four years	74 590	65 667	63 927	57 578
Four to five years	32 985	29 837	27 849	25 781
Later than five years	11 443	10 059	7 102	6 367
	647 752	**536 244**	**604 755**	**517 832**
Unearned finance income	**(111 508)**		**(86 923)**	
Net investment in the lease	**536 244**		**517 832**	

At 31 March 2024, unguaranteed residual values accruing to the benefit of the Group were £5.9 million (2023: £4.1 million).

Finance leases in the Group mainly relate to leases on property, equipment and motor vehicles.

At 31 March £'000	2024 Total future minimum payments	2024 Present value	2023 Total future minimum payments	2023 Present value
Group				
Finance lease receivables included in other assets				
Lease receivables due in:				
Less than one year	39 565	36 914	40 746	37 282
One to two years	148 434	135 466	40 607	36 486
Two to three years	1 298	1 291	151 674	130 897
Three to four years	1 082	1 083	1 306	1 269
Four to five years	—	—	1 306	1 269
Later than five years	—	—	—	—
	190 379	**174 754**	**235 639**	**207 203**
Unearned finance income	**(15 625)**		**(28 436)**	
Net investment in the lease	**174 754**		**207 203**	

Included in interest income on the income statement is £30.8 million (2023: £37.4 million) from finance lease receivables.

The Company has no finance lease receivables at 31 March 2024 (31 March 2023: £nil).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

44. Notes to the cash flow statement

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Profit before taxation adjusted for non-cash items and other required adjustments is derived as follows:				
Profit before taxation	827 699	394 866	699 640	296 060
Adjustment for non-cash items included in net income before taxation:				
Impairment of goodwill	—	805	—	—
Impairment of subsidiaries	—	—	27 506	23 619
Amortisation of acquired intangibles	7 364	12 625	—	—
Net gain on step acquisition of subsidiaries	(4 063)	—	—	—
Net (gain)/loss on deconsolidation, disposal and liquidation of subsidiaries	(365 506)	(30)	(346 259)	1 312
Depreciation of operating lease assets	28	56	—	—
Depreciation and impairment of property, equipment, software and other intangibles	24 196	26 768	14 142	12 472
Expected credit loss impairment charges	85 997	66 740	67 340	49 533
Share of post-taxation profit of associates and joint venture holdings	(31 287)	(660)	—	—
Non-operating income from associates	22 255	—	—	—
Dividends received from subsidiaries	—	—	(79 798)	(88 873)
Dividends received from associates and joint venture holdings	228	1 140	—	—
Share-based payments and employee benefit liability recognised	183	6 704	(245)	4 586
Profit before taxation adjusted for non-cash items	**567 094**	**509 014**	**382 326**	**298 709**
Increase in operating assets				
Loans and advances to banks	278	530	15 611	(14 842)
Reverse repurchase agreements and cash collateral on securities borrowed	198 582	108 774	198 582	108 774
Sovereign debt securities	(706 390)	(55 967)	(704 683)	(49 247)
Bank debt securities	(92 601)	(143 007)	(88 977)	(142 776)
Other debt securities	(10 860)	(263 226)	(10 827)	(263 875)
Derivative financial instruments	202 326	64 830	201 565	73 862
Securities arising from trading activities	(29 795)	35 628	(29 795)	35 628
Investment portfolio	70 778	21 364	5 757	23 912
Other loans and advances	26 605	(25 119)	(112 044)	(165 627)
Loans and advances to customers	(1 092 955)	(1 195 731)	(936 715)	(941 351)
Securitised assets	11 529	14 856	3 537	1 078
Other assets	(52 611)	168 534	(1 686)	168 734
Goodwill	200	—	—	—
	(1 474 914)	**(1 268 534)**	**(1 459 675)**	**(1 165 730)**
Increase in operating liabilities				
Deposits by banks	2 112	145 597	33 940	309 526
Derivative financial instruments	(232 154)	(158 479)	(235 925)	(162 805)
Other trading liabilities	(9 735)	(14 760)	(9 735)	(14 760)
Repurchase agreements and cash collateral on securities lent	(54 438)	(15 299)	(54 082)	91 626
Customer accounts	1 599 817	635 166	1 766 795	663 796
Debt securities in issue	(183 992)	20 038	(184 002)	20 038
Liabilities arising on securitisation of other assets	(9 858)	(14 276)	—	—
Other liabilities	165 918	(162 474)	113 416	(138 642)
	1 277 670	**435 513**	**1 430 407**	**768 779**

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45. Commitments

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Undrawn facilities	2 327 114	2 345 034	2 278 830	2 299 155
Other commitments	34 075	44 628	—	—
	2 361 189	**2 389 662**	**2 278 830**	**2 299 155**

Commitments include expected credit losses (ECL) of £11 million (2023: £16 million) reported in other liabilities.

The Group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on-balance sheet.

At 31 March £'000	Carrying amount of pledged assets 2024	Carrying amount of pledged assets 2023	Related liability 2024	Related liability 2023
Group				
Pledged assets				
Loans and advances to banks	19 008	44 670	12 367	39 810
Reverse repurchase agreements and cash collateral on securities borrowed	—	115 421	—	103 278
Sovereign debt securities	28 362	224 019	16 852	164 287
Bank debt securities	39 187	28 432	23 284	21 721
Securities arising from trading activities	29 310	35 139	27 398	34 031
Loans and advances to customers	1 255 309	708 860	745 873	494 892
Other loans and advances	2 504	8 121	1 629	7 160
	1 373 680	**1 164 662**	**827 403**	**865 179**
Company				
Pledged assets				
Loans and advances to banks	19 008	44 670	12 367	39 810
Reverse repurchase agreements and cash collateral on securities borrowed	—	115 421	—	103 278
Sovereign debt securities	28 362	224 019	17 721	164 287
Bank debt securities	39 187	28 432	23 180	21 721
Other debt securities	705 788	705 876	440 984	536 998
Securities arising from trading activities	29 310	35 139	27 398	34 031
Loans and advances to customers	1 255 309	708 860	784 331	494 892
Other loans and advances	2 504	8 121	1 629	7 160
	2 079 468	**1 870 538**	**1 307 610**	**1 402 177**

The assets pledged by the Group and Company are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed.

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46. Contingent liabilities, legal matters and provisions

At 31 March £'000	Group 2024	Group 2023	Company 2024	Company 2023
Guarantees and assets pledged as collateral security:				
Guarantees and irrevocable letters of credit	494 356	413 310	496 151	411 170
	494 356	**413 310**	**496 151**	**411 170**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec Bank plc on behalf of third parties and other Group companies. The guarantees are issued as part of the banking business.

Support is provided by Investec Bank plc to its subsidiaries where appropriate.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort, provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it.

The FSCS raises annual levies from participating members based on their level of participation (in the case of deposits, the proportion that their protected deposits represent to total protected deposits) as at 31 December of the year preceding the scheme year. Investec Bank plc is a participating member of the FSCS.

At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Group's market participation or other factors that may affect the amounts or timing of amounts that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

46. Contingent liabilities, legal matters and provisions (continued)

Legal and regulatory matters

The Group operates in a legal and regulatory environment that exposes it to legal, regulatory and litigation risks. As a result, the Group is involved in disputes, legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators and competition authorities which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of the proceedings and advice from internal and external legal counsel when considering accounting and regulatory implications. At the present time the Group does not expect the ultimate resolution of any of these ongoing regulatory reviews and other matters to have a material adverse effect on its financial position.

Historical German dividend tax arbitrage transactions

Investec Bank plc has previously been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum-ex transactions). Investigations are ongoing and no formal proceedings have been issued against Investec Bank plc by the Office of the Public Prosecutor. In addition, Investec Bank plc received certain enquiries in respect of client tax reclaims for the periods 2010-2011 relating to the historical German dividend arbitrage transactions from the German Federal Tax Office (FTO) in Bonn. The FTO has provided more information in relation to their claims and Investec Bank plc has sought further information and clarification.

Investec Bank plc is cooperating with the German authorities and continues to conduct its own internal investigation into the matters in question. A provision is held to reflect the estimate of financial outflows that could arise as a result of this matter. There are factual issues to be resolved which may have legal consequences, including financial penalties.

In relation to potential civil claims; whilst Investec Bank plc is not a claimant nor a defendant to any civil claims in respect of cum-ex transactions, Investec Bank plc has received third party notices in relation to two civil proceedings in Germany and may elect to join the proceedings as a third party participant. Investec Bank plc has itself served third party notices on various participants to these historic transactions in order to preserve the statute of limitations on any potential future claims that Investec Bank plc may seek to bring against those parties, should Investec Bank plc incur any liability in the future. Investec Bank plc has also entered into standstill agreements with some third parties in order to suspend the limitation period in respect of the potential civil claims. While Investec Bank plc is not a claimant nor a defendant to any civil claims at this stage, it cannot rule out the possibility of civil claims by or against Investec Bank plc in future in relation to the relevant transactions.

The Group has not provided further disclosure with respect to these historical dividend arbitrage transactions because it has concluded that such disclosure may be expected to seriously prejudice its outcome.

Motor finance commission review

Following a review into the motor vehicle financing market completed by the (Financial Conduct Authority) FCA in March 2019 and subsequent policy statement issued in July 2020, the use of discretionary commission arrangements was prohibited with effect from 28 January 2021 on the basis that such arrangements had the potential to cause consumer detriment. The Group fully complied with this requirement.

On 11 January 2024, the FCA announced a further industry wide review of historical motor finance commission arrangements, in order to assess whether such arrangements had in practice caused consumer detriment. The FCA currently plans to communicate a decision on next steps towards the end of the third quarter of 2024 on the basis of the evidence collated as part of this review. The FCA has indicated that such steps could include establishing an industry-wide consumer redress scheme.

The Group has to date received a small number of complaints in respect of motor finance commissions and is actively engaging with the FOS (Financial Ombudsman Service) in its assessment of these complaints. The Group continues to believe that its historical practices were compliant with the law and regulations in place at the time, and welcomes the FCA intervention through its industry wide review. Nevertheless, the Group recognises that costs and awards could arise in the event that the FCA concludes there has been industry wide misconduct and customer loss that requires remediation. Those costs and awards could arise as the result of a redress scheme, or from adverse FOS/litigation decisions.

Accordingly, in response to the FCA announcement, the Group has recognised a provision of £30 million. This includes estimates for operational and legal costs, including litigation costs, together with estimates for potential awards, based on various scenarios using a range of assumptions. The time period applied in the calculations is between June 2015, the commencement of the business, and 28 January 2021, the date that discretionary commission arrangements were prohibited.

While the FCA review is progressing there is significant uncertainty across the industry as to the extent of any misconduct and customer loss that may be identified, and/or the nature, extent and timing of any remediation action that may subsequently be required. The Group therefore notes that the ultimate financial impact of the FCA investigation could be either higher or lower than the amount provided for, but is satisfied that the provision it has currently made is reasonable.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

47. Related party transactions

For the year to 31 March £'000	2024	2023
Compensation of key management personnel and directors		
Details of directors' remuneration and interest in shares, including the disclosures required by IAS 24		
Related party transactions for the compensation of key management personnel and directors are disclosed in the directors' remuneration report on pages 112 to 121.		
Transactions, arrangements and agreements involving directors and others:		
Transactions, arrangements and agreements involving directors and with directors and connected persons and companies controlled by them, and with officers of the Company, were as follows:		
Group and Company		
Directors, key management and connected persons and companies controlled by them		
Loans		
At the beginning of the year	8 108	11 109
Increase in loans*	5 658	372
Decrease in loans*	(1 421)	(3 373)
Exchange adjustments	828	—
At the end of the year	**13 173**	**8 108**
Guarantees		
At the beginning of the year	100	78
Additional guarantees granted	—	32
Decrease in guarantees*	(94)	—
Exchange adjustments	(6)	(10)
At the end of the year	**—**	**100**
Deposits		
At the beginning of the year	6 502	6 321
Increase in deposits	1 394	3 255
Decrease in deposits*	(2 080)	(3 074)
Exchange adjustments	(540)	—
At the end of the year	**5 276**	**6 502**

* Movements primarily relate to normal course of business and changes in directorship during the current year.

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable arm's length transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

47. Related party transactions (continued)

For the year ended 31 March 2024 £'000	Investec plc and subsidiaries	Investec Limited and subsidiaries	Total
Group			
Balances with other related parties			
Assets			
Loans and advances to banks	—	538	538
Derivative financial instruments	37 580	—	37 580
Other loans and advances	28 030	—	28 030
Other assets	3 495	—	3 495
Liabilities			
Deposits by banks	—	24 053	24 053
Derivative financial instruments	—	64	64
Customer accounts (deposits)	60 604	6 857	67 461
Debt securities in issue	—	12 150	12 150
Other liabilities	—	499	499

For the year ended 31 March 2023 £'000	Investec plc and subsidiaries	Investec Limited and subsidiaries	Total
Group			
Balances with other related parties			
Assets			
Loans and advances to banks	—	4 263	4 263
Derivative financial instruments	46 139	473	46 612
Other loans and advances	29 422	—	29 422
Other assets	4 582	1 394	5 976
Liabilities			
Deposits by banks	—	3 375	3 375
Derivative financial instruments	—	3 534	3 534
Customer accounts (deposits)	129 478	6 366	135 844
Repurchase agreements and cash collateral on securities lent	—	20 208	20 208
Other liabilities	—	30	30

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

In the normal course of business, services are provided between Investec Bank plc and other companies in the Investec Group. In the year to 31 March 2024, Investec Bank plc paid a net amount of £25.8 million (2023: £22.2 million) to Investec Limited and its subsidiaries and received a net amount of £4.9 million (2023: £3.5 million) from Investec plc and its subsidiaries for these services.

During the year to 31 March 2024, interest of £1.2 million (2023: £0.6 million) was paid to entities held by Investec Limited and £7.5 million (2023: £5.9 million) was paid to Investec plc and its subsidiaries. Interest of £188 000 (2023: £762 000) was received from Investec Limited and its subsidiaries and interest of £19 million (2023: £9.4 million) was received from Investec plc and its subsidiaries.

At 31 March 2024, the Group held £63 000 (2023: £74 000) of customer accounts (deposits) from the Ninety One Group on-balance sheet.

During the year to 31 March 2024, the Group paid £767 000 (2023: £761 000) for services rendered in the ordinary course of business and received £9.5 million (2023: £24 000) from associates and joint venture holdings.

Due to the nature of the Group's business, there could be transactions with entities where some of the Group's directors may be mutual directors. These transactions are in the ordinary course of business and are on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

47. Related party transactions (continued)

Balances and transactions between members of the Investec Bank plc Group

In accordance with IFRS 10 Consolidated Financial Statements, transactions and balances between the Company and its subsidiary undertakings, and between those subsidiary undertakings, have all been eliminated on consolidation and thus are not reported as related party transactions of the Group.

The Company, as a result of its position as parent of a Banking Group, has a large number of transactions with various of its subsidiary undertakings; these are included on the balance sheet of the Company as follows:

For the year ended 31 March £'000	2024	2023
Company		
Assets		
Loans and advances to banks	31 302	40 237
Other debt securities	706 138	706 123
Derivative financial instruments	1 893	7 072
Other loans and advances	3 166 274	3 032 072
Other assets	7 366	26 313
Liabilities		
Deposits by banks	408 044	368 179
Derivative financial instruments	39 391	44 247
Customer accounts (deposits)	1 393 875	1 433 629
Repurchase agreements and cash collateral on securities lent	150 356	150 000
Other liabilities	25 277	44 365

Balances and transactions with Investec plc and Investec Limited and fellow subsidiaries of Investec Bank plc

The Company and its subsidiaries have balances due to and from its Parent company, Investec plc, and Investec Limited and fellow subsidiaries. These are included on the balance sheet as follows:

For the year ended 31 March 2024 £'000	Investec plc and subsidiaries	Investec Limited and subsidiaries	Total
Company			
Balances with other related parties			
Assets			
Derivative financial instruments	37 580	—	37 580
Other loans and advances	28 030	—	28 030
Other assets	4 294	3 302	7 596
Liabilities			
Deposits by banks	—	24 053	24 053
Derivative financial instruments	—	64	64
Customer accounts (deposits)	46 065	6 856	52 921
Debt securities in issue	—	12 150	12 150
Other liabilities	—	358	358

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

47. Related party transactions (continued)

For the year ended 31 March 2023 **£'000**	Investec plc and subsidiaries	Investec Limited and subsidiaries	Total
Company			
Balances with other related parties			
Assets			
Loans and advances to banks	—	3 059	3 059
Derivative financial instruments	46 139	473	46 612
Other loans and advances	25 096		25 096
Other assets	2 661	5 653	8 314
Liabilities			
Deposits by banks	—	3 375	3 375
Derivative financial instruments	—	3 534	3 534
Customer accounts (deposits)	100 843	6 278	107 121
Repurchase agreements and cash collateral on securities lent	—	20 208	20 208

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Hedges

The Group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the Central Treasury in the Specialist Bank. Once aggregated and netted, Central Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependent on the requirement to identify a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the Group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the Group.

In addition to fair value hedges and cash flow hedges, the Group maintains a structural hedging programme to reduce the sensitivity of earnings to short-term interest rate movements. For more detail refer to page 294.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March £'000	Description of financial instrument designated as hedging instrument (All included within derivative financial instruments on the balance sheet)	Notional value of hedging instrument	Fair value of hedging instrument	Cumulative fair value gains or (losses) on hedging instrument	Current year fair value gains or (losses) on hedging instrument	Cumulative fair value gains or (losses) on hedged item*	Current year fair value gains or (losses) on hedged item
Group							
2024							
Assets	Interest rate swap	2 371 336	126 798	132 974	(54 334)	(127 854)	30 439
Liabilities	Interest rate swap	6 387 935	(61 876)	(61 876)	35 364	63 141	(32 760)
		8 759 271	**64 922**	**71 098**	**(18 970)**	**(64 713)**	**(2 321)**
2023							
Assets	Interest rate swap	2 486 101	181 173	187 307	108 415	(158 293)	(96 153)
Liabilities	Interest rate swap	5 591 029	(97 127)	(97 240)	(57 321)	95 899	56 206
		8 077 130	**84 046**	**90 067**	**51 094**	**(62 394)**	**(39 947)**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to retrospective and prospective testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences
- If a hedging relationship becomes over-hedged, for example, if the hedged item is partially redeemed but the original hedging instrument remains in place.

Included within balance sheet management and other trading activities in the income statement is a £1.8 million gain (2023: £10.9 million gain) arising from hedge ineffectiveness.

There are no accumulated fair value hedge adjustments for hedged items that have ceased to be adjusted for hedging gains and losses.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Hedges (continued)

At 31 March £'000	Carrying amount of the hedged item 2024	2023
Hedged items		
Group		
Assets		
Sovereign debt securities	77 888	61 468
Bank debt securities	21 130	—
Other debt securities	13 584	15 363
Loans and advances to customers	2 038 635	2 152 411
Other assets*	56 668	91 662
Liabilities		
Debt securities in issue	757 282	679 656
Customer accounts (deposits)	4 922 286	4 501 412
Subordinated liabilities	700 000	312 872

At 31 March £'000	Up to one month	One month to three months	Three months to six months	Six months to one year	One to five years	Greater than five years	Total
Maturity analysis of hedged items							
Group							
2024							
Assets – notionals							
Sovereign debt securities	—	—	—	8 000	64 000	10 000	**82 000**
Bank debt securities	—	—	—	—	22 000	—	**22 000**
Other debt securities	—	—	—	—	10 420	3 164	**13 584**
Loans and advances to customers	8 901	47 443	74 758	135 433	1 333 782	438 317	**2 038 634**
Other assets*	2 818	5 661	8 566	17 411	22 212	—	**56 668**
Liabilities – notionals							
Debt securities in issue	—	—	—	30	783 366	—	**783 396**
Customer accounts (deposits)	—	132 111	1 006 825	2 989 176	787 048	7 125	**4 922 285**
Subordinated liabilities	—	—	—	—	—	700 000	**700 000**
2023							
Assets – notionals							
Sovereign debt securities	—	—	—	—	65 000	—	65 000
Other debt securities	—	—	—	—	4 490	11 234	15 724
Loans and advances to customers	165	9 469	25 555	52 874	839 971	1 382 532	2 310 566
Other assets*	2 765	5 545	8 388	17 052	57 912	—	91 662
Liabilities – notionals							
Debt securities in issue	—	—	—	—	526 883	200 000	726 883
Customer accounts (deposits)	275 634	343 652	690 451	2 784 016	420 393	—	4 514 146
Subordinated liabilities	—	—	—	—	—	350 000	350 000

* Other assets includes aviation leasing related hedges.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Hedges (continued)

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March £'000	Description of financial instrument designated as hedging instrument (All included within derivative financial instruments on the balance sheet)	Notional value of hedging instrument	Fair value of hedging instrument	Cumulative fair value gains or (losses) on hedging instrument	Current year fair value gains or (losses) on hedging instrument	Cumulative fair value gains or (losses) on hedged item*	Current year fair value gains or (losses) on hedged item
Company							
2024							
Assets	Interest rate swap	2 316 553	125 784	125 784	(53 469)	(123 526)	29 102
Liabilities	Interest rate swap	6 387 935	(61 876)	(61 876)	35 364	63 141	(32 760)
		8 704 488	**63 908**	**63 908**	**(18 105)**	**(60 385)**	**(3 658)**
2023							
Assets	Interest rate swap	2 396 291	179 252	179 252	105 134	(152 628)	(93 403)
Liabilities	Interest rate swap	5 591 029	(97 127)	(97 240)	(57 321)	95 899	56 206
		7 987 320	**82 125**	**82 012**	**47 813**	**(56 729)**	**(37 197)**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to retrospective and prospective testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences
- If a hedging relationship becomes over-hedged, for example, if the hedged item is partially redeemed but the original hedging instrument remains in place.

Included within balance sheet management and other trading activities in the income statement is a £1.8 million gain (2023: £10.9 million gain) arising from hedge ineffectiveness.

There are no accumulated fair value hedge adjustments for hedged items that have ceased to be adjusted for hedging gains and losses.

	Carrying amount of the hedged item	
At 31 March £'000	**2024**	2023
Hedged items		
Company		
Assets		
Sovereign debt securities	77 888	61 468
Bank debt securities	21 130	—
Other debt securities	13 584	15 363
Loans and advances to customers	2 038 635	2 152 411
Liabilities		
Debt securities in issue	757 282	679 656
Customer accounts (deposits)	4 922 286	4 501 412
Subordinated liabilities	700 000	312 872

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Hedges (continued)

At 31 March £'000	Up to one month	One month to three months	Three months to six months	Six months to one year	One to five years	Greater than five years	Total
Maturity analysis of hedged items							
Company							
2024							
Assets – notionals							
Sovereign debt securities	—	—	—	8 000	64 000	10 000	**82 000**
Bank debt securities	—	—	—	—	22 000	—	**22 000**
Other debt securities	—	—	—	—	10 420	3 164	**13 584**
Loans and advances to customers	8 901	47 443	74 758	135 433	1 333 782	438 317	**2 038 634**
Liabilities – notionals							
Debt securities in issue	—	—	—	30	783 366	—	**783 396**
Customer accounts (deposits)	—	132 111	1 006 825	2 989 176	787 048	7 125	**4 922 285**
Subordinated liabilities	—	—	—	—	—	700 000	**700 000**
2023							
Assets – notionals							
Sovereign debt securities	—	—	—	—	65 000	—	65 000
Other debt securities	—	—	—	—	4 490	11 234	15 724
Loans and advances to customers	165	9 469	25 555	52 874	839 971	1 382 532	2 310 566
Liabilities – notionals							
Debt securities in issue	—	—	—	—	526 883	200 000	726 883
Customer accounts (deposits)	275 634	343 652	690 451	2 784 016	420 393	—	4 514 146
Subordinated liabilities	—	—	—	—	—	350 000	350 000

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Hedges (continued)

Cash flow hedges

The change in the benchmark interest rate exposes the Group to cash flow variability risk from both existing and highly probable future transactions. During the year the Group entered into interest rate swap transactions to mitigate the cash flow variability risk.

The aggregate expected cash flows were hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value were initially recognised in other comprehensive income and reclassified to the income statement when the cash flows affected the income statement.

