Out of