A reconciliation of the cash flow hedge reserve can be found in the statement of changes in equity.

Hedging instruments and ineffectiveness

	2024					
	Carrying Amount					
At 31 March £'000	**Notional**	**Asset**	**Liability**	**Change in fair value used to calculate hedge ineffectiveness**	**Gain/(loss) recognised in OCI***	**Ineffectiveness (loss) recognised in the income statement**
Group						
Interest rate risk						
Interest rate swaps	350 000	3 210	—	2 034	2 170	(114)
	350 000	**3 210**	**—**	**2 034**	**2 170**	**(114)**

	2023**					
	Carrying Amount					
At 31 March £'000	Notional	Asset	Liability	Change in fair value used to calculate hedge ineffectiveness	Gain/(loss) recognised in OCI*	Ineffectiveness (loss) recognised in the income statement
Interest rate risk						
Interest rate swaps	—	—	—	30 539	27 635	—
	—	**—**	**—**	**30 539**	**27 635**	**—**

* Included within the gain/(loss) recognised in OCI are amounts amortised to the income statement where the hedged cash flows are still expected to occur.

Hedging items in cash flow hedges

	Change in fair value used for calculating hedge ineffectiveness	
At 31 March £'000	**2024**	**2023****
Group		
Loans and advances to customers	(3 781)	—
Customer accounts (deposits)	1 633	—
	(2 148)	**—**

** No cash flow hedges were designated as at 31 March 2023 which were in a hedge relationship during the reporting period.

Impact of cash flow hedges on profit and loss and other comprehensive income

	Cash flow reserve	
For the year to £'000s	**2024**	2023
Group		
At the beginning of the year	27 635	—
Gain recognised in other comprehensive income on effective portion of changes in fair value of hedging instruments	2 148	30 539
Loss reclassified to income statement when hedged item affected net profit	(5 250)	(2 904)
Taxation charge relating to cash flow hedges	(6 869)	—
At the end of the year	**17 664**	**27 635**

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48. Hedges (continued)

Hedging instruments and ineffectiveness

At 31 March £'000	2024 Carrying Amount Notional	Asset	Liability	Change in fair value used to calculate hedge ineffectiveness	Gain/(loss) recognised in OCI*	Ineffectiveness (loss) recognised in the income statement
Company						
Interest rate risk						
Interest rate swaps	350 000	3 210	—	2 034	2 170	(114)
	350 000	**3 210**	**—**	**2 034**	**2 170**	**(114)**

At 31 March £'000	2023** Carrying Amount Notional	Asset	Liability	Change in fair value used to calculate hedge ineffectiveness	Gain/(loss) recognised in OCI*	Ineffectiveness (loss) recognised in the income statement
Interest rate risk						
Interest rate swaps	—	—	—	30 539	27 635	—
	—	**—**	**—**	**30 539**	**27 635**	**—**

* Included within the gain/(loss) recognised in OCI are amounts amortised to the income statement where the hedged cash flows are still expected to occur.

Hedging items in cash flow hedges

At 31 March £'000	Change in fair value used for calculating hedge ineffectiveness 2024	2023**
Company		
Loans and advances to customers	(3 781)	—
Customer accounts (deposits)	1 633	—
	(2 148)	**—**

** No cash flow hedges were designated as at 31 March 2023 which were in a hedge relationship during the reporting period.

Impact of cash flow hedges on profit and loss and other comprehensive income

For the year to £'000s	Cash flow reserve 2024	2023
Company		
At the beginning of the year	27 635	—
Gain recognised in other comprehensive income on effective portion of changes in fair value of hedging instruments	2 148	30 539
Loss reclassified to income statement when hedged item affected net profit	(5 250)	(2 904)
Taxation charge relating to cash flow hedges	(6 869)	—
At the end of the year	**17 664**	**27 635**

NOTES TO THE FINANCIAL STATEMENTS
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49. Liquidity analysis of financial liabilities based on undiscounted cash flows

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Group								
2024								
Liabilities								
Deposits by banks	226 716	19 659	16 494	36 318	50 188	1 981 853	—	2 331 228
Derivative financial instruments	67 622	46 520	56 680	74 249	101 758	144 603	18 631	510 063
Derivative financial instruments – held for trading	64 164	—	—	—	—	—	—	64 164
Derivative financial instruments – held for hedging risk	3 458	46 520	56 680	74 249	101 758	144 603	18 631	445 899
Other trading liabilities	18 449	—	—	—	—	—	—	18 449
Repurchase agreements and cash collateral on securities lent	17 575	67 516	—	—	—	—	—	85 091
Customer accounts (deposits)	6 193 673	2 155 303	3 532 546	3 352 407	4 320 992	1 645 384	—	21 200 305
Debt securities in issue	—	6 188	24 873	42 662	66 217	909 599	1 194	1 050 733
Liabilities arising on securitisation of other assets	—	—	7 154	3 462	6 540	40 251	34 570	91 977
Other liabilities	94 540	313 160	18 928	5 275	95 155	26 980	3 073	557 111
Subordinated liabilities	—	—	—	—	41 125	164 500	855 313	1 060 938
Total on-balance sheet liabilities	**6 618 575**	**2 608 346**	**3 656 675**	**3 514 373**	**4 681 975**	**4 913 170**	**912 781**	**26 905 895**
Contingent liabilities	—	39 441	86 687	1 766	24 139	332 829	9 493	494 355
Commitments	139 830	108 511	32 337	196 253	294 082	1 282 947	384 953	2 438 913
Total liabilities	**6 758 405**	**2 756 298**	**3 775 699**	**3 712 392**	**5 000 196**	**6 528 946**	**1 307 227**	**29 839 163**

The balances in the above table will not agree directly to the balances in the consolidated balance sheet, as the table incorporates all cash flows on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. The cash flow profile of debt securities in issue above considers modelled early redemptions.

Trading liabilities and trading derivatives have been included in the 'Demand' time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time.

For an unaudited analysis based on discounted cash flows, refer to page 293.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

49. Liquidity analysis of financial liabilities based on undiscounted cash flows (continued)

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Group								
2023								
Liabilities								
Deposits by banks	348 445	14 387	6 414	26 652	44 507	1 918 353	—	2 358 758
Derivative financial instruments	175 712	31 595	78 615	74 315	126 099	229 550	19 203	735 089
Derivative financial instruments – held for trading	165 152	—	—	—	—	—	—	165 152
Derivative financial instruments – held for hedging risk	10 560	31 595	78 615	74 315	126 099	229 550	19 203	569 937
Other trading liabilities	28 184	—	—	—	—	—	—	28 184
Repurchase agreements and cash collateral on securities lent	41 194	43 875	—	54 461	—	—	—	139 530
Customer accounts (deposits)	6 529 132	840 683	4 423 164	3 067 574	3 285 143	1 293 993	34	19 439 723
Debt securities in issue	—	3 348	35 179	82 354	83 172	883 741	201 416	1 289 210
Liabilities arising on securitisation of other assets	—	—	5 920	159	9 607	49 555	34 532	99 773
Other liabilities	37 213	487 919	12 797	35 866	32 174	17 370	5 322	628 661
Subordinated liabilities	—	—	7 963	2 975	9 188	246 400	855 312	1 121 838
Total on-balance sheet liabilities	**7 159 880**	**1 421 807**	**4 570 052**	**3 344 356**	**3 589 890**	**4 638 962**	**1 115 819**	**25 840 766**
Contingent liabilities	—	91	88 771	788	6 012	288 202	29 447	413 311
Commitments	167 414	72 597	55 524	167 819	218 945	1 382 284	400 955	2 465 538
Total liabilities	**7 327 294**	**1 494 495**	**4 714 347**	**3 512 963**	**3 814 847**	**6 309 448**	**1 546 221**	**28 719 615**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

49. Liquidity analysis of financial liabilities based on undiscounted cash flows (continued)

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Company								
2024								
Liabilities								
Deposits by banks	629 347	19 659	6 301	27 596	50 188	1 981 853	—	2 714 944
Derivative financial instruments	43 583	45 189	53 741	72 231	96 139	137 855	18 337	467 075
Derivative financial instruments – held for trading	40 125	—	—	—	—	—	—	40 125
Derivative financial instruments – held for hedging risk	3 458	45 189	53 741	72 231	96 139	137 855	18 337	426 950
Other trading liabilities	18 449	—	—	—	—	—	—	18 449
Repurchase agreements and cash collateral on securities lent	17 874	67 516	150 057	—	—	—	—	235 447
Customer accounts (deposits)	5 046 705	1 961 070	2 880 713	3 267 206	4 374 430	2 524 491	—	20 054 615
Debt securities in issue	—	6 188	24 872	42 662	66 217	909 599	—	1 049 538
Other liabilities	113 269	270 203	9 868	2 628	62 747	10 035	40	468 790
Subordinated liabilities	—	—	—	—	41 125	164 500	855 313	1 060 938
Total on-balance sheet liabilities	**5 869 227**	**2 369 825**	**3 125 552**	**3 412 323**	**4 690 846**	**5 728 333**	**873 690**	**26 069 796**
Contingent liabilities	—	40 085	86 655	—	20 144	339 773	9 493	496 150
Commitments	67 530	90 701	29 167	184 809	290 974	1 275 989	384 953	2 324 123
Total liabilities	**5 936 757**	**2 500 611**	**3 241 374**	**3 597 132**	**5 001 964**	**7 344 095**	**1 268 136**	**28 890 069**

The balances in the above table will not agree directly to the balances in the Company balance sheet, as the table incorporates all cash flows on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. The cash flow profile of debt securities in issue above considers modelled early redemptions.

Trading liabilities and trading derivatives have been included in the 'Demand' time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

49. Liquidity analysis of financial liabilities based on undiscounted cash flows (continued)

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Company								
2023								
Liabilities								
Deposits by banks	706 058	14 382	5 414	21 955	44 507	1 918 353	—	2 710 669
Derivative financial instruments	160 113	28 369	74 407	71 722	123 548	218 679	19 035	695 873
Derivative financial instruments – held for trading	149 553	—	—	—	—	—	—	149 553
Derivative financial instruments – held for hedging risk	10 560	28 369	74 407	71 722	123 548	218 679	19 035	546 320
Other trading liabilities	28 184	—	—	—	—	—	—	28 184
Repurchase agreements and cash collateral on securities lent	41 194	43 875	150 000	54 461	—	—	—	289 530
Customer accounts (deposits)	5 103 255	642 188	3 718 299	3 060 178	3 377 680	2 240 516	19	18 142 135
Debt securities in issue	—	3 348	35 191	82 354	83 172	883 741	200 222	1 288 028
Other liabilities	58 544	251 024	3 286	32 064	29 236	7 937	2 319	384 410
Subordinated liabilities	—	—	7 963	2 975	9 188	246 400	855 312	1 121 838
Total on-balance sheet liabilities	**6 097 348**	**983 186**	**3 994 560**	**3 325 709**	**3 667 331**	**5 515 626**	**1 076 907**	**24 660 667**
Contingent liabilities	—	659	88 771	—	5 419	286 874	29 447	411 170
Commitments	66 407	53 540	55 457	166 958	216 131	1 380 685	399 273	2 338 451
Total liabilities	**6 163 755**	**1 037 385**	**4 138 788**	**3 492 667**	**3 888 881**	**7 183 185**	**1 505 627**	**27 410 288**

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50. Principal subsidiaries and associated companies and joint venture holdings – Investec Bank plc

			Interest	
At 31 March	Principal activity	Country of incorporation	**2024**	2023
Direct subsidiaries of Investec Bank plc				
Investec Investments (UK) Limited	Investment holding	England and Wales	100.0%	100.0%
Investec Asset Finance PLC	Leasing	England and Wales	100.0%	100.0%
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100.0%	100.0%
Investec Bank (Switzerland) AG	Banking institution and wealth manager	Switzerland	100.0%	100.0%
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100.0%	100.0%
Investec Holdings Australia Pty Limited	Holding company	Australia	100.0%	100.0%
Investec Wealth & Investments Limited	Investment management services	England and Wales	-	100.0%
Investec-Capitalmind Investment Limited	Non trading	England and Wales	100.0%	-
Indirect subsidiary undertakings of Investec Bank plc				
Investec Europe Limited	MiFiD firm	Ireland	100.0%	100.0%
Investec Securities (US) LLC	Financial services	USA	100.0%	100.0%
Capitalmind International BV	Non trading	Netherlands	60.0%	-
Capitalmind SAS	Advisory services	France	60.0%	-
Capitalmind GmbH & Co. KG	Advisory services	Germany	60.0%	-
Capitalmind BV	Advisory services	Netherlands	60.0%	-

All of the above subsidiary undertakings are included in the consolidated accounts.

The subsidiaries listed above are only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, have a significant impact on the financial statements.

For more details on interests in associated undertakings and joint venture holdings refer to note 28.

A complete list of subsidiary, associated undertakings and joint venture holdings as required by the Companies Act 2006 is included in note 57 on pages 258 to 262.

Consolidated structured entities

Investec Bank plc has no equity interest in the following structured entities, which are consolidated. Typically a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the Group has control over these structures include assessing the purpose and design of the entity and considering whether the Group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	Type of structured entity
Cavern Funding 2020 plc	Securitised auto receivables
Landmark Mortgage Securities No. 2 plc	Securitised residential mortgages
Temese Funding 2 plc	Securitised receivables
Gresham Leasing One Limited	Aircraft related

For additional detail on the other securitised assets and liabilities arising on securitisation, refer to note 27.

Details of the risks to which the Group is exposed through all of its securitisations are included in the notes to risk and capital management on page 286.

50. Principal subsidiaries and associated companies and joint venture holdings – Investec Bank plc (continued)

The key assumptions for the main types of structured entities which the Group consolidates are summarised below:

Securitised residential mortgages

The Group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the Group's holdings of equity notes combined with its control over servicing activities. The Group is not required to fund any losses above those incurred on the notes it has retained; such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Structured debt and loan portfolios

The Group has structured debt and loan portfolios for the purpose of issuing asset-backed securities. These structured entities are consolidated due to the Group's retention of equity notes and because it continues to act as the collateral manager. The Group is not required to fund any losses above those incurred on the notes it has retained.

Securitised receivables

The Group has securitised a portfolio of medium-term lease and hire purchase receivables. These structured entities are consolidated as the Group has retained the equity notes and control over servicing activities. The Group is not required to fund any losses above those incurred on the notes it has retained.

Other structured entities – commercial operations

The Group also consolidates a number of structured entities where control arises from rights attached to lending facilities and similar commercial involvement. These arise primarily in the areas of aircraft funds where the Group has rights which allow it to maximise the value of the assets held and investments in mining projects due to its exposure to equity-like returns and ability to influence the strategic and financial decision-making.

The Group is not required to fund any losses above those which could be incurred on debt positions held or swaps which exist with these structured entities. The risks to which the Group is exposed from these structured entities are related to the underlying assets held in the structures.

Significant restrictions

As is typical for a large group of companies, there are restrictions on the ability of the Group to obtain distributions of capital, access the assets or repay the liabilities of members of the Group due to the statutory, regulatory and contractual requirements of its subsidiaries.

These are considered below:

Regulatory requirements

Subsidiary companies are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital, leverage and exposure ratios restricting the ability of these entities to make distributions of cash or other assets to the Parent company. Regulated subsidiaries of the Group are required to maintain liquidity pools to meet PRA and local regulatory requirements. The main subsidiaries affected are: Investec Bank (Channel Islands) Limited and Investec Bank (Switzerland) AG which must maintain compliance with the regulatory minimum.

Capital management within the Group is discussed in the notes to risk and capital management on pages 299 to 301.

Statutory requirements

The Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits, and generally maintain solvency. These requirements restrict the ability of subsidiaries to remit dividends, except in the case of a legal capital reduction or liquidation.

Contractual requirements

Asset encumbrance – the Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks. Once encumbered, the assets are not available for transfer around the Group. The assets typically affected are disclosed in notes 19 and 53.

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50. Principal subsidiaries and associated companies and joint venture holdings – Investec Bank plc (continued)

Structured associates

The Group has investments in a number of structured funds specialising in aircraft financing where the Group acts as adviser or fund manager in addition to holding units within the fund. As a consequence of these roles and funding, the Group has significant influence over the fund and therefore the funds are treated as associates.

The Group applies the venture capital exemption to these holdings and, as such, the investments in the funds are accounted for at fair value and held within the investment portfolio on the balance sheet.

Type of structured entity	Nature and purpose	Interest held by the Group/income earned
Aircraft investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees

The table below sets out an analysis of the carrying amounts of interests held by the Group in structured associate entities.

31 March 2024 £'000	**Line on the balance sheet**	**Carrying value £'000**	**Maximum exposure to loss**	**Income earned from structured entity**	**£'000**
Aircraft investment funds	Investment portfolio	22 108	Limited to the carrying value	Investment income	226

31 March 2023 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	21 164	Limited to the carrying value	Investment income	2 832

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51. Unconsolidated structured entities

The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities. Unconsolidated structured entities are those which the Group does not control in line with basis of consolidation as set out in the accounting policies on pages 146 to 157.

The table below describes the types of unconsolidated structured entities the Group has transactions with.

Type of structured entity	Nature and purpose	Interest held by the Group/income earned
Investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees
Debt funds	To generate a return for investors by providing exposure to residential mortgage risk	Investments in units issued by the fund
	These vehicles are financed through the issue of notes to investors	Interest income/Investment income/ Management fees
Aircraft leasing structures	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Interest income/Investment income

The table below shows the Group's maximum exposure to the unconsolidated structured entities.

At 31 March 2024 £'000	Investment fund	Debt fund	Aircraft leasing structure	Total
Loans and advances (fair value through profit and loss)	—	—	11 477	11 477
Loans and advances (amortised cost)	—	—	—	—
Investment portfolio (fair value through profit and loss)	30 722	—	1 114	31 836
Investment portfolio (amortised cost)	—	10	—	10
Other debt securities (fair value through profit and loss)	—	32 252	—	32 252
Total assets	**30 722**	**32 262**	**12 591**	**75 575**
Other liabilities (fair value through profit and loss)	12	—	—	12
Total liabilities	**12**	**—**	**—**	**12**
Off-balance sheet commitments	**13 288**	**198**	**2 610**	**16 096**
Maximum exposure at 31 March 2024	**43 998**	**32 460**	**15 201**	**91 659**

At 31 March 2023 £'000	Investment fund	Debt fund	Aircraft leasing structure	Total
Loans and advances (fair value through profit and loss)	—	—	418	418
Loans and advances (amortised cost)	—	—	5 636	5 636
Investment portfolio (fair value through profit and loss)	22 833	—	—	22 833
Investment portfolio (amortised cost)	—	—	—	—
Other debt securities (fair value through profit and loss)	—	43 680	—	43 680
Total assets	**22 833**	**43 680**	**6 054**	**72 567**
Other liabilities (fair value through profit and loss)	36	—	—	36
Total liabilities	**36**	**—**	**—**	**36**
Off-balance sheet commitments	**13 172**	**202**	**2 668**	**16 042**
Maximum exposure at 31 March 2023	**35 969**	**43 882**	**8 722**	**88 573**

51. Unconsolidated structured entities (continued)

Financial support provided to the unconsolidated structured entities

There are no contractual agreements which require the Group to provide any additional financial or non-financial support to these structured entities.

During the year, the Group has not provided any such support and does not have any current intentions to do so in the future.

Sponsoring

The Group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity.

Interests in structured entities which the Group has not set up

Purchased securitisation positions

The Group buys and sells interests in structured entities that it has not originated as part of its trading activities, for example, residential mortgage securities, commercial mortgage securities, loans to corporates and resecuritisations. In such cases the Group typically has no other involvement with the structured entity other than the securities it holds as part of its trading activities, and its maximum exposure to loss is restricted to the carrying value of the asset.

Details of the value of these interests is included in the notes to risk and capital management on page 286.

NOTES TO THE FINANCIAL STATEMENTS
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52. Offsetting

At 31 March £'000	Amounts subject to enforceable netting arrangements: Effects of offsetting on-balance sheet: Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Related amounts not offset*: Financial instruments (including non-cash collateral)	Cash collateral	**Net amount**
Group						
2024						
Assets						
Cash and balances at central banks	5 661 623	—	5 661 623	—	—	5 661 623
Loans and advances to banks	676 001	—	676 001	—	(19 695)	656 306
Reverse repurchase agreements and cash collateral on securities borrowed	1 140 115	—	1 140 115	(8 940)	(1 381)	1 129 794
Sovereign debt securities	1 928 134	—	1 928 134	—	—	1 928 134
Bank debt securities	297 255	—	297 255	—	—	297 255
Other debt securities	708 285	—	708 285	—	—	708 285
Derivative financial instruments	474 834	—	474 834	(124 113)	(158 857)	191 864
Securities arising from trading activities	157 332	—	157 332	(27 398)	—	129 934
Loans and advances to customers	16 570 313	—	16 570 313	—	—	16 570 313
Other loans and advances	145 545	—	145 545	—	(399)	145 146
Other securitised assets	66 702	—	66 702	—	—	66 702
Investment portfolio	244 140		244 140			244 140
Other assets	764 473	—	764 473	—	—	764 473
	28 834 752	**—**	**28 834 752**	**(160 451)**	**(180 332)**	**28 493 969**
Liabilities						
Deposits by banks	2 174 305	—	2 174 305	—	(157 489)	2 016 816
Derivative financial instruments	472 662	—	472 662	(124 113)	(15 417)	333 132
Other trading liabilities	18 449	—	18 449	(8 940)	—	9 509
Repurchase agreements and cash collateral on securities lent	85 091	—	85 091	(17 575)	(4 677)	62 839
Customer accounts (deposits)	20 851 216	—	20 851 216	—	(2 749)	20 848 467
Debt securities in issue	956 887	—	956 887	(9 823)	—	947 064
Liabilities arising on securitisation of other assets	71 751	—	71 751	—	—	71 751
Other liabilities	980 595	—	980 595	—	—	980 595
Subordinated liabilities	668 810	—	668 810	—	—	668 810
	26 279 766	**—**	**26 279 766**	**(160 451)**	**(180 332)**	**25 938 983**

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

52. Offsetting (continued)

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on-balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
Group						
2023						
Assets						
Cash and balances at central banks	5 400 401	—	5 400 401	—	—	5 400 401
Loans and advances to banks	892 791	—	892 791	—	(42 365)	850 426
Reverse repurchase agreements and cash collateral on securities borrowed	1 338 699	—	1 338 699	(18 976)	(51 104)	1 268 619
Sovereign debt securities	1 221 744	—	1 221 744	—	—	1 221 744
Bank debt securities	204 691	—	204 691	—	—	204 691
Other debt securities	697 275	—	697 275	—	—	697 275
Derivative financial instruments	680 262	—	680 262	(202 876)	(265 816)	211 570
Securities arising from trading activities	127 537	—	127 537	(33 902)	—	93 635
Loans and advances to customers	15 567 809	—	15 567 809	—	—	15 567 809
Other loans and advances	172 087	—	172 087	—	(4 959)	167 128
Other securitised assets	78 231	—	78 231	—	—	78 231
Investment portfolio	311 618	—	311 618	—	—	311 618
Other assets	993 385	—	993 385	—	—	993 385
	27 686 530	**—**	**27 686 530**	**(255 754)**	**(364 244)**	**27 066 532**
Liabilities						
Deposits by banks	2 172 170	—	2 172 170	—	(315 023)	1 857 147
Derivative financial instruments	704 816	—	704 816	(202 877)	(41 080)	460 859
Other trading liabilities	28 184	—	28 184	(10 337)	—	17 847
Repurchase agreements and cash collateral on securities lent	139 529	—	139 529	(20 986)	(6 244)	112 299
Customer accounts (deposits)	19 251 399	—	19 251 399	—	(1 897)	19 249 502
Debt securities in issue	1 140 879	—	1 140 879	(21 554)	—	1 119 325
Liabilities arising on securitisation of other assets	81 609	—	81 609	—	—	81 609
Other liabilities	1 198 267	—	1 198 267	—	—	1 198 267
Subordinated liabilities	731 483	—	731 483	—	—	731 483
	25 448 336	**—**	**25 448 336**	**(255 754)**	**(364 244)**	**24 828 338**

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE FINANCIAL STATEMENTS
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52. Offsetting (continued)

At 31 March £'000	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on-balance sheet			Related amounts not offset*		
	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
Company						
2024						
Assets						
Cash and balances at central banks	5 650 257	—	5 650 257	—	—	5 650 257
Loans and advances to banks	290 068	—	290 068	—	(18 274)	271 794
Reverse repurchase agreements and cash collateral on securities borrowed	1 140 115	—	1 140 115	(8 940)	(1 381)	1 129 794
Sovereign debt securities	1 077 424	—	1 077 424	—	—	1 077 424
Bank debt securities	289 531	—	289 531	—	—	289 531
Other debt securities	1 415 230	—	1 415 230	—	—	1 415 230
Derivative financial instruments	421 230	—	421 230	(122 506)	(158 068)	140 656
Securities arising from trading activities	157 332	—	157 332	(27 398)	—	129 934
Loans and advances to customers	12 692 623	—	12 692 623	—	—	12 692 623
Other loans and advances	3 311 808	—	3 311 808	—	(399)	3 311 409
Other securitised assets	468	—	468	—	—	468
Investment portfolio	43 677		43 677			43 677
Other assets	447 974	—	447 974	—	—	447 974
	26 937 737	**—**	**26 937 737**	**(158 844)**	**(178 122)**	**26 600 771**
Liabilities						
Deposits by banks	2 558 021	—	2 558 021	—	(156 700)	2 401 321
Derivative financial instruments	429 675	—	429 675	(122 506)	(13 996)	293 173
Other trading liabilities	18 449	—	18 449	(8 940)	—	9 509
Repurchase agreements and cash collateral on securities lent	235 447	—	235 447	(17 575)	(4 677)	213 195
Customer accounts (deposits)	19 720 605	—	19 720 605	—	(2 749)	19 717 856
Debt securities in issue	955 694	—	955 694	(9 823)	—	945 871
Other liabilities	655 025	—	655 025	—	—	655 025
Subordinated liabilities	668 810	—	668 810	—	—	668 810
	25 241 726	**—**	**25 241 726**	**(158 844)**	**(178 122)**	**24 904 760**

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

52. Offsetting (continued)

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on-balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	Cash collateral	**Net amount**
Company						
2023						
Assets						
Cash and balances at central banks	5 380 346	—	5 380 346	—	—	5 380 346
Loans and advances to banks	237 897	—	237 897	—	(42 321)	195 576
Reverse repurchase agreements and cash collateral on securities borrowed	1 338 699	—	1 338 699	(18 976)	(51 104)	1 268 619
Sovereign debt securities	372 741	—	372 741	—	—	372 741
Bank debt securities	200 590	—	200 590	—	—	200 590
Other debt securities	1 404 253	—	1 404 253	—	—	1 404 253
Derivative financial instruments	625 897	—	625 897	(197 452)	(260 317)	168 128
Securities arising from trading activities	127 537	—	127 537	(33 902)	—	93 635
Loans and advances to customers	11 827 489	—	11 827 489	—	—	11 827 489
Other loans and advances	3 199 833	—	3 199 833	—	(4 959)	3 194 874
Other securitised assets	4 005	—	4 005	—	—	4 005
Investment portfolio	46 534	—	46 534	—	—	46 534
Other assets	446 286	—	446 286	—	—	446 286
	25 212 107	**—**	**25 212 107**	**(250 330)**	**(358 701)**	**24 603 076**
Liabilities						
Deposits by banks	2 524 081	—	2 524 081	—	(309 524)	2 214 557
Derivative financial instruments	665 600	—	665 600	(197 453)	(41 036)	427 111
Other trading liabilities	28 184	—	28 184	(10 337)	—	17 847
Repurchase agreements and cash collateral on securities lent	289 529	—	289 529	(20 986)	(6 244)	262 299
Customer accounts (deposits)	17 953 810	—	17 953 810	—	(1 897)	17 951 913
Debt securities in issue	1 139 696	—	1 139 696	(21 554)	—	1 118 142
Other liabilities	564 441	—	564 441	—	—	564 441
Subordinated liabilities	731 483	—	731 483	—	—	731 483
	23 896 824	**—**	**23 896 824**	**(250 330)**	**(358 701)**	**23 287 793**

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

53. Derecognition

Group

Transfer of financial assets that do not result in derecognition

The Group is party to securitisation transactions whereby assets continue to be recognised on-balance sheet (either fully or partially) although they have been subject to legal transfer to another entity. Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction.

	2024		2023	
No derecognition achieved £'000	**Carrying amount of assets that continue to be recognised**	**Carrying amount of associated liabilities**	Carrying amount of assets that continue to be recognised	Carrying amount of associated liabilities
Loans and advances to customers	1 511 765	—	1 613 838	—
Loans and advances to banks	69 389	—	80 799	—
	1 581 154	**—**	**1 694 637**	**—**

The transferred assets above in both the current and prior year are held within structured entities which are wholly-owned and consolidated by the Group. There are no external parties participating in these vehicles and therefore the Group continues to have full exposure to the risks and rewards associated with the assets and the associated liabilities are eliminated on consolidation. There are no restrictions or limitations on the Group's recourse to the assets held within the structured entities.

For transfer of assets in relation to repurchase agreements see note 19.

Company

The Company has not been party to transactions that resulted in a transfer of financial assets that did not result in derecognition.

54. Investment in subsidiary companies

At 31 March £'000	**2024**	2023
Cost		
At the beginning of the year	1 013 191	944 766
Acquisition of subsidiaries	49 630	75 795
Deconsolidation of subsidiaries	(433 162)	—
Return of capital by subsidiary	(9 924)	(5 676)
Liquidation of subsidiaries		(1 737)
Exchange adjustments		43
At the end of the year	**619 735**	**1 013 191**
Provision for impairment in value		
At the beginning of the year	(140 362)	(117 167)
Impairment of subsidiaries	(27 506)	(23 620)
Liquidation of subsidiaries		425
At the end of the year	**(167 868)**	**(140 362)**
Carrying value at the end of the year	**451 867**	**872 829**

All subsidiary undertakings are unlisted.

The main increase in acquisition of subsidiaries is due to a £43.7 million stepped acquisition of Capitalmind which was previously an associate. £4.7 million is due to capital injections into two subsidiaries and £1.2 million due to acquisition of two new subsidiaries to take advantage of new business opportunities. The deconsolidation of subsidiaries relates to Investec Wealth & Investment Limited following the all-share combination with Rathbones Group.

£9.9 million capital return is in respect of the US subsidiary which remains well capitalised. Impairment of £27.5 million is in relation to an impairment of a holding company, £15.1 million and a property company, £12.4 million. The impairment of the property company reflects independent valuers assessment of the property.

During the prior year, increase in acquisition of subsidiaries was driven by a capital injection of £75 million, and an acquisition of a new subsidiary at £0.7 million. Other movements were driven by impairments of subsidiaries of £23.6 million and return of capital of £4.9 million from Investec Australia following the wind down of the Australian operation, and £1.7 million following the liquidation of Investec Capital Markets (Hong Kong).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. Events after the reporting date

In the ordinary course of business, events may occur that influence the credit quality of loans and advances. At the date of this report, we have concluded that no changes are required to our ECL provisions or there is insufficient new information available since 31 March 2024 of any conditions which existed at the balance sheet date to reliably estimate any adjustments to these ECL provisions.

56. Restatements

The effective date of the combination of Investec Wealth & Investment Limited and Rathbones Group Plc was 21 September 2023. The Investec Wealth & Investment business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented. Refer to note 34 for discontinued operations.

In addition, realised cash flows on interest rate swaps were incorrectly grossed up and separately recognised as interest income and interest expense. The two lines were appropriately reduced for the gross cash flows of £196.3 million, and the net movement was accounted for in either 'interest income' or 'interest expense' (depending on whether it was an asset or liability being hedged).

These reclassifications in the income statement for the prior reported periods and the consequential restated comparatives have been shown below.

£'000	Year to 31 March 2023 as previously reported	Reversal of interest rate swaps gross-up	Re-presentation as a discontinued operation	**Year to 31 March 2023 restated**
Interest income	1 445 322	(196 342)	(23 627)	1 225 353
Interest expense	(696 297)	196 342	859	(499 096)
Net interest income	**749 025**	**—**	**(22 768)**	**726 257**
Fee and commission income	456 215	—	(324 908)	131 307
Fee and commission expense	(15 372)	—	—	(15 372)
Investment income	5 003	—	—	5 003
Share of post-taxation profit of associates and joint venture holdings	660	—	—	660
Trading income/(loss) arising from				
– customer flow	87 366	—	—	87 366
– balance sheet management and other trading activities	13 060	—	—	13 060
Other operating income	12 620	—	—	12 620
Operating income	**1 308 577**	**—**	**(347 676)**	**960 901**
Expected credit loss impairment charges	(66 740)	—	—	(66 740)
Operating income after expected credit loss impairment charges	**1 241 837**	**—**	**(347 676)**	**894 161**
Operating costs	(833 061)	—	255 909	(577 152)
Operating profit before goodwill, acquired intangibles and strategic actions	**408 776**	**—**	**(91 767)**	**317 009**
Impairment of goodwill	(805)	—	—	(805)
Amortisation of acquired intangibles	(12 625)	—	12 625	—
Closure and rundown of the Hong Kong direct investments business	(480)	—	—	(480)
Operating profit	**394 866**	**—**	**(79 142)**	**315 724**
Financial impact of strategic actions	—	—	—	—
Profit before taxation	**394 866**	**—**	**(79 142)**	**315 724**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(83 288)	—	17 201	(66 087)
Taxation on goodwill, acquired intangibles and strategic actions	2 031	—	(2 031)	—
Profit after taxation from continuing operations	**313 609**		**(63 972)**	**249 637**
Profit after taxation from discontinued operations	**—**	**—**	**63 972**	**63 972**
Profit after taxation	**313 609**	**—**	**—**	**313 609**
Profit attributable to other non-controlling interests	—	—	—	—
Earnings attributable to shareholder	**313 609**	**—**	**—**	**313 609**

NOTES TO THE FINANCIAL STATEMENTS
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57. Subsidiaries

At 31 March 2024	Principal activity	Interest held
United Kingdom **Registered office: 30 Gresham Street, London, EC2V 7QP, UK**		
PIF Investments Limited*	Dormant	100%
Beeson Gregory Index Nominees Limited*	Dormant	100%
EVO Nominees Limited*	Dormant	100%
Evolution Securities Nominees Limited*	Dormant	100%
Investec Finance Limited*	Dormant	100%
Investec Group Investments (UK) Limited*	Investment holding company	100%
GFT Holdings Limited	Dormant	100%
Investec Investment Trust plc	Debt issuer	100%
Investec Investments (UK) Limited*	Investment holding company	100%
Inv-German Retail Limited	Property company	100%
Investec Securities Limited	Dormant	100%
Technology Nominees Limited*	Nominee	100%
Torteval LM Limited*	Investment holding company	100%
Torteval Funding LLP*	Financing company	100%
Evolution Capital Investment Limited	Dormant	100%
Investec Capital Solutions Limited*	Lending company	100%
Diagonal Nominees Limited*	Nominee	100%
Kendals Regeneration Limited* (formerly Nars Holdings Limited)	Property company	100%
PSV Marine Limited*	Shipping holding company	100%
PSV Anjali Limited	Shipping holding company	100%
PSV Randeep Limited	Shipping holding company	100%
Investec India Holdco Limited	Investment holding company	80.48%
Investec Alternative Investment Management Limited*	Fund management activities	100%
Investec-Capitalmind Investment Limited*	Non-trading	100%
NI (HH) LLP	Property company	93%
HH Farringdon Limited	Nominee	100%

* Directly owned by Investec Bank plc.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

57. Subsidiaries (continued)

At 31 March 2024	Principal activity	Interest held
Registered office: Reading International Business Park, Reading, RG2 6AA, UK		
Mann Island Finance Limited	Leasing company	100%
CF Corporate Finance Limited*	Leasing company	100%
MI Vehicle Finance Limited	Leasing company	100%
Quantum Funding Limited*	Leasing company	100%
Investec Asset Finance plc*	Leasing company	100%
Australia		
Registered office: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000, Australia		
Investec Holdings Australia Pty Limited*	Holding company	100%
Investec Australia Finance Pty Limited	Lending company	100%
Investec Australia Pty Limited	Financial services	100%
Bowden (Lot 32) Direct Pty Limited	Dormant	100%
British Virgin Islands		
Registered office: Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands		
Finistere Directors Limited	Corporate director	100%
GFT Directors Limited	Corporate director	100%
Registered office: Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands		
Fertile Sino Global Development Limited*	Holding company	100%
France		
Registered office: 27 Rue Maurice Flandin – 69003 Lyon Cedex 03, France		
SCI CAP Philippe*	Property company	100%
Registered office: 151 Boulevard Haussman, 75008 Paris, France		
Capitalmind SAS	Advisory services	60%
Germany		
Registered office: Sonnenberger Strabe 16, 65193 Weisbaden, Germany		
Capitalmind GmbH & Co. KG	Advisory services	60%

* Directly owned by Investec Bank plc.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

57. Subsidiaries (continued)

At 31 March 2024	Principal activity	Interest held
Guernsey **Registered office: PO Box 188, Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3LP, Channel Islands**		
Investec Asset Finance (Channel Islands) Limited	Leasing company	100%
Registered office: Glategny Court, Glategny, Esplanade, St Peter Port, Guernsey, GY1 1WR, Channel Islands		
Investec Bank (Channel Islands) Limited*	Banking institution	100%
Investec Bank (Channel Islands) Nominees Limited	Nominee	100%
Registered office: PO Box 290, Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RP, Channel Islands		
Bayeux Limited	Corporate director	100%
Finistere Limited	Corporate nominee	100%
Finistere Secretaries Limited	Corporate secretary	100%
ITG Limited	Corporate director	100%
Jersey **Registered office: 2nd Floor One The Esplanade, St Helier, Channel Islands, Jersey, JE2 3QA**		
Appleton Resources (Jersey) Limited	Holding company	100%
India **Registered office: B Wing, 11th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India**		
Investec Credit Finance Private Limited	Lending platform	99%
Investec Global Services (India) Private Limited*	ITES outsourcing	100%

* Directly owned by Investec Bank plc.

NOTES TO THE FINANCIAL STATEMENTS
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57. Subsidiaries (continued)

At 31 March 2024	Principal activity	Interest held
Ireland Registered office: The Harcourt Building, Harcourt Street, Dublin 2, Ireland		
Investec Holdings (Ireland) Limited*	Holding company	100%
Investec Ireland Limited	Financial services	100%
Investec International Limited	Aircraft leasing	100%
Neontar Limited	Holding company	100%
Investec Securities Holdings Ireland Limited	Holding company	100%
Investec Private Finance Ireland Limited*	Loan credit servicing	100%
Investec Ventures Ireland Limited	Investment management services	100%
Venture Fund Private Principals Limited	Investment services	100%
Investec Europe Limited	MiFiD firm	100%
Registered office: 32 Molesworth Street, Dublin 2, Ireland		
Gresham Leasing 2 Limited*	Equipment rental and leasing	100%
Luxembourg Registered office: 15 Boulevard Friedrich Wilhelm Raiffeisen L-2411, Luxembourg		
PDF II GP s.a.r.l.	Fund management activities	100%
Netherlands Registered office: Reitschweg 49, 5232BX's-Hertogenbosch, the Netherlands		
Capitalmind International B.V.	Non-trading	60%
Capitalmind B.V.	Advisory services	60%
Singapore Registered office: 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095		
Investec Singapore Pte Limited	Securities services	100%
Switzerland Registered offices: Löwenstrasse 29, CH-8001 Zurich, Switzerland		
Investec Bank (Switzerland) AG*	Banking institution and wealth manager	100%
United States of America Registered office: 10 E. 53rd St., 22nd Floor, New York, NY 10022, USA		
US Multifamily GP LLC	Investment holding company	100%
Investec USA Holdings Corp*	Holding company	100%
Investec Inc	Investment holding company	100%
Fuel Cell IP 1 LLC Investment	Investment holding company	100%
Fuel Cell IP 2 LLC Investment	Investment holding company	100%
Investec Securities (US) LLC	Financial services	100%
Registered office: One Carbon Center-Suite 501, 13905 McCorkle Ave. SE, Chesapeake, WV 25315		
Appleton Coal LLC	Investment holding company	100 %

* Directly owned by Investec Bank plc.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

57. Subsidiaries (continued)

Associates and joint venture holdings

At 31 March 2024	Principal activity	Interest held
United Kingdom **Registered office: 8 Finsbury Circus, London EC2M 7AZ**		
Rathbones Group Plc	Financial services	41.25%
British Virgin Islands **Registered office: Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands**		
iMarkets (Holdings) Limited	Online trading platform	33%
Registered office: Wattley Building, 2nd Floor, 160 Main Street, PO Box 3410, Road Town, Tortola, British Virgin Islands		
Templewater Holdings Limited	Holding company	50%
India **Registered office: 32/1. 14th Cross, 9th Main, 6th Sector H.S.R. Layout, Bangalore, Karnataka 560102, India**		
JSM Advisers Private Limited	Fund management	55%
Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051		
Investec Capital Services (India) Private Limited	Merchant banking & stock broking	80.3%

58. Credit and counterparty risk management

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, through loans and advances to clients and counterparties, creating the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements where we have placed funds with other financial institutions
- Financial instrument transactions, producing issuer risk where payments due from the issuer of a financial instrument may not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party making required settlements as they fall due but not receiving the performance to which they are entitled
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to fulfil the transaction.

The relevant credit committees will also consider wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction decreases as the probability of default of the borrower or counterparty increases. For counterparty credit risk resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.

Credit and counterparty risk may also arise in other ways and it is the role of the risk management functions and the various independent credit committees to identify risks falling outside these definitions.

Credit and counterparty risk governance structure

To manage, measure, monitor and mitigate credit and counterparty risk, independent credit committees exist in the UK. These committees also have oversight of regions where we assume credit risk and operate under Board-approved delegated limits, policies and procedures. There is a high level of executive involvement and oversight in the credit decision-making forums depending on the size and complexity of the deal. It is our policy that all credit committees include voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the credit committees, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Day-to-day arrears management and regular arrears reporting ensure that individual positions and any potential adverse trends are dealt with in a timely manner
- Watchlist Forums review the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision. These committees review ECL impairments and staging at an asset level as well as potential fair value adjustments to loans and advances to customers. They provide recommendations for the appropriate staging and level of ECL impairment where required
- The Forbearance Forum reviews and monitors counterparties who have been granted forbearance measures
- The Impairment Decision Committee reviews recommendations from underlying Watchlist Forums and considers and approves the appropriate level of ECL impairments and staging
- The Models Forum provides an internal screening and validation process for credit models. We have established independent model validation teams who review the models and provide feedback on the accuracy and operation of the models and note items for further development through the forum
- An annual review of risk appetite framework and limits that are approved by IBP ERC, IBP BRCC and IBP Board.

Credit and counterparty risk appetite

The IBP Board has set risk appetite limits which regulate the maximum exposures we would be comfortable to tolerate in order to diversify and mitigate risk. Should there be any breaches to limits, or where exposures are nearing limits, these exceptions are specifically highlighted for attention, with remedial actions reported to IBP BRCC and the IBP Board.

The assessment of our clients and counterparties includes consideration of their character, integrity, core competencies, track record and financial strength. A strong emphasis is placed on the historic and ongoing stability of income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client or counterparty to meet their payment obligations.

Target clients include high net worth individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates, sophisticated investors, established corporates, small and medium-sized enterprises, financial institutions and sovereigns.

We are client-centric in our approach and originate loans mainly with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship.

Interbank lending is largely reserved for those banks and institutions in the Bank's core geographies of activity, which are systemic and highly rated.

Concentration risk

Concentration risk, with respect to credit and counterparty risk, is when large exposures exist to a single client or counterparty, group of connected counterparties, or to a particular geography, asset class or industry. An example of this would be where a number of counterparties are affected by similar economic, legal, regulatory or other factors that could mean their ability to meet contractual obligations are correlated.

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to manage concentration risk. In order to manage concentration, we will consider a sell-down of exposures to market participants if required.

Concentration risk can also exist where portfolio loan maturities are clustered to single periods in time. Loan maturities are monitored on a portfolio and a transaction level by Investec Group risk management, Group lending operations as well as the originating business units.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Country risk

Country risk, with respect to credit and counterparty risk, refers to the risk of lending to a counterparty operating in a particular country or the risk inherent in a sovereign exposure, i.e. the risk of exposure to loss caused by events in that country. Country risk covers all forms of lending or investment activity whether to/with individuals, corporates, banks or governments. This can include geopolitical risks, transfer and convertibility risks, and the impact on the borrower's credit profile due to local economic and political conditions.

To mitigate country risk, there is a preference for primary exposure in the Bank's main operating geography. The Bank will accept exposures where we have a branch or local banking subsidiary, and tolerate exposures to other countries where we are facilitating a transaction for a client who requires facilities in a foreign geography and where we have developed a local understanding and capability.

The Bank's credit risk appetite with regard to country risk is characterised by the following principles:

- Preference is to have exposure only to politically stable jurisdictions that we understand and have preferably operated in before
- There is little specific appetite for exposures outside of the Bank's pre-existing core geographies or target markets
- The legal environment should be tested, have legal precedent in line with OECD standards and have good corporate governance
- In certain cases, country risk can be mitigated by taking out political risk insurance with suitable counterparties where deemed necessary and where considered economic.

While we do not have a separate country risk committee, the relevant credit committees as well as investment committees, IBP ERC and where necessary, Investec Group ERC will consider, analyse and assess the appropriate foreign jurisdiction limits.

In the UK, following the official exit from the European Union, it remains necessary to avoid exposures to certain European countries due to the resulting legal and regulatory implications. This relates specifically to countries in which borrowers are legally incorporated and any deal will be thoroughly assessed on a case by case basis to ensure compliance with current regulations.

Sustainability risk (including climate and ESG)

We assess sustainability risks as part of the credit committee or investment committee's evaluation of lending or investment decisions. This includes additional due diligence for transactions that fall into the high-risk ESG category (as defined by the International Finance Corporation), which involves a comprehensive review by the Investec Group sustainability team.

This review identifies any potential risks relating to:

- Environmental impacts (including climate, nature degradation and animal welfare) to support SDG 13
- Social injustice (including human rights, diversity, inclusion and modern slavery, community displacement and health and safety risks) to support SDG 10
- Governance matters (including corruption, fraud and controversies)
- Macro-economic impacts (including poverty, growth, and unemployment) to support SDG 13 and SDG10.

If the Group sustainability team flags the transaction as a high concern issue, it will be escalated to IBP or Investec Group ERC before any credit or investment decision is made. Moreover, the DLC SEC is informed of any transactions identified as high concern issues.

Refer to pages 283 and 284 for further detail.

Stress testing

The Bank's stress testing framework is designed to identify and assess vulnerabilities under stress. The process comprises a bottom-up analysis of the Bank's material business activities, incorporating views from risk management teams, business and the executive. Stress scenarios are designed based on findings from the bottom-up process, taking into consideration the broader macro-economic and political risk backdrop.

These IBP-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting. The stress testing process also informs the risk appetite review process, and the management of risk appetite limits and is a key risk management tool of the Bank. This process allows the Bank to identify underlying risks and manage them accordingly.

The Bank also performs ad hoc stress tests and reverse stress testing. Ad hoc stress tests are conducted in response to any type of material and/or emerging risks, with reviews undertaken of impacted portfolios to assess any migration in quality and highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations such as a reduction in risk appetite limits. Reverse stress tests are conducted to stress the Bank's business plan to failure and consider a broad variety of extreme and remote events.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Management and measurement of credit and counterparty risk

Fundamental principles employed in the management of credit and counterparty risk include:

- A clear definition of our target market
- A quantitative and qualitative assessment of the creditworthiness of our clients and counterparties
- Analysis of risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty and geographical concentration)
- Decisions being made with reference to risk appetite limits
- Prudential limits
- Regular monitoring and review of existing and potential exposures once facilities have been approved
- A high level of executive involvement in decision-making with non-executive review and oversight where applicable
- Portfolio reviews and stress testing.

Within the credit approval process, internal and external ratings are included in the assessment of client quality.

A large proportion of the Bank's portfolio is not rated by external rating agencies. We place reliance upon internal consideration of clients, counterparties and borrowers and use ratings prepared externally where available to support our decision-making process.

Regular reporting of credit and counterparty risk exposures within our operating units are made to management, the executives, IBP BRCC and DLC BRCC. The IBP Board reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents. This is implemented and reviewed by the credit risk management teams in each jurisdiction.

Reviews are also undertaken of all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

Credit and counterparty risk – nature of activities

Credit and counterparty risk is assumed through a range of client-driven lending activities to private and corporate clients as well as other counterparties, such as financial institutions and sovereigns. These activities are diversified across a number of business activities:

- **Core loans and advances:** the majority of credit and counterparty risk is through core loans and advances, which account for almost all ECL allowances across our portfolio, which are detailed on pages 267 to 273
- **Treasury function:** there are also certain exposures, outside of core loans and advances, where we assume credit and counterparty risk. These arise from treasury investments in high-quality liquid assets, including highly rated government, supranational, sub-sovereign and agency (SSA) and covered bonds, and treasury placements where the treasury function, as part of the daily management of the Bank's liquidity, places funds with central banks and other commercial banks and financial institutions. These transactions are typically short-term (less than one month) money market placements or secured repurchase agreements. These market counterparties are mainly investment grade rated entities that occupy dominant and systemic positions in their domestic banking markets and internationally. These counterparties are located mainly in the UK, Western Europe, Asia, North America and Australia.

In addition, credit and counterparty risk arises through the following exposures:

- **Customer trading activities to facilitate hedging of client risk positions:** our customer trading portfolios consist of derivative contracts in interest rates, foreign exchange, commodities, credit derivatives and equities that are entered into, to facilitate a client's hedging requirements. The counterparties to such transactions are typically corporates, in particular where they have an exposure to interest rates or foreign exchange due to operating in sectors that include imports and exports of goods and services. These positions are marked-to-market, typically with daily margin calls to mitigate credit exposure in the event of counterparty default
- **Structured credit:** these are bonds secured against a pool of assets, mainly UK residential mortgages or European or US corporate leverage loans. The bonds are typically highly rated (single 'A' and above), which benefit from a high level of credit subordination and can withstand a significant level of portfolio default
- **Debt securities:** from time to time we take on exposures by means of corporate debt securities rather than loan exposures. These transactions arise on the back of client relationships or knowledge of the corporate market and are based on our analysis of the credit fundamentals
- **Corporate advisory and investment banking activities:** counterparty risk in this area is modest. The business also trades shares on an approved basis and makes markets in shares where we are appointed corporate broker under pre-agreed market risk limits. Settlement trades are largely on a delivery versus payment basis, through major stock exchanges. Credit risk only occurs in the event of counterparty failure and would be linked to any fair value losses on the underlying security
- **Settlement risk:** can arise due to undertaking transactions in an agency capacity on behalf of clients. However, the risk is not considered to be material as most transactions are undertaken on recognised exchanges, with large institutional clients, monitored daily, with trades usually settled within two to three days.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Credit risk mitigation

Credit risk mitigation techniques can be defined as all methods by which the Bank seeks to decrease the credit risk associated with an exposure. The Bank considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal and not as a separate consideration of mitigation of risk. Credit risk mitigants can include any collateral item over which the Bank has a charge over assets, netting and margining agreements, covenants, or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

As the Bank has limited appetite for unsecured debt, the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. Collateral is assessed with reference to the sustainability of value and the likelihood of realisation.

Acceptable collateral generally exhibits characteristics that allow for it to be easily identified and appropriately valued and assists the Bank to recover outstanding exposures.

Where a transaction is supported by a mortgage or charge over property, the primary credit risk is still taken on the borrower. In addition, the relevant credit committee normally requires a suretyship or guarantee in support of a transaction in our private client business.

For property-backed lending we also consider the client's overall balance sheet. The following characteristics of the property are also considered: the type of property; its location; and the ease with which the property could be relet and/or resold. Where the property is secured by lease agreement, the credit committee prefers not to lend for a term beyond the maximum term of the lease. Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. Residential and commercial property valuations will continue to form part of our ongoing focus on collateral assessment. It is our policy to obtain a formal valuation of every commercial property offered as collateral for a lending facility before advancing funds. Residential properties are valued by desktop valuation and/or approved valuers, where appropriate.

Other common forms of collateral in the retail asset class are motor vehicles, cash and share portfolios. Primary collateral in private client lending transactions can also include a high net worth individual's share/investment portfolio. This is typically in the form of a diversified pool of equity, fixed income, managed funds and cash. Often these portfolios are managed by Rathbones. Lending against investment portfolios is typically geared at conservative loan-to-value (LTV) ratios, after considering the quality, diversification, risk profile and liquidity of the portfolio.

Our corporate, government and institutional clients provide a range of collateral including cash, corporate assets, debtors (accounts receivable), trading stock, debt securities (bonds), listed and unlisted shares and guarantees.

The majority of credit mitigation techniques linked to trading activity is in the form of netting agreements and daily margining. Primarily, the market standard legal documents that govern this include the International Swaps and Derivatives Association (ISDA) Master Agreements, Global Master Securities Lending Agreement (GMSLA) and Global Master Repurchase Agreement (GMRA). In addition to having ISDA documentation in place with market and trading counterparties in over-the-counter (OTC) derivatives, the credit committee may require a Credit Support Annex (CSA) to ensure that mark-to-market credit exposure is mitigated daily through the calculation and placement/receiving of cash collateral. Where netting agreements have been signed, the enforceability is supported by an external legal opinion within the legal jurisdiction of the agreement.

Set-off is applied between assets, subject to credit risk and related liabilities in the annual financial statements, where:

- A legally enforceable right to set-off exists
- There is the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/counterparty
- Debit and credit balances are denominated in the same currency and have identical maturities
- Exposures subject to set-off are risk-managed on a net basis
- Market practice considerations.

For this reason, there will be instances where credit and counterparty exposures are displayed on a net basis in these annual financial statements but reported on a gross basis to regulators.

The legal risk function ensures the enforceability of credit risk mitigants within the laws applicable of the jurisdictions in which the Bank operates. When assessing the potential concentration risk in its credit portfolio, consideration is given to the types of collateral and credit protection that form part of the portfolio.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

An analysis of gross core loans, asset quality and ECL

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

Stage 3 exposures total £531 million at 31 March 2024 or 3.3% of gross core loans subject to ECL (2.3% at 31 March 2023). New defaults reflect signs of individual idiosyncratic stresses across various portfolios with no specific trends evident.

The underlying loan portfolios continue to perform and Stage 2 exposures as a percentage of gross core loans subject to ECL decreased to 8.6% from 8.7% at 31 March 2023.

£'million	**31 March 2024**	31 March 2023
Gross core loans	**16 744**	**15 709**
Gross core loans at FVPL	641	551
Gross core loans subject to ECL*	**16 103**	**15 158**
Stage 1	14 181	13 494
Stage 2	1 391	1 321
of which past due greater than 30 days	*150*	*35*
Stage 3#	531	343
ECL	**(187)**	**(146)**
Stage 1	(43)	(39)
Stage 2	(33)	(32)
Stage 3	(111)	(75)
Coverage ratio		
Stage 1	0.30%	0.29%
Stage 2	2.4%	2.4%
Stage 3	20.9%	21.9%
Credit loss ratio	**0.58%**	**0.37%**
ECL impairment charges on core loans	(90)	(54)
Average gross core loans subject to ECL	15 631	14 553
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	420	268
Aggregate collateral and other credit enhancements on Stage 3	445	280
Stage 3 as a % of gross core loans subject to ECL	3.3%	2.3%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.6%	1.8%

Note: Our exposure (net of ECL) to the Legacy portfolio has reduced from £37 million at 31 March 2023 to £32 million at 31 March 2024. These Legacy assets are predominately reported in Stage 3. These assets have been significantly provided for and coverage remains high at 57.1%.

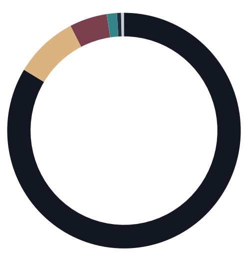
* Refer to definitions on page 306.
\# Stage 3 exposures disclosed above and in the tables that follow are net of suspended interest predominantly relating to Lending and collateralised by property. Refer to note 26 for additional information.

An analysis of gross core loans by country of exposure

31 March 2024
£16 744 million

United Kingdom	83.3%
Europe (excluding UK)	9.1%
North America	5.2%
Asia	1.7%
Other	0.5%
Australia	0.2%

31 March 2023
£15 709 million



United Kingdom	83.6%
Europe (excluding UK)	8.8%
North America	5.2%
Asia	1.4%
Other	0.6%
Australia	0.4%

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2023 to 31 March 2024. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL. The increase in transfers into Stage 2 is mainly driven by idiosyncratic exposures that have deteriorated compared to when the exposures originated, but where there is no specific concern with respect to loss. We have experienced an increase in transfers to Stage 3, albeit not specific to any single asset class and reflective of the more challenging macro-economic environment.

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

The ECL impact of changes to risk parameters and models during the year largely relates to the changes in the macro-economic scenarios as well as the release of management ECL overlay. The foreign exchange and other category largely comprises the impact on the closing balance as a result of movements and translations in foreign exchange rates since 31 March 2023.

	Stage 1		Stage 2		Stage 3		Total	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2023	**13 494**	**(39)**	**1 321**	**(32)**	**343**	**(75)**	**15 158**	**(146)**
Lending collateralised by property at 31 March 2023	**1 852**	**(8)**	**343**	**(12)**	**121**	**(34)**	**2 316**	**(54)**
Transfer from Stage 1	(147)	1	119	(1)	28	—	—	—
Transfer from Stage 2	194	(3)	(241)	5	47	(2)	—	—
Transfer from Stage 3	—	—	—	—	—	—	—	—
ECL remeasurement arising from transfer of stage	—	2	—	—	—	(1)	—	1
New lending net of repayments (includes assets written off)	256	(2)	(53)	4	(52)	2	151	4
Changes to risk parameters and models	—	—	—	1	—	—	—	1
Foreign exchange and other	—	—	—	—	—	—	—	—
Lending collateralised by property at 31 March 2024	**2 155**	**(10)**	**168**	**(3)**	**144**	**(35)**	**2 467**	**(48)**
HNW and other private client lending at 31 March 2023	**5 343**	**(4)**	**164**	**(1)**	**84**	**(13)**	**5 591**	**(18)**
Transfer from Stage 1	(309)	—	189	—	120	—	—	—
Transfer from Stage 2	48	—	(61)	—	13	—	—	—
Transfer from Stage 3	—	—	—	—	—	—	—	—
ECL remeasurement arising from transfer of stage	—	—	—	—	—	(1)	—	(1)
New lending net of repayments (includes assets written off)	184	(2)	(32)	—	(47)	(1)	105	(3)
Changes to risk parameters and models	—	—	—	—	—	(1)	—	(1)
Foreign exchange and other	(3)	—	—	—	—	—	(3)	—
HNW and other private client lending at 31 March 2024	**5 263**	**(6)**	**260**	**(1)**	**170**	**(16)**	**5 693**	**(23)**
Corporate and other lending at 31 March 2023	**6 299**	**(27)**	**814**	**(19)**	**138**	**(28)**	**7 251**	**(74)**
Transfer from Stage 1	(589)	4	521	(4)	68	—	—	—
Transfer from Stage 2	241	(5)	(292)	7	51	(2)	—	—
Transfer from Stage 3	—	—	—	—	—	—	—	—
ECL remeasurement arising from transfer of stage	—	4	—	(10)	—	(28)	—	(34)
New lending net of repayments (includes assets written off)	854	(3)	(72)	(4)	(39)	(2)	743	(9)
Changes to risk parameters and models	—	—	—	1	—	—	—	1
Foreign exchange and other	(42)	—	(8)	—	(1)	—	(51)	—
Corporate and other lending at 31 March 2024	**6 763**	**(27)**	**963**	**(29)**	**217**	**(60)**	**7 943**	**(116)**
At 31 March 2024	**14 181**	**(43)**	**1 391**	**(33)**	**531**	**(111)**	**16 103**	**(187)**

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

An analysis of credit quality by internal rating grade

The Bank uses a 25-grade internal rating scale which measures the risk of default to an exposure without taking into account any credit mitigation, such as collateral. This internal rating scale allows the Bank to measure credit risk consistently across portfolios. The internal rating scale is derived from a mapping to PDs and can also be mapped to external rating agency scales.

PD range	Investec internal rating scale	Indicative external rating scale
less than 0.538%	IB01 – IB12	AAA to BBB-
0.538% – 6.089%	IB13 – IB19	BB+ to B-
greater than 6.089%	IB20 – IB25	B- and below
	Stage 3	D

The internal credit rating distribution below is based on the 12-month PD at 31 March 2024 for gross core loans subject to ECL by stage. The staging classifications are not only driven by the absolute PD, but on factors that determine a significant increase in credit risk, including relative movement in PD since origination. There is therefore no direct correlation between the credit quality of an exposure and its stage classification as shown in the table below:

At 31 March 2024 **£'million**	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	**Total**
Gross core loans subject to ECL	**7 662**	**7 590**	**320**	**531**	**16 103**
Stage 1	7 408	6 723	50	—	14 181
Stage 2	254	867	270	—	1 391
Stage 3	—	—	—	531	531
ECL	**(7)**	**(50)**	**(19)**	**(111)**	**(187)**
Stage 1	(6)	(36)	(1)	—	(43)
Stage 2	(1)	(14)	(18)	—	(33)
Stage 3	—	—	—	(111)	(111)
Coverage ratio	**0.1%**	**0.7%**	**5.9%**	**20.9%**	**1.2%**

At 31 March 2023 **£'million**	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	**Total**
Gross core loans subject to ECL	**8 816**	**5 850**	**149**	**343**	**15 158**
Stage 1	8 460	4 996	38	—	13 494
Stage 2	356	854	111	—	1 321
Stage 3	—	—	—	343	343
ECL	**(12)**	**(50)**	**(9)**	**(75)**	**(146)**
Stage 1	(10)	(28)	(1)	—	(39)
Stage 2	(2)	(22)	(8)	—	(32)
Stage 3	—	—	—	(75)	(75)
Coverage ratio	**0.1%**	**0.9%**	**6.0%**	**21.9%**	**1.0%**

The Bank applies credit ratings in-line with its credit policies to all relevant financial instruments including other financial assets (which include exposures to highly rated international banks and corporate bonds). Assessment and suitability of the rating is vetted by the applicable credit authority and monitored as part of the overall credit management process. Where new information that may affect the risk profile becomes available, this is considered and ratings may be adjusted accordingly.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

Client quality and expertise are at the core of our credit philosophy. We provide senior debt and other funding for property transactions, with a preference for income-producing assets, supported by an experienced sponsor providing a material level of cash equity investment into the asset and limited direct exposure to sectors more vulnerable to cyclicality. Our exposure to the property market is well diversified with strong bias towards prime locations for residential exposure and focus on property fundamentals, tenant quality and income diversity for commercial assets. Debt service cover ratios are a key consideration in the lending process supported by reasonable loan-to-security value ratios.

Year in review

Residential real estate has increased by 12.7% to £0.9 billion as clients take advantage of opportunities in the current market and undersupply of UK residential housing. Lending collateralised by property totalled £2.5 billion or 14.9% of UK net core loans at 31 March 2024, which remains in line with the Group's risk appetite to maintain a reduced proportion of net core loan exposures in property-related lending. New lending is diversified by underlying asset classes at conservative LTVs. Weighted average LTV* on lending collateralised by property remains conservative at 58%. Development exposures are typically undertaken at lower LTVs. These LTVs do not take into account guarantees provided by borrowers which provide additional security to our lending and would reduce LTV metrics further. Almost all of property collateralised assets are located in the UK.

Underwriting criteria remains conservative and we are committed to following a client-centric approach to lending, only supporting counterparties with strong balance sheets and requisite expertise.

	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Commercial real estate	**1 365**	**(8)**	**119**	**(3)**	**92**	**(21)**	**1 576**	**(32)**	**49**	**1 625**
Commercial real estate – investment	1 045	(7)	102	(1)	86	(17)	1 233	(25)	45	1 278
Commercial real estate – development	320	(1)	11	(2)	—	—	331	(3)	4	335
Commercial vacant land and planning	—	—	6	—	6	(4)	12	(4)	—	12
Residential real estate	**790**	**(2)**	**49**	**—**	**52**	**(14)**	**891**	**(16)**	**5**	**896**
Residential real estate – investment	502	(2)	40	—	25	(2)	567	(4)	5	572
Residential real estate – development	262	—	8	—	4	(1)	274	(1)	—	274
Residential vacant land and planning	26	—	1	—	23	(11)	50	(11)	—	50
Total lending collateralised by property	**2 155**	**(10)**	**168**	**(3)**	**144**	**(35)**	**2 467**	**(48)**	**54**	**2 521**
Coverage ratio		**0.46%**		**1.8%**		**24.3%**		**1.9%**		
At 31 March 2023										
Commercial real estate	**1 241**	**(6)**	**231**	**(8)**	**76**	**(16)**	**1 548**	**(30)**	**43**	**1 591**
Commercial real estate – investment	920	(4)	212	(8)	70	(13)	1 202	(25)	40	1 242
Commercial real estate – development	308	(2)	13	—	—	—	321	(2)	3	324
Commercial vacant land and planning	13	—	6	—	6	(3)	25	(3)	—	25
Residential real estate	**611**	**(2)**	**112**	**(4)**	**45**	**(18)**	**768**	**(24)**	**37**	**805**
Residential real estate – investment	359	(1)	39	(2)	11	(1)	409	(4)	35	444
Residential real estate – development	244	(1)	69	(1)	9	(3)	322	(5)	—	322
Residential vacant land and planning	8	—	4	(1)	25	(14)	37	(15)	2	39
Total lending collateralised by property	**1 852**	**(8)**	**343**	**(12)**	**121**	**(34)**	**2 316**	**(54)**	**80**	**2 396**
Coverage ratio		**0.43%**		**3.5%**		**28.1%**		**2.3%**		

* Excludes a small portion of Legacy exposures that are predominately reported in Stage 3.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

Our Private Banking activities target high net worth individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates and sophisticated investors.

Lending products are tailored to meet the requirements of our clients and deliver solutions to enable target clients to create and manage their wealth. Central to our credit philosophy is ensuring the sustainability of cash flow and income throughout the cycle. As such, the client base has been defined to include high net worth clients (who, through diversification of income streams, should reduce income volatility) and individuals in defined professions which have historically supported a sustainable income base, irrespective of the stage in the economic cycle.

Credit risk arises from the following activities:

- **Mortgages**: provides residential mortgage loan facilities to target market clients
- **Other high net worth lending**: provides credit facilities to high net worth individuals and their controlled entities as well as portfolio loans to high net worth clients against their investment portfolios typically managed by Rathbones.

Year in review

High net worth and other private client lending totalled £5.7 billion or 34.5% of UK net core loans at 31 March 2024. There was moderate growth in mortgages of 4.3% in the year to 31 March 2024 reflecting the lower market demand for mortgages given the high interest rate and uncertain macro-economic environment.

Growth in this area has been achieved with strong adherence to our lending criteria. Weighted average LTVs on mortgages is 66%.

	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2024										
Mortgages	4 589	(4)	162	—	105	(4)	4 856	(8)	41	4 897
Other high net worth lending	674	(2)	98	(1)	65	(12)	837	(15)	2	839
Total high net worth and other private client lending	**5 263**	**(6)**	**260**	**(1)**	**170**	**(16)**	**5 693**	**(23)**	**43**	**5 736**
Coverage ratio		**0.11%**		**0.4%**		**9.4%**		**0.4%**		
At 31 March 2023										
Mortgages	4 480	(2)	128	—	64	(7)	4 672	(9)	25	4 697
Other high net worth lending	863	(2)	36	(1)	20	(6)	919	(9)	3	922
Total high net worth and other private client lending	**5 343**	**(4)**	**164**	**(1)**	**84**	**(13)**	**5 591**	**(18)**	**28**	**5 619**
Coverage ratio		**0.07%**		**0.6%**		**15.5%**		**0.3%**		

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

We focus on traditional client-driven corporate lending activities. The credit risk management functions approve specific credit and counterparty limits that govern the maximum credit exposure to each individual counterparty. In addition, further risk management limits exist through industry and country limits to manage concentration risk. The credit appetite for each counterparty is based on the financial strength of the principal borrower, its business model and market positioning, the underlying cash flow to the transaction, the substance and track record of management, and the security package. Political risk insurance, and other insurance is taken where deemed appropriate.

The Bank has limited appetite for unsecured credit risk and facilities are typically secured by the assets of the underlying borrower as well as shares in the borrower.

A summary of the nature of the lending and/or credit risk assumed within some of the key areas in our corporate lending business is provided below:

- **Corporate and acquisition finance:** provides senior secured loans to proven management teams and sponsors running mid-cap, as well as some large-cap companies. Credit risk is assessed against debt serviceability based upon robust cash generation of the business demonstrated by both historical and forecast information. Corporates should demonstrate relevance in their market, an experienced management team, able Board members, and strong earnings and cash flow. We typically act as a transaction lead arranger or on a club or bi-lateral basis, and have a close relationship with management and sponsors
- **Asset-based lending:** provides working capital and secured corporate loans to mid-caps. These loans are secured by the assets of the business, for example, the accounts receivable, inventory and plant and machinery. In common with our corporate lending activities, strong emphasis is placed on supporting companies with scale and relevance in their industry
- **Fund finance:** provides debt facilities to asset managers and fund vehicles, principally in private equity. The geographical focus is the UK, Western Europe and North America where the Bank can support experienced asset managers and their funds which show strong, long-term value creation and good custodianship of investors' money. Debt facilities are typically to fund vehicles which are secured against undrawn limited partner commitments and/or the fund's underlying assets
- **Other corporate and financial institutions and governments**: provides senior secured loans to mid-to-large cap companies where credit risk is typically considered with regard to robust cash generation from an underlying asset and supported by performance of the overall business based on both historical and forecast information
- **Small ticket asset finance:** provides funding to small- and medium-sized corporates to support asset purchases and other business requirements. The portfolio is highly diversified by industry and number of clients and is secured against the asset being financed
- **Motor finance:** provides specialised motor vehicle financing originated through Mann Island Finance Limited (MIVF). The portfolio is composed predominantly of private motor vehicles to individuals attributing to a granular book with low concentration risk
- **Aviation finance:** structures, arranges and provides financing for airlines, leasing companies, operators and corporates secured by aircraft at conservative LTVs. Counterparties include flag and commercial airline carriers, leading aircraft lessors and corporates/operators with strong contracted cash flows
- **Energy and infrastructure finance:** arranges and provides typically long-term financing for energy and infrastructure assets, in particular renewable and traditional energy projects as well as transportation assets, typically against contracted future cash flows of the project(s) from well-established and financially sound off-take counterparties. There is a requirement for a strong upfront equity contribution from an experienced sponsor.

Year in review

Corporate and other lending increased by 9.9% from £7.6 billion at 31 March 2023 to £8.4 billion at 31 March 2024. There has been diversified growth across multiple corporate and other lending asset classes including other corporate and financial institutions and governments, energy and infrastructure finance, motor finance, small ticket asset finance, aviation finance and corporate and acquisition finance. We continue to remain client-focused in our approach, with good quality corporates exhibiting strong cash flows and balance sheets.

The underlying portfolios remain resilient, albeit certain individual clients have experienced idiosyncratic stress in a more challenging economic environment.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2024										
Corporate and acquisition finance	1 831	(9)	249	(7)	102	(33)	2 182	(49)	135	2 317
Asset-based lending	106	—	188	(4)	—	—	294	(4)	—	294
Fund finance	1 320	(1)	24	—	—	—	1 344	(1)	51	1 395
Other corporate and financial institutions and governments	529	(3)	65	(4)	22	(3)	616	(10)	66	682
Small ticket asset finance	1 325	(9)	211	(5)	39	(13)	1 575	(27)	—	1 575
Motor finance	1 022	(3)	81	(5)	19	(7)	1 122	(15)	—	1 122
Aviation finance	96	—	76	(1)	—	—	172	(1)	270	442
Energy and infrastructure finance	534	(2)	69	(3)	35	(4)	638	(9)	22	660
Total corporate and other lending	**6 763**	**(27)**	**963**	**(29)**	**217**	**(60)**	**7 943**	**(116)**	**544**	**8 487**
Coverage ratio		**0.40%**		**3.0%**		**27.6%**		**1.5%**		
At 31 March 2023										
Corporate and acquisition finance	1 794	(9)	212	(5)	53	(7)	2 059	(21)	125	2 184
Asset-based lending	271	(1)	44	—	—	—	315	(1)	—	315
Fund finance	1 359	(1)	33	—	—	—	1 392	(1)	75	1 467
Other corporate and financial institutions and governments	391	(2)	70	(1)	4	(1)	465	(4)	32	497
Small ticket asset finance	1 142	(9)	279	(6)	30	(11)	1 451	(26)	—	1 451
Motor finance	905	(3)	46	(3)	8	(3)	959	(9)	—	959
Aviation finance	115	(1)	32	(1)	—	—	147	(2)	176	323
Energy and infrastructure finance	322	(1)	98	(3)	43	(6)	463	(10)	35	498
Total corporate and other lending	**6 299**	**(27)**	**814**	**(19)**	**138**	**(28)**	**7 251**	**(74)**	**443**	**7 694**
Coverage ratio		**0.43%**		**2.3%**		**20.3%**		**1.0%**		

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

An analysis of gross credit and counterparty exposures

Gross credit and counterparty exposure totalled £30.6 billion at 31 March 2024. Cash and near cash balances amounted to £9.7 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks and sovereign debt securities. These exposures are all Stage 1. There are immaterial Stage 2 and Stage 3 exposures outside of loans and advances to customers which are small relative to the balance sheet. Loans and advances to customers (including committed facilities) account for greater than 98% of overall ECLs.

An analysis of gross credit and counterparty exposures

£'million	**31 March 2024**	31 March 2023
Cash and balances at central banks	5 662	5 400
Loans and advances to banks	676	893
Reverse repurchase agreements and cash collateral on securities borrowed	1 140	1 339
Sovereign debt securities	1 928	1 222
Bank debt securities	297	205
Other debt securities	708	698
Derivative financial instruments	396	575
Securities arising from trading activities	13	28
Loans and advances to customers	16 744	15 709
Other loans and advances	146	172
Other securitised assets	2	5
Other assets	33	38
Total on-balance sheet exposures	**27 745**	**26 284**
Guarantees	34	29
Committed facilities related to loans and advances to customers	2 327	2 345
Contingent liabilities, letters of credit and other	461	384
Total off-balance sheet exposures	**2 822**	**2 758**
Total gross credit and counterparty exposures	**30 567**	**29 042**

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

A further analysis of gross credit and counterparty exposures

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

At 31 March 2024 £'million	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL#	Assets that we deem to have no legal credit exposure	Total assets
Cash and balances at central banks	5 662	—	5 662	—	—	5 662
Loans and advances to banks	676	—	676	—	—	676
Reverse repurchase agreements and cash collateral on securities borrowed	1 140	164	976	—	—	1 140
Sovereign debt securities	1 928	—	1 928	—	—	1 928
Bank debt securities	297	—	297	—	—	297
Other debt securities	708	59	649	—	—	708
Derivative financial instruments	396	396	—	—	79	475
Securities arising from trading activities	13	13	—	—	144	157
Loans and advances to customers	16 744	641	16 103	(187)	—	16 557
Other loans and advances	146	—	146	—	—	146
Other securitised assets	2	2	—	—	65^	67
Investment portfolio	—	—	—	—	244*	244
Interest in associated undertakings and joint venture holdings	—	—	—	—	791	791
Current taxation assets	—	—	—	—	13	13
Deferred taxation assets	—	—	—	—	120	120
Other assets	33	—	33	—	731**	764
Property and equipment	—	—	—	—	73	73
Goodwill	—	—	—	—	58	58
Software	—	—	—	—	5	5
Other acquired intangible assets	—	—	—	—	—	—
Total on-balance sheet exposures	**27 745**	**1 275**	**26 470**	**(187)**	**2 323**	**29 881**
Guarantees	34	—	34	—	—	34
Committed facilities related to loans and advances to customers	2 327	102	2 225	(8)	—	2 319
Contingent liabilities, letters of credit and other	461	27	434	(3)	112	570
Total off-balance sheet exposures^^	**2 822**	**129**	**2 693**	**(11)**	**112**	**2 923**
Total exposures	**30 567**	**1 404**	**29 163**	**(198)**	**2 435**	**32 804**

ECLs include £13.4 million ECL held against financial assets held at FVOCI.
* Relates to exposures that are classified as investment risk in the banking book.
^ While the Bank manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the Bank. The credit exposure that the Bank has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.
^^ Includes uncommitted, undrawn facilities that are not included in notes 45 and 46.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

At 31 March 2023 £'million	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL#	Assets that we deem to have no legal credit exposure	Total assets
Cash and balances at central banks	5 400	—	5 400	—	—	5 400
Loans and advances to banks	893	—	893	—	—	893
Reverse repurchase agreements and cash collateral on securities borrowed	1 339	346	993	—	—	1 339
Sovereign debt securities	1 222	24	1 198	—	—	1 222
Bank debt securities	205	—	205	—	—	205
Other debt securities	698	94	604	(1)	—	697
Derivative financial instruments	575	575	—	—	105	680
Securities arising from trading activities	28	28	—	—	100	128
Loans and advances to customers	15 709	551	15 158	(146)	—	15 563
Other loans and advances	172	—	172	—	—	172
Other securitised assets	5	5	—	—	73^	78
Investment portfolio	—	—	—	—	312*	312
Interest in associated undertakings and joint venture holdings	—	—	—	—	11	11
Current taxation assets	—	—	—	—	10	10
Deferred taxation assets	—	—	—	—	112	112
Other assets	38	—	38	—	955**	993
Property and equipment	—	—	—	—	121	121
Goodwill	—	—	—	—	250	250
Software	—	—	—	—	9	9
Other acquired intangible assets	—	—	—	—	44	44
Total on-balance sheet exposures	**26 284**	**1 623**	**24 661**	**(147)**	**2 102**	**28 239**
Guarantees	29	—	29	—	—	29
Committed facilities related to loans and advances to customers	2 345	147	2 198	(13)	—	2 332
Contingent liabilities, letters of credit and other	384	—	384	(2)	121	503
Total off-balance sheet exposures^^	**2 758**	**147**	**2 611**	**(15)**	**121**	**2 864**
Total exposures	**29 042**	**1 770**	**27 272**	**(162)**	**2 223**	**31 103**

ECLs include £5.3 million ECL held against financial assets held at FVOCI.
* Relates to exposures that are classified as investment risk in the banking book.
^ While the Bank manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the Bank. The credit exposure that the Bank has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.
^^ Includes uncommitted, undrawn facilities that are not included in notes 45 and 46.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Gross credit and counterparty exposures by residual contractual maturity

At 31 March 2024 £'million	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
Cash and balances at central banks	5 662	—	—	—	—	—	5 662
Loans and advances to banks	671	—	5	—	—	—	676
Reverse repurchase agreements and cash collateral on securities borrowed	856	186	88	10	—	—	1 140
Sovereign debt securities	1 258	281	156	205	28	—	1 928
Bank debt securities	8	—	10	267	12	—	297
Other debt securities	8	—	16	54	306	324	708
Derivative financial instruments	107	30	70	149	35	5	396
Securities arising from trading activities	1	—	—	2	10	—	13
Loans and advances to customers	1 701	1 154	1 894	8 761	1 823	1 411	16 744
Other loans and advances	3	—	—	56	59	28	146
Other securitised assets	—	—	—	—	—	2	2
Other assets	33	—	—	—	—	—	33
Total on-balance sheet exposures	**10 308**	**1 651**	**2 239**	**9 504**	**2 273**	**1 770**	**27 745**
Guarantees	9	—	3	22	—	—	34
Committed facilities related to loans and advances to customers	93	197	296	1 356	371	14	2 327
Contingent liabilities, letters of credit and other	126	—	17	309	9	—	461
Total off-balance sheet exposures	**228**	**197**	**316**	**1 687**	**380**	**14**	**2 822**
Total gross credit and counterparty exposures	**10 536**	**1 848**	**2 555**	**11 191**	**2 653**	**1 784**	**30 567**

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Gross credit and counterparty exposures by industry

£'million	High net worth and other professional individuals	Lending collateralised by property	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
At 31 March 2024							
Cash and balances at central banks	—	—	—	—	5 662	—	—
Loans and advances to banks	—	—	—	—	—	—	676
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	131	—	1 009
Sovereign debt securities	—	—	—	—	1 902	—	26
Bank debt securities	—	—	—	—	—	—	297
Other debt securities	—	—	—	—	3	24	596
Derivative financial instruments	—	1	1	7	1	6	354
Securities arising from trading activities	—	—	—	—	—	—	13
Loans and advances to customers	5 736	2 521	19	790	234	1 180	2 321
Other loans and advances	—	—	—	—	—	—	146
Other securitised assets	—	—	—	—	—	—	—
Other assets	5	—	—	—	—	—	27
Total on-balance sheet exposures	**5 741**	**2 522**	**20**	**797**	**7 933**	**1 210**	**5 465**
Guarantees	12	—	—	—	—	—	—
Committed facilities related to loans and advances to customers	215	300	—	433	62	158	847
Contingent liabilities, letters of credit and other	39	—	—	268	—	3	135
Total off-balance sheet exposures	**266**	**300**	**—**	**701**	**62**	**161**	**982**
Total gross credit and counterparty exposures	**6 007**	**2 822**	**20**	**1 498**	**7 995**	**1 371**	**6 447**
At 31 March 2023							
Cash and balances at central banks	—	—	—	—	5 400	—	—
Loans and advances to banks	—	—	—	—	—	—	893
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	253	—	1 086
Sovereign debt securities	—	—	—	—	1 213	—	9
Bank debt securities	—	—	—	—	—	—	205
Other debt securities	—	—	—	—	6	15	561
Derivative financial instruments	—	—	1	20	—	8	474
Securities arising from trading activities	—	—	—	—	—	1	23
Loans and advances to customers	5 619	2 396	17	513	232	1 275	2 157
Other loans and advances	—	—	—	—	—	—	159
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	29
Total on-balance sheet exposures	**5 619**	**2 396**	**18**	**533**	**7 104**	**1 299**	**5 596**
Guarantees	6	—	—	1	—	—	—
Committed facilities related to loans and advances to customers	175	427	—	393	85	185	722
Contingent liabilities, letters of credit and other	—	—	—	246	—	11	108
Total off-balance sheet exposures	**181**	**427**	**—**	**640**	**85**	**196**	**830**
Total gross credit and counterparty exposures	**5 800**	**2 823**	**18**	**1 173**	**7 189**	**1 495**	**6 426**

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Retailers and wholesalers	Manufacturing and commerce	Construction	Other residential mortgages	Corporate commercial real estate	Mining and resources	Leisure, entertainment and tourism	Transport	Motor finance	Com-munication	**Total**
—	—	—	—	—	—	—	—	—	—	5 662
—	—	—	—	—	—	—	—	—	—	676
—	—	—	—	—	—	—	—	—	—	1 140
—	—	—	—	—	—	—	—	—	—	1 928
—	—	—	—	—	—	—	—	—	—	297
—	—	—	51	—	—	—	34	—	—	708
6	12	—	—	1	—	—	6	—	1	396
—	—	—	—	—	—	—	—	—	—	13
246	860	143	—	120	36	87	811	1 122	518	16 744
—	—	—	—	—	—	—	—	—	—	146
—	—	—	2	—	—	—	—	—	—	2
1	—	—	—	—	—	—	—	—	—	33
253	**872**	**143**	**53**	**121**	**36**	**87**	**851**	**1 122**	**519**	**27 745**
—	—	—	—	3	—	—	19	—	—	34
12	135	1	—	7	—	3	30	—	124	2 327
—	14	—	—	—	—	—	2	—	—	461
12	**149**	**1**	**—**	**10**	**—**	**3**	**51**	**—**	**124**	**2 822**
265	**1 021**	**144**	**53**	**131**	**36**	**90**	**902**	**1 122**	**643**	**30 567**
—	—	—	—	—	—	—	—	—	—	5 400
—	—	—	—	—	—	—	—	—	—	893
—	—	—	—	—	—	—	—	—	—	1 339
—	—	—	—	—	—	—	—	—	—	1 222
—	—	—	—	—	—	—	—	—	—	205
—	—	—	70	—	—	—	46	—	—	698
18	16	2	—	1	6	—	27	—	2	575
—	—	—	4	—	—	—	—	—	—	28
293	803	139	—	119	136	76	645	959	330	15 709
—	2	—	11	—	—	—	—	—	—	172
—	—	—	5	—	—	—	—	—	—	5
—	—	—	—	—	—	—	—	—	9	38
311	**821**	**141**	**90**	**120**	**142**	**76**	**718**	**959**	**341**	**26 284**
—	—	—	—	3	—	—	19	—	—	29
12	119	4	—	8	4	3	15	—	193	2 345
—	17	—	—	—	—	1	1	—	—	384
12	**136**	**4**	**—**	**11**	**4**	**4**	**35**	**—**	**193**	**2 758**
323	**957**	**145**	**90**	**131**	**146**	**80**	**753**	**959**	**534**	**29 042**

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

59. Additional credit and counterparty risk information

Credit risk classification and provisioning policy

IFRS 9 requirements have been embedded into our Bank credit risk classification and provisioning policy. A framework has been established to incorporate both quantitative and qualitative measures.

For further detail on our credit risk classification and provision policy please refer to pages 150 and 151.

Internal credit rating models and ECL methodology

Internal credit rating models cover all material asset classes. These internal credit rating models are also used for IFRS 9 modelling after adjusting for key differences. Internal credit models calculate through the economic cycle losses whereas IFRS 9 requires 12-month or lifetime point-in-time losses based on conditions at the reporting date and multiple economic scenario forecasts of the future conditions over the expected lives.

Further information on internal credit ratings is provided on page 269.

Key judgements

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

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

For further detail on our process for determining ECL please refer to page 151.

Key judgements at 31 March 2024

Key judgemental areas under IFRS 9 are subject to robust governance processes. At 31 March 2024, the composition and weightings of the forward-looking macro-economic scenarios were revised to reflect the current pressures in the macro-economic environment, however there remains reliance on expert credit judgements to ensure that the overall level of ECL is reasonable.

We hold a management overlay of £3.7 million at 31 March 2024 (31 March 2023: £4.9 million). The £1.2 million reduction in the year reflects the enhanced performance of the models, albeit there remains ongoing uncertainty in the macro-economic environment. The overlay is apportioned to Stage 2 assets.

Macro-economic sensitivities

Changes in macro-economic scenarios and weightings may result in the volatility of provisions, particularly to Stage 1 and 2 assets. Sensitivities to macro-economic scenarios and factors form part of our overall risk monitoring, in particular the Bank's potential ECLs if each scenario were given a 100% weighting. In these instances all non-modelled ECLs, including credit assessed ECLs and other management judgements remain unchanged.

The table below summarises the variance from reported ECL should the base case and two downside cases be weighted by 100%. Whilst the outputs from these 100% weighted scenarios are consistent with the macro-economic factor inputs set out in the context of each scenario, in practice the outcome could differ due to management actions or other key judgements applied.

At 31 March 2024	Change in reported ECL £'million
Base case (100%)	5.7
Downside 1 – inflation (100%)	(4.9)
Downside 2 – global stress (100%)	(22.0)

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Forward-looking macro-economic scenarios

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

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

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

As part of the annual scenario review and taking into account the current macro-economic environment, adjustments have been made to the composition of the downside scenarios. The previous downside 1 – inflation scenario, capturing the risk of persistent inflation and high policy interest rates has been retained but updated. The downside 2- global shock has been replaced with the downside 2 - global stress (cautious easing, severe recession scenario). This new scenario is comparable in terms of GDP shock. It has also been designed so that it can act as a proxy for a number of evolving economic risks.

In addition to a reassessment of the macro-economic scenarios, a review of the weightings for the new scenarios also took place, to take into account the latest economic circumstances and the associated risks to the outlook. The latest weightings are as follows: 10% upside; 60% base case; 15% Downside 1 – inflation; and 15% Downside 2 – global stress. The risks to economic activity remain skewed to the downside, with the weightings calibrated to consider the risk that inflation, whilst having moderated from its peak, may remain elevated and consequently so may interest rates for longer. The weightings also take into account risks surrounding issues associated with commercial real estate, China, geopolitics and protectionism, among others.

In the base case, the UK economy is expected to recover from the shallow recession seen across the second half of 2023. The strengthening in activity is driven by the fading cost-of-living crisis as inflation eases and a recovery in household real incomes takes hold. Policy rate cuts are assumed to add further support to the recovery. Given inflation is expected to return to target in 2024, the BoE is predicted to cut interest rates, with the bank rate anticipated to fall to 4.50% by the end of 2024 and to 3.25% at the end of 2025. As such UK economic growth is expected to strengthen to 1.0% in 2024/2025 and to 2.0% in 2025/2026, whilst medium-term growth is assumed to return to trend at 1.6%. Lower interest rates and strengthening economic activity are also expected to lead to a recovery in UK real estate markets. The global situation is anticipated to mirror that of the UK, with a further moderation in inflation leading to an easing in central bank policy rates and strengthening economic activity.

Downside 1 – inflation scenario assumes that inflation pressures prove more sustained and protracted as wages rise to compensate for higher prices, in turn adding to cost price pressures for companies: thus, CPI inflation is expected to average 4.1% across the scenario horizon. Central banks respond by tightening policy further, with the bank rate assumed to rise to 5.75% and remaining at this level for an extended period of time. This further tightening of monetary conditions triggers renewed weakness in the economy, the UK backdrop being one of economic stagnation, with annual GDP growth averaging -0.1% across the five-year horizon.

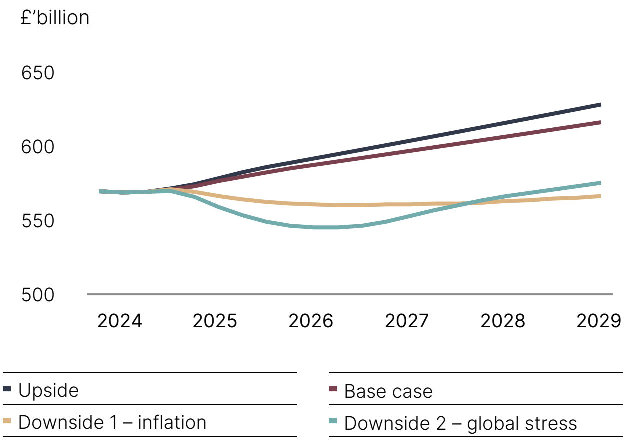
Downside 2 – global stress (cautious easing, severe recession) is a hypothetical scenario designed as a proxy for economic tail risks. The scenario assumes a deep global economic downturn. However, given residual inflation concerns, central banks are more cautious to ease monetary policy than they were to tighten it. In the UK interest rates are assumed to be cut from 5.25% to 2.00%. Consequently, the UK endures a material six-quarter recession, with the cumulative fall in GDP totalling 4%. Given the severity of the recession asset values undergo a correction, with UK residential house prices falling 15%, whilst the current downturn in commercial real estate is exacerbated, values falling 18%.

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

In the upside case, economic activity proves more resilient, and the pace of recovery more robust as stronger confidence and lower interest rates prompt a pickup in investment. Ultimately through the scenario horizon, productivity growth is expected to support stronger levels of growth. Accordingly medium-term GDP growth averages 2% per annum. The relatively swift rebound in activity is experienced globally, and monetary policy normalizes gradually enough so as not to subdue growth.

The graph below shows the forecasted UK GDP under each macro-economic scenario applied at 31 March 2024.

UK GDP Forecast



NOTES TO RISK AND CAPITAL MANAGEMENT
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The table that follows shows the key factors that form part of the UK and Other macro-economic scenarios and their relative applied weightings.

	At 31 March 2024 average 2024 – 2029				At 31 March 2023 average 2023 – 2028			
	Upside	Base case	Downside 1 inflation	Downside 2 global stress	Upside	Base case	Downside 1 inflation	Downside 2 global shock
Macro-economic scenarios	%	%	%	%	%	%	%	%
UK								
GDP growth	1.9	1.6	(0.1)	0.2	1.9	1.2	(0.2)	0.2
Unemployment rate	3.5	4.4	5.5	6.5	3.6	4.6	5.4	6.8
CPI inflation	1.9	2.0	4.1	2.4	2.5	2.2	5.8	2.1
House price growth	3.0	2.5	(0.6)	(1.6)	2.1	0.5	(1.7)	(4.6)
BoE – Bank rate (end year)	3.1	3.2	5.4	2.5	2.8	2.8	4.5	1.0
Euro area								
GDP growth	1.9	1.5	0.4	0.3	2.1	1.4	0.1	0.2
US								
GDP growth	2.5	1.9	0.7	0.8	2.6	1.5	0.6	0.5
Scenario weightings	**10**	**60**	**15**	**15**	**10**	**50**	**20**	**20**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 31 March 2024.

	Financial years				
Base case %	**2024/2025**	**2025/2026**	**2026/2027**	**2027/2028**	**2028/2029**
UK					
GDP growth	1.0	2.0	1.6	1.6	1.6
Unemployment rate	4.6	4.4	4.4	4.3	4.3
CPI inflation	1.7	2.1	2.0	2.0	2.0
House price growth	1.9	3.4	2.5	2.4	2.4
BoE – Bank rate (end year)	4.0	3.0	3.0	3.0	3.0
Euro area					
GDP growth	1.0	1.6	1.5	1.6	1.6
US					
GDP growth	1.6	1.8	1.9	2.1	2.3

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 31 March 2024. Baseline represents the five-year base case average. Upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, house price growth (year on year), lowest level of unemployment and Bank rate. Upside scenario value for CPI inflation is represented by the five-year average. Downside scenario values represent the worst outcomes being lowest quarterly level of GDP, house price growth (year on year). For Bank rate and CPI inflation the most extreme point is listed, the highest level reflective in downside 1 – inflation scenario and the lowest in downside 2 - global stress scenario.

	Upside	Baseline: Base case five-year average	Downside 1 inflation	Downside 2 global stress
Five-year extreme points At 31 March 2024	%	%	%	%
UK				
GDP growth	2.5	1.6	(1.5)	(3.6)
Unemployment rate	3.5	4.4	5.8	7.9
CPI inflation	1.9	2.0	4.5	2.0
House price growth	4.7	2.5	(3.7)	(11.0)
BoE – Bank rate (end year)	3.0	3.2	5.8	2.0
Euro area				
GDP growth	2.1	1.5	(0.5)	(3.0)
US				
GDP growth	3.0	1.9	(0.3)	(4.0)

60. Sustainability risk (including climate and ESG)

Investec's sustainability strategy aligns with two impact UN Sustainable Development Goals: climate action (SDG 13) and reduced inequalities (SDG 10), supported by six other core SDGs, namely:

- Quality education (SDG 4)
- Clean water and sanitation (SDG 6)
- Affordable and clean energy (SDG 7)
- Decent work and economic growth (SDG 8)
- Industry innovation and infrastructure (SDG 9)
- Sustainable cities and communities (SDG 11).

The Investec Group ESG Executive Committee, mandated by the Investec Group's Executive Directors, reports any relevant matters to DLC SEC and Investec Group ERC. The main objectives of the committee are to align and integrate sustainability activities across the organisation while focusing on the many business opportunities within Investec's priority SDGs and escalating significant matters for consideration by the Investec Group's respective committees and leaders. The committee provides feedback to the business on emerging sustainability issues while identifying and communicating to the relevant forums any relevant external issues that could adversely affect the organisation's reputation.

We use different tools and frameworks to measure the ESG performance and impact of our clients and transactions, such as the Equator Principles, Partnership for Carbon Accounting Financials (PCAF), the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

We aim to embed sustainability considerations in our daily operations and credit decision-making processes. We also recognise the interconnection between climate change and nature loss, and the exposure of our business and operational activities to various types of climate and nature-related risks. We adopt a precautionary approach towards managing climate and nature-related risks in our decision-making processes.

We expect our clients to adopt and follow best practices and standards on ESG issues and to report their ESG performance and impact. We also track and disclose our ESG due diligence activities and outcomes to our stakeholders and regulators. This stems from the belief that one of the greatest socio-economic and environmental impacts we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

With regards to climate action (SDG 13):

Our climate change statement takes into account our commitment to a net-zero carbon economy by 2050. In addition, our biodiversity statement strengthens our commitment to protecting our natural environment. In addition, the Investec Group makes a positive impact on biodiversity through our environmental philanthropy activities and reduces negative effects by addressing financial crimes related to illegal wildlife trade.

In principle:

- We are committed to integrating climate change and nature-related risk considerations into our day-to-day operations and in our lending and investment decisions
- There are a number of Investec Group environmental policies that also guide credit decision-making from a sustainability and ESG perspective
- We support the key provisions of the Equator Principles (EP). All transactions in non-designated countries are EP monitored and compliant
- We will not engage in activities that negatively impact conservation areas or have an irreversible negative impact on the environment, indigenous people or natural assets.

Our approach to net-zero

We support the Paris Agreement aims of holding the increase in global average temperature to well below 2°C above pre-industrial levels and continue to pursue efforts towards limiting it to 1.5°C.

Within our own operations

We embrace our responsibility to understand and manage our own carbon footprint. We upheld our commitment and maintained carbon neutrality in our direct operational carbon emissions status for the sixth financial year by sourcing 100% of our Scope 2 energy consumption from renewable energy through the purchase of Renewable Energy Certificates and offsetting the remaining unavoidable residual emissions of 89% at 31 March 2024 (31 March 2023: 85%) through the purchase of verified and high-quality carbon credits.

Within our lending and investment activities

We acknowledge that the widest and most impactful influence we can have is to manage and reduce our carbon emissions in the business we conduct and more specifically in our lending and investing portfolios (Scope 3-financed activities). As such, we are members of the Net-Zero Banking Alliance (NZBA) and continue to work with the PCAF to measure our financed emissions. In 2021 we established a base line towards a net-zero path and will continue to refine our assumptions around Scope 3 emissions.

Our net-zero strategy is built on three pillars:

- Phase out of coal exposures in the Bank by 31 March 2027
- Increase investment in sustainable and transition finance
- Reducing Scope 3 financed emissions through influencing and engaging with our clients on their net-zero pathways.

This year we have invested in the automation of Scope 3 financed emissions calculations, enhanced our data collection efforts and refined our assumptions around Scope 3 emissions. We continue to build capacity within our various businesses to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero carbon economy.

With regards to reducing inequalities (SDG 10):

The Bank is dedicated to fostering a purposeful, inclusive culture and we enable this through our workplace and Investec experience.

Furthermore, we understand no single business can address the many socio-economic needs and so our focus is on education and learnerships, entrepreneurship and job creation, environment and philanthropy.

In principle:

- We are committed to encouraging a sense of belonging for all people, irrespective of difference
- We are committed to focusing on creating education and learnership opportunities within our communities
- We are committed to creating jobs for young people through quality work experience placements.

Within our own operations

- At 31 March 2024 we had 45% representation of women and 27% ethnic diversity, as defined by the UK listing rule, on the DLC board
- Our community initiatives serve as the cornerstone of our commitment to creating enduring worth. This reinforces our overarching goal of fostering corporate responsibility.

NOTES TO RISK AND CAPITAL MANAGEMENT
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Within our lending and investment activities

We support a number of internationally recognised principles, guidelines and voluntary standards which reflect our commitment to respecting human rights, building inclusive communities and supporting activities that reduce inequality. In principle we will not engage in activities:

- that do not respect human rights, and do not respect the rights of local communities and indigenous peoples
- that are in non-compliance with minimum standards for occupational health and safety and the relevant local legislation
- Investec places significant importance on addressing modern slavery according to the UK Modern Slavery Act 2015. This extends to reviewing third parties' policies on this matter in our due diligence questionnaire. The Investec Group sustainability team carefully evaluates these questionnaires and escalates any potential concerns.

Climate and nature-related financial disclosures

Investec has published a separate climate and nature-related report that aligns with the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD report also includes some recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). As our knowledge and the recommended guidance on TNFD matures, we aim to enhance these disclosures over time. The table below illustrates a summary of progress in terms of the recommendations according to the TCFD and TNFD.

Refer to detailed information in the Investec Group's 2024 climate and nature-related disclosures which are published and available on our website: www.investec.com

	Governance	Strategy	Risk management	Metrics
Achievements in prior years	• An Investec Group ESG Executive Committee has been established to align and monitor the Investec Group's climate action • Engaged with stakeholders on our disclosures to get feedback on how we can improve our governance and oversight • Became a member of the NZBA.	• Acknowledged the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C • Supported the Partnership for Biodiversity Accounting Financials (PBAF) • Launched a number of ESG and climate-specific products and services.	• Strengthened our climate focus in the IBP risk appetite assessment resulting in a net-zero aligned target set towards zero coal exposure by 31 March 2027.	• Achieved carbon neutrality across our direct operational activities • Joined PCAF and measured our Scope 3 emissions within our lending and investing activities • Assessed net-zero pathways according to Science Based Targets Initiative (SBTi) guidance.
Achievements for the financial year ended March 2024	• External sustainability training completed by four members of the Investec Group Executive Team including our Investec Group CE • Activated a focused learning pathway for management and staff, targeted towards their unique requirements within their respective areas • Listened to and engaged with our stakeholders through conducting a double materiality assessment.	• Enhanced our sustainable finance framework to include transition and social finance. The Sustainable Business Forum in the UK continued to develop and integrate sustainability strategies into our business processes, commercial activities, addressing our own aspirations as well as the expectations of our stakeholders • IBP incorporated climate risks and opportunities in their financial planning through the annual budget process.	• Reviewed developments with regards to climate-related disclosure guidance, specific ally the recommendations relating to IFRS S1 and IFRS S2 • Updated our fossil fuel policy with a target of no new financing for oil and gas exploration, extraction or production projects directly, regardless of jurisdiction, from 1 January 2035 • The Investec Group identified and disclosed material sustainability-related matters as a result of our double materiality assessment.	• Automated our Scope 3 financed emission calculations and continued to refine our assumptions • Engaged with SBTi on their recommendations for Financial Institutions with the aim of setting verified climate-related targets.
Looking forward	• Stronger focus on ESG and sustainability (including climate and nature-related) matters in the IBP BRCC • Continue to strengthen the Investec Group's climate-related and sustainability disclosures.	• Promote sustainable products and solutions within out client ecosystem • Support transition finance within our high-emitting client ecosystem where applicable • Active engagement within our client ecosystem promoting sustainability agendas • Review and assess the integration of climate-related matters into business strategy.	• Enhanced focus on screening biodiversity and nature-related risks according to the TNFD recommendations • Embed monitoring and managing of Scope 3 emissions within the risk management process across our business • Enhanced sustainability disclosures.	• Set a sustainable finance target • Track clients who publicly disclose their net-zero pathways to achieve a clear aggregated downward trend of emissions towards net-zero by 2050.

NOTES TO RISK AND CAPITAL MANAGEMENT
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61. Investment risk in the banking book

Investment risk in the banking book comprised 1.0% of total assets at 31 March 2024. We have refocused our principal investment activities on clients where we have and can build a broader relationship through other areas of activity in the Bank.

We partner with management and other co-investors by bringing capital raising expertise, working capital management, merger and acquisition and investment experience into client-driven private equity transactions as well as leveraging third party capital into the Investec Group's funds that are relevant to the Bank's client base. Investments are selected based on:

- The track record and credibility of management
- Attractiveness of the industry and the positioning therein
- Valuation/pricing fundamentals
- Sustainability analyses
- Exit possibilities and timing thereof
- The ability to build value by implementing an agreed strategy.

Investments in listed shares may arise on an IPO, or sale of an investment to a listed company. There is limited appetite for listed investments.

Additionally, from time to time, the manner in which certain lending transactions are structured results in equity, warrants or profit shares being held, predominantly in unlisted companies. We also source development, investment and trading opportunities to create value within agreed risk parameters.

Management of investment risk

As investment risk arises from a variety of activities conducted by the Bank, the monitoring and measurement thereof varies across transactions and/or type of activity. Investment committees exist in the UK which provide oversight of the regions where we assume investment risk.

Risk appetite limits and targets are set to manage our exposure to equity and investment risk.

An assessment of exposures against limits and targets as well as stress testing scenario analyses are performed and reported to IBP BRCC.

As a matter of course, concentration risk is avoided and investments are spread across geographies and industries.

Valuation and sensitivity assumptions and accounting methodologies

For a description of our valuation principles and methodologies refer to pages 151 to 155 and pages 184 to 197 for factors and sensitivities taken into consideration in determining fair value.

An analysis of income and revaluations of these investments can be found in the investment income note on page 162.

Summary of investments

£'million	On-balance sheet value of investments 31 March 2024	On-balance sheet value of investments 31 March 2023
Unlisted investments	243	310
Listed equities	1	2
Total investment portfolio	**244**	**312**
Trading properties	63	75
Warrants and profit shares	4	5
Total	**311**	**392**

Note: IW&I UK was previously 100% consolidated in IBP. Going forward IBP's investment in Rathbones will be equity accounted for on a statutory basis and recognised as an associate. We do not include the investment in Rathbones Group plc as a part of the above analysis due to the nature of this strategic transaction. Please refer to further detail on page 11

An analysis of investment portfolio, warrants and profit shares

31 March 2024

£248 million

Finance and insurance	48.5%
Retailers and wholesalers	10.8%
Transport	10.0%
Real estate	9.1%
Business services	8.5%
Construction	5.7%
Other	5.0%
Communication	2.4%

NOTES TO RISK AND CAPITAL MANAGEMENT
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62. Securitisation/ structured credit activities exposures

Overview

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

In the UK, capital requirements for securitisation positions are calculated using either the standardised approach (SEC-SA) or the external ratings-based approach (SEC-ERBA). Given risk-weightings under the SEC-SA approach do not rely on external ratings, a breakdown by risk-weight has also been provided in the analysis below.

Securitisation transactions provide the Bank with a cost effective, alternative source of financing either through sale to the market or through use of the notes issued as collateral for other funding mechanisms.

We hold rated structured credit instruments. These are UK, US and European exposures and amounted to £703 million at 31 March 2024 (31 March 2023: £650 million) with 99.9% being AAA and AA rated. Of the total structured credit exposures, 99.7% have a risk weighting of less than 40%.

For accounting methodologies, refer to page 152

Risk management

All existing or proposed exposures to a securitisation are analysed on a case-by-case basis, with approval required from the appropriate credit committee. The analysis looks through to the historical and expected future performance of the underlying assets, the position of the relevant tranche in the capital structure as well as analysis of the cash flow waterfall under a variety of stress scenarios. External ratings and risk-weightings are presented, but only for information purposes since the Bank principally relies on its own internal risk assessment. Overarching these transaction level principles is the Board-approved risk appetite policy, which details the Bank's appetite for such exposures, and each exposure is considered relative to the Bank's overall risk appetite. We can use explicit credit risk mitigation techniques where required, however, the Bank prefers to address and manage these risks by only approving exposures for which the Bank has explicit appetite through the constant and consistent application of the risk appetite policy.

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit activities reflect only those exposures to which we consider ourselves to be at risk.

Nature of exposure/activity	**31 March 2024 £'million**	31 March 2023 £'million	Balance sheet and credit risk classification
Structured credit (gross exposure)	738	715	Other debt securities and other loans and advances
<40% RWA	736	709	
>40% RWA	2	6	

Analysis of gross structured credit exposure

£'million	AAA	AA	A	BBB	BB	B and below	Total rated	Total unrated	**Total**
US corporate loans	495	81	—	—	—	—	576	34	610
UK RMBS	36	14	1	—	—	—	51	1	52
European corporate loans	76	—	—	—	—	—	76	—	76
Total at 31 March 2024	**607**	**95**	**1**	**—**	**—**	**—**	**703**	**35**	**738**
<40% RWA	607	95	—	—	—	—	702	34	736
>40% RWA	—	—	1	—	—	—	1	1	2
Total at 31 March 2023	**564**	**78**	**8**	**—**	**—**	**—**	**650**	**65**	**715**

NOTES TO RISK AND CAPITAL MANAGEMENT
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63. Market risk in the trading book

Traded market risk profile

The focus of our trading activities is primarily to support our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.

Traded market risk year in review

In the UK, the financial year in review has been characterised by continued central bank tightening, with associated macro-driven market fluctuations. Global yield curves are considerably higher than as at 31 March 2023 and remain inverted. Inflation has fallen significantly over the year, with markets pricing in interest rate cuts over the second half of the calendar year. Equity markets recovered over the second half of the financial year, with the FTSE100 +4.2% and FTSE250 +5.1% for the year ended 31 March 2024. The structured products book continues to wind down and is now substantially reduced. Notwithstanding, the macro hedge remains in place and continues to be updated to ensure that it continues to provide downside protection in the event of an extreme market dislocation.

The primary focus of all trading activity continues to be managing and hedging the market risk arising from client-related activity, and directional exposures remain at a minimum. Utilisation of risk limits have remained moderate, and the desks have remained prudent during the year.

Traded market risk governance structure

Traded market risk is governed by policies that cover the management, identification, measurement and monitoring of market risk. We have independent market risk teams reporting into risk management where limits are approved, managed and monitored.

The market risk teams have reporting lines that are separate from the trading function, thereby ensuring independent oversight. The Market Risk Forum, mandated by the IBP ERC, manages market risk in accordance with approved principles, policies and risk appetite. Trading desk risk limits are reviewed by the Market Risk Forum and approved by IBP ERC in accordance with the risk appetite defined by the IBP Board. Any significant changes in risk limits are then taken to Investec Group ERC, IBP and DLC BRCCs as well as IBP and DLC Boards for review and approval. The appropriateness of limits is continually reassessed, with limits reviewed at least annually, in the event of a significant market event or at the discretion of senior management.

Measurement of traded market risk

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

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

Stress and scenario analyses are used to add insight into the possible outcomes under severe market disruptions. The stress testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk. Stress scenarios based on historical experience as well as hypothetical scenarios are considered and are reviewed regularly for relevance in the ever-changing market environment. Stress scenarios are run daily with analysis presented to IBP Review ERRF weekly and IBP BRCC when the committees meet or more often should market conditions require this.

Traded market risk management, monitoring and control

Market risk limits are set according to our risk appetite policy. Limits are set at trading desk level with aggregate risk across all desks also monitored against overall market risk appetite limits. Current market conditions as well as stressed market conditions are taken into account when setting and reviewing these limits.

Market risk teams review the market risks in the trading book with detailed risk reports produced daily for each trading desk and for the aggregate risk of the trading book. The material risks identified are summarised in daily reports that are distributed to, and discussed with senior management when required. The production of risk reports allows for the monitoring of all positions in the trading book against prescribed limits. Documented policies and procedures are in place to ensure there is a formal process for recognition and authorisation for risk excesses incurred.

The risk management software is fully integrated with source trading systems, allowing valuation in risk and trading systems to be fully aligned. All valuation models are subject to independent validation by market risk ensuring models used for valuation and risk are validated independently of the front office.

NOTES TO RISK AND CAPITAL MANAGEMENT
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Value at Risk

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

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

VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels, being the average of the losses in the tail of the VaR distribution.

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

	31 March 2024				31 March 2023			
95% one-day VaR £'000	**Year end**	Average	High	Low	**Year end**	Average	High	Low
Interest rates	43	45	60	31	43	33	73	15
Foreign exchange	12	10	98	—	8	13	76	3
Equities	173	225	641	117	295	324	762	124
Commodities	8	9	15	5	—	—	—	—
Credit	36	32	85	—	64	14	67	1
Consolidated*	**186**	**238**	**612**	**137**	**352**	**331**	**770**	**103**

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

Expected shortfall

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

95% one-day ES £'000	**31 March 2024**	31 March 2023
Interest rates	59	68
Foreign exchange	29	15
Equities	210	366
Commodities	13	—
Credit	48	163
Consolidated*	**224**	**472**

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

Stressed VaR

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

£'000	**31 March 2024**	31 March 2023
99% one-day sVaR	**694**	**672**

NOTES TO RISK AND CAPITAL MANAGEMENT
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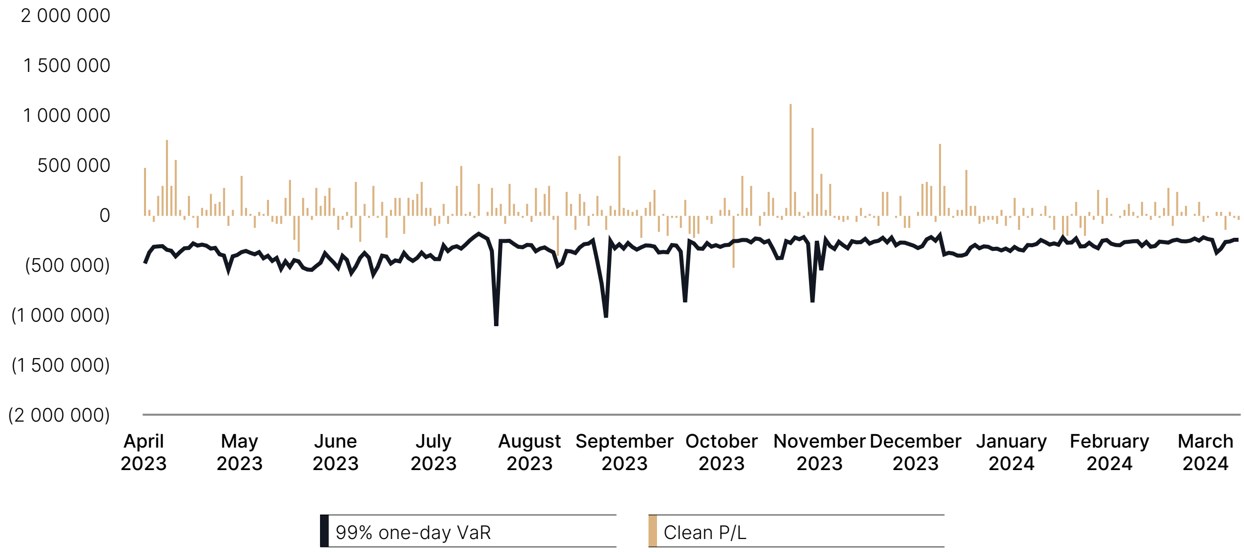
Backtesting

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

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

The average VaR for the year ended 31 March 2024 was lower than for the year ended 31 March 2023. Using clean profit and loss data for backtesting resulted in one exception over the period at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This reflects the limited net market risk exposure in the trading book and the relatively low equity market volatility over the reporting period.

99% one-day VaR backtesting (£)



NOTES TO RISK AND CAPITAL MANAGEMENT
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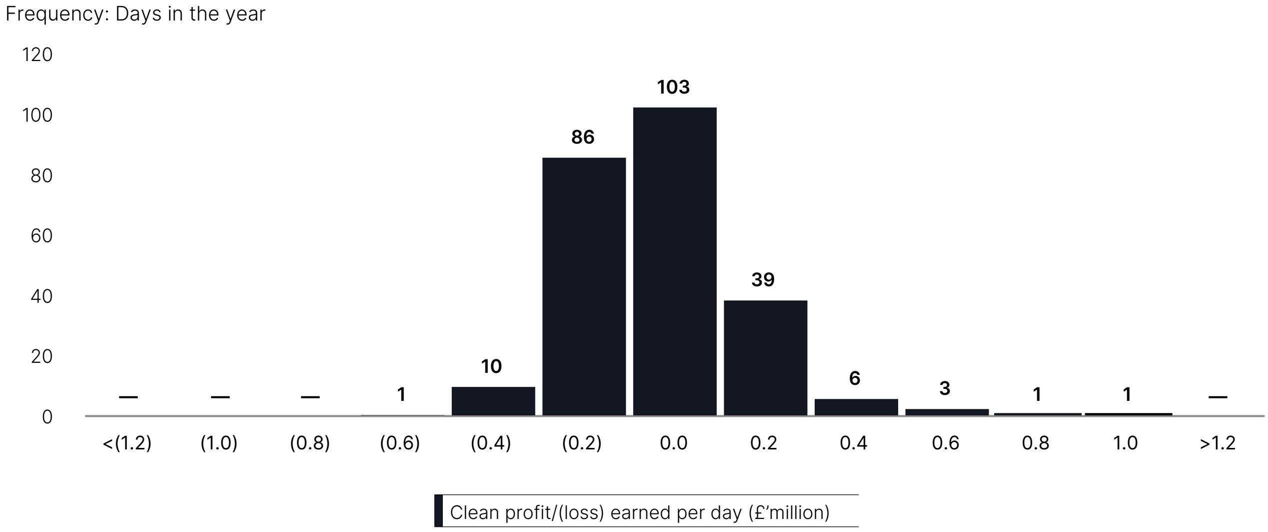
Clean profit and loss histogram

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The graph shows that a clean profit was realised on 153 days out of a total of 250 days in the trading business. The average daily clean profit and loss generated for the year to 31 March 2024 was £70 355 (31 March 2023: £87 798).

Clean profit and loss



Market risk – derivatives

The Bank enters into various derivative contracts, largely on the back of customer flow. These are used for hedging foreign exchange, interest rates, commodity, equity and credit exposures and to a small extent as principal for trading purposes. Traded instruments include financial futures, options, swaps and forward rate agreements.

Information showing our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on pages 208 and 209.

The notional principal indicates our activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had we closed out the rights and obligations arising from that instrument in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

64. Balance sheet risk management

The balance sheet risk framework continually ensures that a comprehensive approach is taken to the management and mitigation of liquidity, funding and IRRBB risks, while ensuring adherence to regulatory requirements and internal risk appetite and policies.

Balance sheet risk governance structure and risk mitigation

Investec plc (and its subsidiaries, including IBP) are ring-fenced from Investec Limited (and its subsidiaries), and vice versa. Both legal entities (and their subsidiaries) are therefore required to be self-funded, and manage their funding, liquidity and IRRBB risk as separate entities.

Each banking entity must have its own Board-approved balance sheet risk management policies. Risk appetite limits are set at the relevant Board level and reviewed at least on an annual basis. The size, materiality, complexity, maturity and depth of the market as well as access to stable funds are all inputs considered when establishing the risk appetite for each relevant region. Specific regulatory requirements may further dictate additional restrictions to be adopted in a region.

Under delegated authority of the respective Boards, the Investec Group has established ALCOs within each banking entity, using regional expertise and local market access as appropriate. The ALCOs are mandated to ensure independent oversight of liquidity risk and IRRBB.

ALCOs review the exposures within the balance sheet together with market conditions, and decide on strategies to mitigate any undesirable risk. The Treasury function within each banking entity is mandated to holistically manage the risk on a day-to-day basis.

The Treasury function, by banking entity, is required to exercise tight control of all balance sheet risks (liquidity, funding, concentration, encumbrance and IRRBB) within the Board-approved risk appetite limits. IRRBB and asset funding requirements are transferred from the originating business to the Treasury function.

The Treasury function, by banking entity, directs pricing for all deposit products, establishes and maintains access to stable funds with the appropriate tenor and pricing characteristics, and manages liquid securities and collateral.

Balance sheet risk management is based within Group risk management and is responsible for identifying, quantifying, monitoring and communicating risks while providing independent oversight of the treasury activities and guaranteeing the adherence to the Bank's policies.

There is a regular internal audit of the processes and policies within the balance sheet risk management function, the frequency of which is determined by internal audit.

Daily, weekly and monthly reports are independently produced highlighting Group activity, exposures and key measures against thresholds and limits and are distributed to management, ALCO, Treasury, IBP Review ERRF, IBP ERC and IBP BRCC as well as summarised reports for Board meetings.

Liquidity risk

Management and measurement of liquidity risk

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding.

A number of internal and regulatory metrics are used on a current and forward-looking basis to manage liquidity risk and funding risk. Future cash flows are monitored on a contractual, business-as-usual and stressed basis. Stress testing is based on a range of historical and hypothetical scenarios.

We further carry out reverse stress tests to identify business model vulnerabilities which tests 'tail risks' that can be missed in normal stress tests.

Additionally, the Bank maintains contingency funding plans which detail the course of actions that can be taken in the event of a liquidity stress. The plans help to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse bank-specific events, while minimising detrimental long-term implications for the business.

The plan has been tested via an externally facilitated liquidity crisis simulation exercise which assessed the Bank's sustainability and ability to adequately contain a liquidity stress.

Further information on recovery and resolution planning can be found on page 298.

Funding strategy

We maintain a funding structure of stable customer deposits and long-term wholesale funding well in excess of funded assets. We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency.

We acknowledge the importance of our retail deposit client base as the principal source of stable and granular funding. We continue to develop products to attract and service the investment needs of our client base in line with our risk appetite.

The Bank actively participates in global financial markets and our relationships are continuously enhanced through regular investor presentations internationally. Entities are only allowed to have funding exposure to wholesale markets where they can demonstrate that the market is sufficiently deep and liquid, and then only relative to the size and complexity of their business as part of a diversified funding mix.

The Bank's ability to access funding at cost-effective levels is influenced by maintaining or improving the entity's credit rating. A reduction in credit ratings could have an adverse effect on the Bank's funding costs, and on access to wholesale term funding; however our diversified funding base places limited reliance on wholesale funding and protects our ability to raise sufficient funding under both business as usual and stressed market conditions.

Liquidity buffer

To protect against potential shocks, we hold a liquidity buffer in the form of cash, unencumbered high-quality liquid assets (typically in the form of government or rated securities eligible for repurchase with the central bank). The liquidity buffer is well in excess of regulatory requirements as protection against disruptions in cash flows. The liquidity buffer is managed within Board-approved targets.

The Bank remains a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short-term interbank borrowings. We do not rely on overnight interbank deposits to fund term lending.

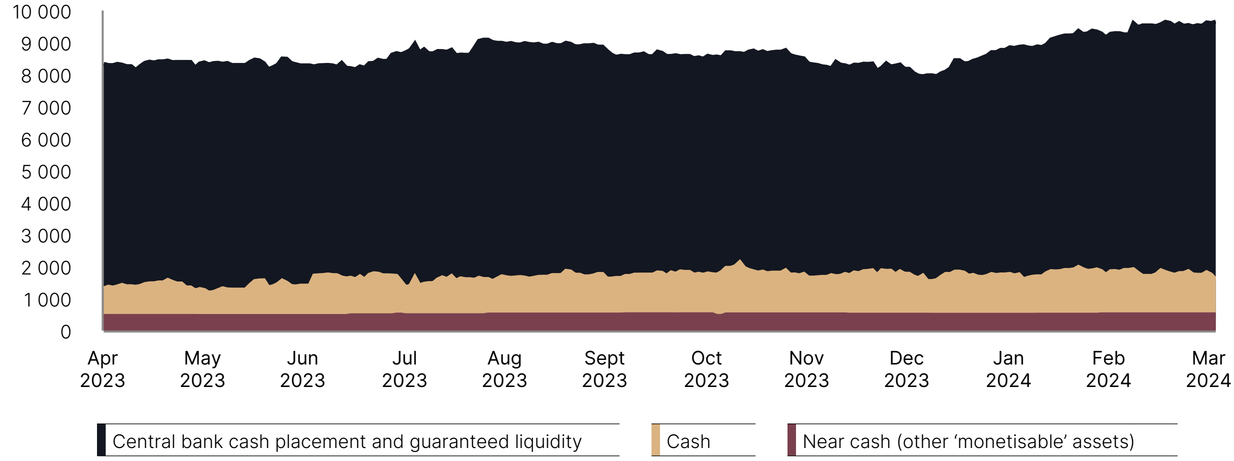
For non-cash items, prudent market risk limits are in place to control the market volatility of securities and the amount of cash that can be generated by those securities under a market stress.

From 1 April 2023 to 31 March 2024 average cash and near cash balances over the period amounted to £8.7 billion.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Cash and near cash trend

£'million



An analysis of cash and near cash at 31 March 2024

£9 652 million

Central bank cash placements and guaranteed liquidity	83.5%
Cash	10.7%
Near cash (other 'monetisable' assets)	5.8%

Customers accounts (deposits) by type at 31 March 2024

£20 851 million

Individuals	65.1%
Other financial institutions and corporates	27.1%
Small business	7.8%

Asset encumbrance

An asset is defined as encumbered if it has been pledged as collateral against an existing liability and, as a result, is no longer available to the Bank to secure funding, satisfy collateral needs or be sold to reduce funding requirement.

Encumbered assets are identified in accordance with the definitions under European Capital Requirements Regulation (CRR), and regular reporting is provided to the PRA.

Risk management monitors and manages total balance sheet encumbrance within a Board-approved risk appetite limit. Asset encumbrance is one of the factors considered in the discussion of new products or new funding structures, and the impact on risk appetite is assessed.

The Bank uses secured transactions to manage short-term cash and collateral needs, and utilises securitisations in order to raise external term funding as part of its diversified liability base. Securitisation notes issued are also retained by the Bank which are eligible for the BoE's Single Collateral Pool to support central bank liquidity facilities.

On page 206 we disclose further details of assets that have been received as collateral under reverse repurchase agreements and securities borrowing transactions where the assets are allowed to be resold or pledged.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Liquidity mismatch

The following tables show the Bank's contractual and behavioural liquidity mismatch.

The contractual liquidity table records all assets and liabilities with the underlying contractual maturity.

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

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

Contractual liquidity at 31 March 2024

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	6 279	54	—	—	5	—	—	6 338
Investment/trading assets	1 535	869	883	481	329	736	909	5 742
Securitised assets	4	—	—	1	1	21	40	67
Advances	118	657	912	1 156	1 857	8 723	3 293	16 716
Other assets	56	413	22	17	93	352	79	1 032
Assets	**7 992**	**1 993**	**1 817**	**1 655**	**2 285**	**9 832**	**4 321**	**29 895**
Deposits – banks	(242)	—	(10)	(9)	—	(1 913)	—	(2 174)
Deposits – non-banks	(6 115)	(1 124)	(4 664)	(3 217)	(3 905)	(1 826)	—	(20 851)
Negotiable paper	(2)	(6)	(10)	(34)	(63)	(833)	(9)	(957)
Securitised liabilities	—	—	(7)	(3)	(6)	(36)	(20)	(72)
Investment/trading liabilities	(79)	(55)	(30)	(37)	(75)	(244)	(56)	(576)
Subordinated liabilities	—	—	—	—	—	—	(669)	(669)
Other liabilities	(4)	(428)	(138)	(20)	(122)	(214)	(64)	(990)
Liabilities	**(6 442)**	**(1 613)**	**(4 859)**	**(3 320)**	**(4 171)**	**(5 066)**	**(818)**	**(26 289)**
Total equity	—	—	—	—	—	—	(3 606)	(3 606)
Contractual liquidity gap	**1 550**	**380**	**(3 042)**	**(1 665)**	**(1 886)**	**4 766**	**(103)**	**—**
Cumulative liquidity gap	1 550	1 930	(1 112)	(2 777)	(4 663)	103	—	

Behavioural liquidity at 31 March 2024

As discussed above.

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**6 600**	**(133)**	**(3 786)**	**(1 947)**	**(2 042)**	**1 438**	**(130)**	**—**
Cumulative	6 600	6 467	2 681	734	(1 308)	130	—	

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Interest rate risk in the banking book (IRRBB)

Measurement and management of IRRBB

IRRBB is an inherent consequence of conducting banking activities, and arises from the provision of non-trading banking products and services. The Bank considers the management of banking margin of vital importance, and our IRRBB philosophy is reflected in our day-to-day practices.

The aim of IRRBB management is to protect net interest income and economic value in accordance with the Board-approved risk appetite. IRRBB is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and net present value (NPV) sensitivity to changes in interest rate risk factors:

- Income metrics capture the change in accruals expected over a specified time horizon in response to a change in interest rates
- Economic value metrics capture all future cash flows in order to calculate the Bank's net worth and therefore can highlight risks beyond the short-term earnings time horizon.

These metrics are used to assess and to communicate to senior management the financial impact of possible future interest rate scenarios, covering:

- Interest rate expectations and perceived risks to the central view
- Standard shocks to levels and shapes of interest rates and yield curves.

The repricing gap provides a simple representation of the balance sheet, with the sensitivity of fair values and earnings to changes to interest rates calculated off the repricing gap. This also allows for the detection of interest rate risk concentration in specific repricing buckets. Net interest income sensitivity measures the change in accruals expected over the specified horizon in response to a shift in the yield curve, while economic value sensitivity and stress testing to macro-economic movement or changes to the yield curve measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities. Economic value measures have the advantage that all future cash flows are considered and therefore assess the risk beyond the earnings horizon.

Sources of IRRBB include:

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

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

Each banking entity has its own Board-approved IRRBB appetite, which is clearly defined in relation to both income risk and economic value risk. The Bank has limited appetite for IRRBB.

Operationally, daily management of interest rate risk is centralised within the Treasury of each banking entity and is subject to local independent risk and ALCO review. Treasury mitigates any residual undesirable risk where possible, by changing the duration of the banking book's discretionary liquid asset portfolio, or through derivative transactions. The Treasury mandate allows for a tactical response to market volatility which may arise during changing interest rate cycles, in order to hedge residual exposures. Any resultant interest rate position is managed under the IRRBB risk limits. Balance sheet risk management independently monitors a broad range of interest rate risk metrics to changes in interest rate risk factors, detailing the sources of interest rate exposure.

Automatic optionality arising from variable rate products with an embedded minimum lending rate serves as an income protection mechanism for the Bank against falling interest rates, while behavioural optionality risk from customers of fixed rate products is mitigated by early repayment charges.

The UK Bank maintains a structural hedging programme to reduce the sensitivity of earnings to short-term interest rate movements. An amortising profile of £1.56 billion tangible equity has been assigned with an average duration of 2.5 years evenly distributed over the period. The termed equity is then hedged and managed within the Bank's overall interest rate risk appetite.

Net interest income sensitivity at 31 March 2024

IRRBB is measured and monitored using an income sensitivity approach. The tables below reflect an illustrative annualised net interest income value sensitivity to a 0.25% parallel shift in interest rates, based on modelled assumptions, assuming no management intervention.

million	All (GBP)
25bps down	(8.0)
25bps up	7.2

Economic value (EV) sensitivity at 31 March 2024

IRRBB is measured and monitored using the EV sensitivity approach. The table below reflects an illustrative economic value sensitivity to a 2% parallel shift in interest rates, based on modelled assumptions, assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

million	All (GBP)
200bps down	2.8
200bps up	(9.1)

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Regulatory requirements

Liquidity risk

The two minimum BCBS standards for funding liquidity are:

- The Liquidity Coverage ratio (LCR) which is designed to ensure that banks have sufficient high-quality liquid assets to meet their liquidity needs throughout a 30-calendar day severe stress
- The Net Stable Funding ratio (NSFR) which is designed to capture structural issues over a longer time horizon by requiring banks to have a sustainable maturity structure of assets and a stable liability base.

The LCR is calculated based on the rules contained in the PRA rulebook overlaid with our own interpretations where the regulation requires. Banks are required to maintain a minimum LCR of 100%. As at 31 March 2024 the LCR was 519% for IBP (solo basis).

Within the UK, the NSFR has become a binding requirement for banks since January 2022. Banks are now required to maintain a minimum NSFR of 100%. The NSFR at 31 March 2024 was 144% for IBP (solo basis).

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

IRRBB

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

The regulatory framework requires banks to assess their Pillar II requirements, including those related to IRRBB, as part of their ICAAP in accordance with PS22/21 and SS31/15. This is reviewed on at least an annual basis and reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC Boards.

Balance sheet risk year in review

The Bank maintained its strong liquidity position and continues to hold high levels of surplus liquid assets. Our liquidity risk management process remains robust and comprehensive.

Funding continues to be dynamically raised through a mix of customer liabilities diversified by customer type, currency, channel and tenor, avoiding reliance on any particular channel and ensuring continued access to a wide range of depositors. Those diversified funding channels have proven to be capable of raising funding throughout the year to support asset growth despite the uncertain macro-economic environment, persistent market volatility and increased competition for deposits. Overall customer deposits have grown substantially in the year to 31 March 2024.

We have limited reliance on wholesale funding but we maintain access and presence, using such wholesale issuance to strategically diversify our funding base and complement the other liability channels by focusing, where appropriate, on tenor and currency as part of a longer term strategic plan.

Wholesale issuance in the year took advantage of market windows to focus on refinancing upcoming calls to lengthen term, with the added benefit of continuing to diversify the debt capital markets investor base. As a result we have no requirement to issue in the wholesale markets in the financial year to end March 2025. As of March 2024, the preferred resolution strategy for IBP remained bank insolvency procedure with no MREL requirement in excess of its minimum capital requirements. However, the BoE formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and IBP as a material subsidiary, will be subject to a revised MREL requirement. The MREL transition will commence from 1 January 2026 in a phased manner with end-state MREL applying from 1 January 2032. Any additional MREL requirements will be met over time as part of increasing wholesale market issuance from the existing established base and we will continue to evaluate issuance opportunities in the near term as part of this glide path.

As at 31 March 2024, IBP had £1.2 billion of drawings under the BoE Term Funding Scheme with additional incentives for Small and Medium Enterprises (TFSME) maturing in late 2025.

Funding consists primarily of customer deposits, with loans and advances to customers as a percentage of customer deposits at 79.5% at 31 March 2024. We are therefore well positioned from a funding and liquidity perspective if there were to be further disruption to financial markets given both the highly diversified nature of Investec plc's deposit base and the reliance on term and notice deposits rather than demand deposits. Deposits grew by 8.3% over the year to £20.9 billion. Granularity of deposits is a key area of focus and Investec plc has a substantial portion of eligible deposits that are covered by FSCS protection. The FSCS is a UK government-backed scheme designed to provide protection to eligible customers, to the maximum value of £85 000, in the event that a financial institution is unable to meet its financial obligations..

Cash and near cash balances at 31 March 2024 amounted to £9.7 billion (31 March 2023: £8.6 billion).

This overall approach has enabled the Bank to maintain a strong liquidity position at the year end across a range of metrics in line with our conservative approach to balance sheet risk management.

Looking forward, the focus remains on maintaining a strong liquidity position in light of overall market volatility. Funding continues to be actively raised, across a diverse funding base, in line with a medium- to long-term strategy to reduce the overall tenor-adjusted cost of the liability base supported by stable credit ratings.

Refer to page 59 for further detail on credit ratings

65. Operational risk

Operational risk is an inherent risk in the ordinary course of business activity. The impact could be financial as well as non-financial. Possible non-financial impacts could include customer detriment, reputational or regulatory consequences.

Management and measurement of operational risk

The Bank manages operational risk through an operational risk management framework that is embedded across all levels of the organisation and is supported by a strong risk management culture. The key purpose of the operational risk management framework is to define the policies and practices that provide the foundation for a structured and integrated approach to identify, assess, mitigate/manage, monitor and report on operational risks.

The key operational risk practices are as follows:

Identify and assess	
Risk and control assessments	• Risk and control assessments are forward-looking, qualitative assessments of inherent and residual risk that are performed on key business processes using a centrally defined risk framework • These assessments enable business to identify, manage and monitor operational risks, incorporating other elements of the operational risk management framework such as risk events and key indicators • Detailed control evaluations are performed, and action plans developed and implemented where necessary to ensure that risk exposure is managed within acceptable levels.
Internal risk events	• Internal risk events provide an objective source of information relating to failures in the control environment • The tracking of internal risk event data provides an opportunity to improve the control environment and to minimise the occurrence of future risk events • In addition, internal risk event data is used as a direct input into the Pillar II capital modelling process.
External risk events	• External risk events are operational risk related events originating outside the organisation • Investec Group is an active member of a global external data service used to benchmark our internal risk event data against other local and international financial service organisations • The external data is analysed to enhance the control environment, inform scenario analysis and provide insight into emerging operational risks.
Mitigate/manage	
Risk exposures	• Risk exposures are identified through the operational risk management processes, including but not limited to risk assessments, internal risk events, key indicators and audit findings • Residual risk exposure is evaluated in terms of the Group's risk appetite and mitigated where necessary by improving the control environment, transferring through insurance, terminating the relevant business activity or accepting the risk exposure for a period of time subject to formal approval and monitoring.
Monitor	
Key risk indicators	• Indicators are metrics used to monitor risk exposures against identified thresholds • The output provides predictive capability in assessing the risk profile of the business.

Operational risk governance framework

The operational risk governance structures form an integral part of the operational risk management framework. Key components of the governance structures are:

Roles and responsibilities

The Bank, in keeping with sound governance practices, has defined roles and responsibilities for the management of operational risk in accordance with the three lines of defence model, i.e. business line management, an independent operational risk function and an independent internal audit function.

Specialist control functions are responsible for the management of key operational risks. These include, but are not limited to: compliance (including financial crime compliance), cyber, finance, fraud, legal, technology and information security risks.

Committees

Operational risk is managed and monitored through various governance forums and committees that are integrated with the Bank's risk management governance structure and report to Board level committees.

The Bank's operational risk profile is reported to the governance forums and committees on a regular basis, which contributes to sound risk management and decision-making by the Board and management.

- Operational risk:

Management forums and committees are in place at each entity level. Key responsibilities include the monitoring of operational risk and oversight of the operational risk management framework, including approval of the operational risk management policies.

- Technology, information security and cyber risk:

The DLC IT Risk and Governance Committee is responsible for the monitoring of current and emerging technology and information security risks. In addition, this committee considers the strategic alignment of technology within the business.

The UK Technology Management Committees monitor technology risks for the UK entities and escalate current and emerging risks to the DLC IT Risk and Governance Committee and relevant local risk governance forums and committees.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Risk appetite

Operational risk appetite is defined as the level of risk exposure that is acceptable to the Board in order to achieve its business and strategic objectives. The Board is responsible for setting and regularly reviewing the risk appetite. The operational risk appetite policy defines the amount of operational risk exposure, or potential adverse impact of a risk event, that the Bank is willing to accept through quantitative and qualitative measures.

Operational risks are managed in accordance with the approved risk appetite. Any breaches of limits are escalated in accordance with the appropriate governance structures.

Operational risk year in review

Key operational risk themes

During the year the Bank remained focused on the management of the following key operational risks:

Business disruption and operational resilience risk

- The Bank's resilience capabilities are continuously tested through the occurrence of disruptive events
- Significant planning and testing has taken place to ensure impact tolerances are adhered to during disruption events to mitigate against client harm
- The Bank remains committed to upholding global regulatory requirements for operational resilience, ensuring compliance with regulatory expectations and delivering value to our stakeholders.

Information security and cyber risk

- Recognising the unpredictable nature and sophistication of cyber and insider threats, information and cyber security were key focus for the Bank
- Ransomware events continued to be observed across the sector, and often involved theft of sensitive data for the purpose of extortion
- While still in its early stages, threat actors began exploring the use of AI to automate and enhance attack
- Targeted security evaluations continue to run internally and by independent specialists to validate controls and inform ongoing improvements
- The Bank's risk exposure was well managed and no material losses attributed to information security or cyber events were recorded.

Technology risk

- As part of the Bank's digitalisation strategies, high rates of technology change were noted. Isolated disruptions associated with key modernisation and growth initiatives were well managed.

Regulatory compliance risk

- Increasingly stringent regulatory compliance obligations continued to be a focus for the Bank
- There has been a sustained focus by regulators on organisational resilience in the financial services sector and emphasis placed on working towards ensuring a financial system that is fair, efficient and resilient
- Material regulatory developments in the UK for the Bank are:
  - The implementation of the new Consumer Duty, which requires higher standards of consumer protection and ensures that firms prioritise good customer outcomes
  - The Edinburgh Reforms (c.30 policy initiatives) which include a review of the Senior Managers and Certification Regime, consumer credit legislation, retail investment disclosures regime (PRIIPs), and various wholesale regulations including Short Selling, Prospectus Regime and MiFIDII.

Third party risk

- The Bank's commitment to digitalisation placed increased reliance on third party services and cloud providers
- Ongoing enhancements were made to third party due diligence and reporting practices to ensure that we meet evolving regulatory requirements
- This was supported by robust oversight of third party performance and monitoring of their financial health and cyber posture
- Where adverse indicators were identified, we engaged in constructive dialogue with our third parties and implemented risk mitigation strategies to safeguard our operations
- The Bank strengthened visibility of concentration risk, associated with our third parties and their fourth parties.

Processing and execution risk

- Processing and execution risks identified through internal risk event monitoring remains a significant operational risk theme due to the frequency and monetary impact of reported operational risk loss events
- The main factors contributing to these risks during the reporting period include, amongst others, unintentional human error, ineffective change management, inadequate process design, and insufficient management oversight
- Despite the organisation's commitment to digitalisation, there is still a reliance on manual processes. When automation is not possible, process redesign is undertaken to address control gaps. Additionally, there is a strong emphasis on monitoring key controls through collaborative assurance initiatives
- Every effort is made to minimise the impact of processing and execution risks on clients by promptly implementing recovery measures.

Insurance

The Bank maintains adequate insurance to cover key insurable risks. The insurance process and requirements are managed by the Group insurance risk manager. Regular interaction between operational risk management and insurance risk management ensures that there is an exchange of information in order to enhance the mitigation of operational risk.

Please refer to pages 80 to 84 of the Investec Group's 2024 risk and governance report for additional information regarding compliance, reputational risk and legal risk.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

66. Recovery and resolution planning

The purpose of the recovery plan is to document how the Investec plc Board and management will plan for Investec plc to recover from extreme financial stress to avoid liquidity and capital difficulties. The plans are reviewed and approved by the IBP and Investec plc Boards on an annual basis.

The focus of the Investec plc recovery plan is the recovery of IBP and the protection of its depositors and other clients. The plan:

- Integrates with existing contingency planning
- Identifies roles and responsibilities
- Identifies early warning indicators and trigger levels
- Analyses how the Group could be affected by the stresses under various scenarios
- Includes potential recovery actions available to the Boards and management to respond to the situation, including immediate, intermediate and strategic actions
- Identify the recovery capacity available to avoid resolution actions
- Run externally facilitated simulations or firedrill exercises as required by the regulations.

The Bank Recovery and Resolution Directive (BRRD) was implemented in the UK via the UK Banking Act 2009. It was recently amended by the BRRD (Amendment) (EU Exit) Regulation 2020, which implemented into UK law certain amendments to the BRRD which were required to be implemented prior to the UK leaving the EU.

The BoE, the UK resolution authority has the power to intervene in and resolve a financial institution that is no longer viable. This is achieved through the use of various resolution tools, including the transfer of business and creditor financed recapitalisation (bail-in within resolution) that allocates losses to shareholders and unsecured and uninsured creditors in their order of seniority, at a regulator determined point of non-viability that may precede insolvency.

The PRA has made rules that require authorised institutions to draw up recovery plans and resolution packs. Recovery plans are designed to outline credible recovery options that authorised institutions could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. The resolution pack contains detailed information on the services provided, as well as the structure and operation of the authorised institution in question which will be used by the BoE to develop resolution strategies for that specific institution, assess its current level of resolvability against the strategy, and to inform work on identifying barriers to the implementation of operational resolution plans.

In line with PRA and onshored EU requirements, Investec plc maintains a resolution pack and a recovery plan. Even though the recovery plan is framed at Investec plc level, given that IBP constitutes over 79% of Investec plc's balance sheet, the focus of this document is the recovery of IBP and the protection of its depositors and other clients.

Similarly, the resolution pack is drafted for Investec plc. As Investec plc is an approved UK Financial Holding Company (FHC) and IBP is its most significant entity, the Investec plc resolution strategy is expected to be driven and determined by IBP's resolution strategy.

As of March 2024, the preferred resolution strategy for IBP remained bank insolvency procedure with no MREL requirement in excess of its minimum capital requirements. However, the BoE formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and IBP as a material subsidiary, will be subject to a revised MREL requirement. The MREL transition will commence from 1 January 2026 in a phased manner with end-state MREL applying from 1 January 2032. Any additional MREL requirements will be met over time as part of increasing wholesale market issuance from the existing established base and we will continue to evaluate issuance opportunities in the near term as part of this glide path.

As a bail-in firm, Investec plc will come into scope of the BoE's Resolvability Assessment Framework and is committed to ensuring its resolution capabilities meet the required regulatory standards.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

67. Capital management and allocation

Current regulatory framework

IBP is authorised by the PRA and is regulated by the FCA and the PRA. The Bank calculates capital resources and requirements using the Basel III framework, as implemented in the European Union through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. Following the end of the Brexit transitional period, the EU rules (including binding technical standards) were onshored and now form part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.

A summary of capital adequacy and leverage ratios

	31 March 2024*	31 March 2023*
Common Equity Tier 1 ratio**	13.3%	12.7%
Common Equity Tier 1 ratio (fully loaded)***	13.2%	12.4%
Tier 1 ratio**	15.9%	14.1%
Total Capital ratio**	19.8%	18.5%
Risk weighted assets (£'million)**	18 054	17 308
Leverage exposure measure (£'million)	26 746	24 945
Leverage ratio	10.7%	9.8%
Leverage ratio (fully loaded) ***	10.7%	9.6%

* The capital adequacy and leverage disclosures for IBP include the deduction of foreseeable charges and dividends when calculating CET1 and Tier 1 capital. These disclosures differ from the disclosures included in the Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. IBP's CET1 ratio would be 34bps (31 March 2023: 21bps) and leverage ratio 23bps (31 March 2023: 14bps) higher, on this basis.
** The CET1, Tier 1, Total Capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.
*** The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9.

IBP applies the Standardised Approach to calculate credit risk and counterparty credit risk, credit valuation adjustment (CVA) risk, securitisation risk, operational risk and market risk capital requirements.

IBP is not subject to the minimum leverage ratio requirement of 3.25% under the UK leverage ratio framework, but is subject to a 'supervisory expectation' to manage excessive leverage by ensuring the leverage ratio does not fall below 3.25%. For simplicity, the same leverage ratio exposure measure and capital measure applies to all UK banks (including the exemption of central bank reserves and reflect updated international standards).

Subsidiaries of IBP may be subject to additional regulations as implemented by local regulators in their respective jurisdictions. Where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Year under review

During the year under review, IBP complied with the capital adequacy requirements imposed on it by the PRA. IBP continues to hold capital in excess of all the capital and buffer requirements.

At 31 March 2024, the CET1 ratio increased to 13.3% from 12.7% at 31 March 2023. CET1 capital increased by £214 million to £2.4 billion, mainly as a result of CET1 capital generation of £720 million through profit after taxation. The increases is partially offset by:

- An increase of £352 million in the goodwill and intangible asset deduction (net of deferred taxation liability) arising mainly on the IW&I UK and Rathbones combination, with £56 million of the increase attributable to the Group's acquisition of a majority interest in Capitalmind
- Dividends paid to ordinary shareholders and Additional Tier 1 security holders of £110 million
- A decrease of £29 million in the IFRS 9 transitional add-back adjustment
- An increase in foreseeable charges and dividends of £26 million.

Risk weighted assets (RWAs) increased by 4.3% or £746 million to £18.1 billion over the period, predominantly within credit risk RWAs.

Credit risk RWAs, which includes equity risk, increased by £1.1 billion. £270 million of the increase is attributable to RWAs arising on the proportional consolidation of the Group's 41.25% interest in Rathbones net of IW&I UK. The remaining increase reflects asset growth in Project Finance, Growth & Acquisition Finance, Mortgages and Asset Finance.

Counterparty credit risk RWAs (including CVA) decreased by £120 million compared to 31 March 2023, primarily driven by a decrease in repurchase agreements and derivative financial instruments.

Market risk RWAs decreased by £83 million, mainly due to a decrease in the collective investment undertaking position risk.

Operational risk RWAs decreased by £145 million to £1.9 billion. The decrease is mainly due to the removal of IW&I UK gross income from the three-year average income calculation. The PRA granted Investec plc permission to remove the discontinued operation from the calculation. The decrease in operational risk RWAs is marginally offset by higher profits and the inclusion of 41.25% of Rathbones' gross income in the RWA calculation.

The Group's leverage ratio increased to 10.7% from 9.8% at 31 March 2023. Tier 1 capital increased by £422 million. £214 million of the increase is attributable to an increase in CET1 capital, driven by an increase in profit after taxation offset by an increase in the goodwill and intangible asset deduction and other regulatory adjustments. The remaining increase of £208 million arose from the liability management exercise which was undertaken in February 2024 and resulted in £142 million of existing Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (callable in December 2024) to be repurchased and replaced with £350 million of Sterling-denominated Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital securities callable in February 2030.

The leverage exposure measure increased by £1.8 billion, of which

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

£626 million has arisen on the proportional consolidation of 41.25% of Rathbones net of IW&I UK with the remaining increase driven by asset growth across multiple balance sheet line items, most notably in loans to customers of £1 billion, sovereign debt securities of £706 million, bank debt securities of £93 million offset by reductions in reverse repurchase agreements and derivative financial instruments of £617 million.

Significant regulatory developments in the period

From 5 July 2023, the UK CCyB rate increased from 1% to 2%. The Financial Policy Committee agreed when they met in July 2023, to maintain the UK CCyB rate at 2%, ensuring banks have sufficient capacity to absorb further shocks without unduly restricting lending.

On 30 November 2022, the PRA published a consultation paper on the Implementation of the Basel 3.1 standards, which set out the proposed rules and expectations that cover parts of the Basel 3 standards that remain to be implemented in the UK and relate to the calculation of RWAs.

The Basel 3.1 standards aim to restore credibility in risk weighted ratios, by introducing more robust and risk-sensitive Standardised Approaches, whilst curtailing the RWA benefits Internal Models can provide. The proposals aim to advance the PRA's primary objective to promote the safety and soundness of the firms that it regulates. By improving the measurement of risk, the PRA are of the view that it will help ensure firms are adequately capitalised given the risks they are exposed to. Whilst the PRA are proposing limited adjustments to the international standards in order to adhere to the global reforms, they have proposed the removal of several onshored EU discretions, such as the small and medium-sized enterprise (SME) supporting factor.

The consultation closed for comment on 31 March 2023 with the rule changes initially planned to take effect from 1 January 2025.

On 27 September 2023, the PRA released a statement confirming the implementation will be delayed by six months to 1 July 2025, with full compliance required by 1 January 2030. The statement also confirmed that that the final rules will be published in two separate parts. The initial set of near-final rules, which encompass market risk, CCR, CVA risk and operational risk, were published in December 2023. The publication of the second set of rules is scheduled for the second quarter of 2024. Once HM Treasury has passed legislation to revoke the relevant parts of the onshored CRR, the PRA will issue a final final policy statement, containing all of the Basel 3.1 standards. The publication of the second set of rules will now be delayed, due to the release date falling within the UK pre-election period, which could result in further delays to the UK implementation of Basel 3.1.

The PRA have also indicated that the Pillar 2A framework will need to be recalibrated due to the changes to the Standardised Approaches for the different risk types and confirmed that an off-cycle review of firm-specific Pillar 2 capital requirements will be conducted ahead of day 1 implementation.

On 29 November 2023 the Basel Committee published for consultation a new Pillar 3 disclosure framework for climate-related financial risks. Final proposals will be issued in the second half of 2024, with the framework expected to take effect from 1 January 2026. The PRA are yet to consult on these proposals.

Pillar 3 disclosure requirement

The Pillar 3 disclosures for Investec plc and IBP are published in a standalone disclosure report and can be found on the Investec Group's website. The sub-set of Pillar 3 disclosures the Bank is required to disclose are included in appendix A of this report.

Philosophy and approach

The Bank's approach to capital management utilises both regulatory capital as appropriate to the jurisdiction in which it operates and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate given the level of risk taken at an individual transaction or business unit level.

We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a Total Capital ratio range of between 14% and 17% on a consolidated basis, and we target a minimum Tier 1 ratio of 11% and a CET1 ratio above 10%.

The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the Group. At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the Group's risk profile and optimisation of shareholder returns. Our internal capital framework is designed to manage and achieve this balance. The internal capital framework is based on the Group's risk identification, review and assessment processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet. The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the Board's risk appetite across all risks faced by the Group
- Provide protection to depositors against losses arising from risks inherent in the business
- Provide sufficient capital surplus to ensure that the Group is able to retain its going concern basis under relatively severe operating conditions
- Inform the setting of minimum regulatory capital through the ICAAP and subsequent Supervisory Review and Evaluation Process (SREP) review. The ICAAP documents the approach to capital management, including the assessment of the regulatory and internal capital position of each Group
- The ICAAP is reviewed and approved by IBP BRCC and the Board.

The framework has been approved by the Board and is managed by the IBP Capital Committee, which is responsible for oversight of the management of capital on a regulatory and an internal capital basis.

Capital planning and stress/scenario testing

A capital plan is prepared for IBP and maintained to facilitate discussion of the impact of business strategy and market conditions on capital adequacy. This plan is designed to assess capital adequacy under a range of economic and internal conditions over the medium term (three years), with the impact on earnings, asset growth, risk appetite and liquidity considered. The plan provides the Board with an input into strategy and the setting of risk appetite by considering business risks and potential vulnerabilities, capital usage and funding requirements given constraints where these exist.

Capital plans are prepared and presented to the Capital Committees on a monthly basis. The plans are updated with the actual month-end position and forecast

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

out to the end of the fiscal year, taking into account updated profit and loss and asset growth forecasts.

The goal of capital planning is to provide insight into potential sources of vulnerability of capital adequacy by way of market, economic or internal events. As such, the three-year capital plans are stressed based on conditions most likely to cause IBP duress. The conditions are agreed by the IBP Capital Committee after the key vulnerabilities have been determined through the stress testing workshops. Such plans are used by management to formulate balance sheet strategy and agree management actions, trigger points and influence the determination of our risk appetite. At a minimum level, each capital plan assesses the impact on our capital adequacy in an expected case and in downturn scenarios. On the basis of the results of this analysis, the IBP Capital Committee, the DLC Capital Committee and the IBP BRCC are presented with the potential variability in capital adequacy and are responsible, in consultation with the Board, for considering the appropriate response.

Reverse stress testing is performed annually as part of the ICAAP process.

Capital structure

£'million	31 March 2024*	31 March 2023*
Shareholder's equity	**3 070**	**2 486**
Shareholder's equity excluding non-controlling interests	3 145	2 539
Foreseeable charges and dividends	(62)	(36)
Deconsolidation of special purpose entities	(13)	(17)
Non-controlling interests	**—**	**—**
Non-controlling interests per balance sheet	3	1
Non-controlling interests excluded for regulatory purposes	(3)	(1)
Regulatory adjustments to the accounting basis	**(3)**	**15**
Additional value adjustments	(5)	(5)
Cash flow hedging reserve	(18)	(28)
Adjustment under IFRS 9 transitional arrangements	20	48
Deductions	**(658)**	**(306)**
Goodwill and intangible assets net of deferred taxation	(652)	(300)
Deferred taxation assets that rely on future profitability excluding those arising from temporary differences	(2)	(2)
Securitisation positions which can alternatively be subject to a 1 250% risk weight	(1)	(4)
Defined benefit pension fund adjustment	(3)	—
Common Equity Tier 1 capital**	**2 409**	**2 195**
Additional Tier 1 instruments	458	250
Tier 1 capital**	**2 867**	**2 445**
Tier 2 capital**	**712**	**764**
Tier 2 instruments	712	764
Total regulatory capital**	**3 579**	**3 209**

Risk weighted assets and capital requirements

	Risk weighted assets**		Capital requirements**	
£'million	31 March 2024*	31 March 2023	31 March 2024*	31 March 2023
	18 054	**17 308**	**1 444**	**1 385**
Credit risk	15 276	14 118	1 222	1 129
Equity risk	89	153	7	13
Counterparty credit risk	377	487	30	39
Credit valuation adjustment risk	27	37	2	3
Market risk	428	511	34	41
Operational risk	1 857	2 002	149	160

* The capital adequacy disclosures for IBP include the deduction of foreseeable charges and dividends when calculating CET1 capital. These disclosures are different to the capital adequacy disclosures included in Investec Group's 2024 integrated and strategic annual report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 34bps (31 March 2023: 21bps) higher, on this basis.

** The CET1, Tier 1, Total Capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

Leverage

£'million	31 March 2024*	31 March 2023*
Total exposure measure	26 746	24 945
Tier 1 capital**	2 867	2 445
Leverage ratio	**10.7%**	**9.8%**
Total exposure measure (fully loaded)	26 726	24 896
Tier 1 capital (fully loaded)	2 847	2 396
Leverage ratio (fully loaded)* **	**10.7%**	**9.6%**

Total regulatory capital flow statement

£'million	31 March 2024*	31 March 2023*
Opening Common Equity Tier 1 capital	**2 195**	**1 982**
Dividends paid to ordinary shareholders and Additional Tier 1 security holders	(110)	(112)
Profit after taxation	720	314
Foreseeable charges and dividends	(26)	25
Share-based payment adjustments	5	—
Capitalmind (Option to buy NCI shares)	(3)	—
Movement in other comprehensive income	(8)	34
Cash flow hedging reserve	10	(28)
Goodwill and intangible assets (deduction net of related taxation liability)	(352)	(9)
Deferred tax that relies on future profitability (excluding those arising from temporary differences)	—	6
Deconsolidation of special purpose entities	4	3
IFRS 9 transitional arrangements	(29)	(29)
Other, including regulatory adjustments and other transitional arrangements	3	9
Closing Common Equity Tier 1 capital	**2 409**	**2 195**
Opening Additional Tier 1 capital	250	250
Issued capital	350	—
Redeemed capital	(142)	—
Closing Additional Tier 1 capital	458	250
Closing Tier 1 capital	**2 867**	**2 445**
Opening Tier 2 capital	764	766
Issued capital	—	346
Redeemed capital	(69)	(348)
Other, including regulatory adjustments and other transitional arrangements	17	—
Closing Tier 2 capital	**712**	**764**
Closing total regulatory capital	**3 579**	**3 209**

* The capital adequacy and leverage disclosures for IBP include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 and Tier 1 capital. These disclosures differ from the disclosures included in the Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. IBP's CET1 ratio would be 34bps (31 March 2023: 21bps) and leverage ratio 23bps (31 March 2023: 14bps) higher, on this basis.
** The CET1, Tier 1, Total Capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.
*** The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9.

Capital requirements country-by-country reporting

HM Treasury has transposed the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013. The legislation requires the Bank to publish certain additional information in respect of the year ended 31 March 2024. The country-by-country information can be found on the Investec Group's website.

NOTES TO RISK AND CAPITAL MANAGEMENT
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68. Investec Bank plc Company risk disclosures

Investec Bank plc Company follows the Group risk policies and appetite disclosure on pages 61 to 59 and 263 to 280. The market risk in the trading book is the same at the Group and Company level, the disclosure is made on pages 287 to 290. The following tables present the risk disclosures for the Company which are required under IFRS 7. Equivalent Investec Bank plc Group disclosures can be found on page 267, page 274 and page 285.

An analysis of gross core loans, asset quality and ECL

£'million	31 March 2024	31 March 2023
Loans and advances to customers per the balance sheet	12 693	11 827
ECL held against FVOCI loans reported on the balance sheet within reserves	(14)	(5)
Net core loans	**12 679**	**11 822**
of which amortised cost and FVOCI ('subject to ECL')	12 118	11 372
of which FVPL	561	450
Add: ECL	139	108
Gross core loans	**12 818**	**11 930**
of which amortised cost and FVOCI ('subject to ECL')	12 257	11 480
of which FVPL	561	450

£'million	31 March 2024	31 March 2023
Gross core loans	**12 818**	**11 930**
Gross core loans at FVPL	561	450
Gross core loans subject to ECL*	**12 257**	**11 480**
Stage 1	10 766	10 234
Stage 2	1 047	966
of which past due greater than 30 days	*109*	*27*
Stage 3	444	280
ECL	**(139)**	**(108)**
Stage 1	(29)	(27)
Stage 2	(22)	(21)
Stage 3	(88)	(60)
Coverage ratio		
Stage 1	0.27%	0.25%
Stage 2	2.1%	2.2%
Stage 3	19.8%	21.4%
Credit loss ratio	**0.60%**	**0.40%**
ECL impairment charges on core loans	(72)	(44)
Average gross core loans subject to ECL	11 869	10 994
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	356	220
Aggregate collateral and other credit enhancements on Stage 3	387	231
Stage 3 as a % of gross core loans subject to ECL	3.6%	2.4%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.9%	1.9%

* Refer to definitions on page 306.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

68. Investec Bank plc Company risk disclosures (continued)

An analysis of gross credit and counterparty exposures

£'million	31 March 2024	31 March 2023
Cash and balances at central banks	5 650	5 380
Loans and advances to banks	290	237
Reverse repurchase agreements and cash collateral on securities borrowed	1 140	1 339
Sovereign debt securities	1 077	373
Bank debt securities	290	201
Other debt securities	1 416	1 405
Derivative financial instruments	345	524
Securities arising from trading activities	13	28
Loans and advances to customers	12 818	11 929
Other loans and advances	3 312	3 200
Other securitised assets	—	4
Other assets	33	38
Total on-balance sheet exposures	**26 384**	**24 658**
Guarantees	35	27
Committed facilities related to loans and advances to customers	2 279	2 299
Contingent liabilities, letters of credit and other	461	384
Total off-balance sheet exposures	**2 775**	**2 710**
Total gross credit and counterparty exposures	**29 159**	**27 368**

Summary of investments held

£'million Category	On-balance sheet value of investments 31 March 2024	On-balance sheet value of investments 31 March 2023
Unlisted investments	44	46
Listed equities	—	1
Total investment portfolio	**44**	**47**
Warrants and profit shares	4	5
Total	**48**	**52**

ALTERNATIVE PERFORMANCE MEASURES

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

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

Adjusted operating profit	Refer to the calculation in the table below for the Group

£'000	31 March 2024	31 March 2023
Operating profit before goodwill, acquired intangibles and strategic actions	481 576	391 576
Less: Profit attributable to non-controlling interests	(1 204)	—
Adjusted operating profit^	**480 372**	**391 576**

Annuity income	Net interest income plus net annuity fees and commissions Refer to page 161.
Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans.

£'million	31 March 2024	31 March 2023
Loans and advances to customers per the balance sheet	16 570	15 568
ECL held against FVOCI loans	(13)	(5)
Net core loans	**16 557**	**15 563**
of which amortised cost and FVOCI ('subject to ECL')	15 916	15 012
of which FVPL	641	551
Add: ECL	187	146
Gross core loans	**16 744**	**15 709**
of which amortised cost and FVOCI ('subject to ECL')	16 103	15 158
of which FVPL	641	551

Cost to income ratio	Refer to calculation in the table below for the Group

£'000	31 March 2024	31 March 2023
Operating costs (A)	626 732	577 152
Operating income	1 194 305	1 035 468
Less: Profit attributable to non-controlling interests	(1 204)	—
Total (B)	1 193 101	1 035 468
Cost to income ratio (A/B)^	**52.5%**	**55.7%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Gearing ratio	Total assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets Refer to calculation on page 160
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Return on risk weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk weighted assets

^ This key metric is based on the pro-forma income statements on page 41.

DEFINITIONS

Cash and near cash

Includes cash, near cash (other 'monetisable' assets) and central bank cash placements and guaranteed liquidity

ECL

Expected credit loss

Funds under management

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

FVOCI

Fair value through other comprehensive income

FVPL

Fair value through profit and loss

Interest-earning assets

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

Refer to page 160 for the calculation

Interest-bearing liabilities

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

Refer to page 160 the for calculation

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

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

Net-zero

Balancing the amount of emitted greenhouse gases with equivalent emissions that are either offset or sequestered

Ongoing basis

Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business and financial impact of Group restructures

Structured credit

Reflects the gross exposure of rated and unrated structured credit classified within other debt securities and other loans and advances on the balance sheet.

Refer to page 286 for detail

Subject to ECL

Includes financial assets held at amortised cost and FVOCI

GLOSSARY

A2X	A2X Markets stock exchange (South Africa)
AGM	Annual general meeting
AI	Artificial Intelligence
ALCO	Asset and Liability Committee
APP	Authorised Push Payment
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BCR	Banking Competition Remedies Limited
BID	Belonging, Inclusion and Diversity
BoE	Bank of England
BRCC	Board Risk and Capital Committee
BRRD	Bank Recovery and Resolution Directive
CA	Chartered Accountant
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CEO	Chief Executive
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
COO	Chief Operating Officer
COVID	Corona Virus Disease
CPI	Consumer Price Index
CRD IV	Capital Requirements Directive IV
CRD V	Capital Requirements Directive V
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CVA	Credit valuation adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EC	European Commission
ECL	Expected credit loss
EIR	Effective interest rate
EP	Equator Principles
ES	Expected shortfall
ESG	Environmental, social and governance
EU	European Union
EVA	Economic Value Added
EVT	Extreme value theory
FCA	Financial Conduct Authority
FPC	Financial Policy Committee
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FUMA	Funds under management and administration
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross domestic product
Group ERC	Group Executive Risk Committee
GFSC	Guernsey Financial Services Commission
GMRA	Global Master Repurchase Agreement
GMSLA	Global Master Securities Lending Agreement
HNW	High net worth
HQLA	High quality liquid assets
IAM	Investec Asset Management Limited
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBS	Important Business Service
IBOR	Interbank offered rate
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IBP PDMRs	IBP Persons Discharging Managerial Responsibilities
IBP Review ERRF	IBP Review Executive Risk Review Forum
ICAAP	Internal Capital Adequacy Assessment Process
IFC	International Finance Corporation
IFRS	International Financial Reporting Standard
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Ratings Based
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IW&I UK	Investec Wealth & Investment Limited
IW&II	Investec Wealth & Investment International Group
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage ratio
LGD	Loss given default
LHS	Left hand side
LIBOR	London Inter-bank Offered Rate
LSE	London Stock Exchange
LTIP	Long-term incentive plan
LTV	Loan-to-value
MLRO	Money Laundering Reporting Officer
MREL	Minimum Requirements for Own Funds and Eligible Liabilities
MRM	Model Risk Management
MRT	Material Risk Taker
NCI	Non-controlling interests
NED	Non-Executive Director
NSFR	Net Stable Funding ratio
NSX	Namibian Stock Exchange
NZBA	Net-Zero Banking Alliance
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PDMR	Persons Discharging Managerial Responsibilities
PRA	Prudential Regulation Authority
PRISM	Probability Risk and Impact System

GLOSSARY
CONTINUED

PSR	Payment Systems Regulator
RAF	Resolvability Assessment Framework
RHS	Right hand side
ROU	Right of use asset
RWA	Risk weighted asset
RFR	Risk-free rate
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SICR	Significant increase in credit risk
SMCR	Senior Management and Certification Regime
SME	Small and Medium-sized Enterprises
SPPI	Solely payments of principal and interest
SREP	Supervisory Review and Evaluation Process
sVaR	Stressed VaR
TCFD	Task Force on Climate-related Financial Disclosures
TFSME	Bank of England Term Funding Scheme for Small and Medium Enterprises
UK	United Kingdom
VaR	Value at Risk
VR	Variable Remuneration
W&I	Wealth & Investment

CREDIT RATINGS

In terms of our DLC structure, creditors are ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies. Capital and liquidity are prohibited from flowing between the two entities and thus capital and liquidity are not fungible. As a result, the rating agencies have assigned separate ratings to the significant banking entities within the Investec group, namely IBP and Investec Bank Limited (IBL). Certain rating agencies have also assigned ratings to the holding companies, namely, Investec plc and Investec Limited.

On 11 January 2023, Moody's affirmed IBP's long-term deposit rating at A1 (stable outlook) and Investec plc's rating at Baa1 (stable outlook).

On 1 March 2023, Fitch affirmed IBP's long-term Issuer Default Rating (IDR) at BBB+ (stable outlook).

Our ratings at 27 June 2023 were as follows:

Rating agency	Investec plc	IBP A subsidiary of Investec plc
Fitch		
Long-term ratings		BBB+
Short-term ratings		F2
Outlook		Stable
Moody's		
Long-term ratings	Baa1	A1
Short-term ratings	P-2	P-1
Outlook	Stable	Stable

Further information on Investec's credit ratings may be found on our website.

CORPORATE INFORMATION

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Auditors

Ernst & Young LLP

Directors as at 24 June 2024

Executive Directors

Ruth Leas
Kevin McKenna
Fani Titi
Marlé van der Walt

Non-Executive Directors

Brian Stevenson
Henrietta Baldock
Zarina Bassa
David Germain
John Reizenstein
Paul Seward
Lesley Watkins

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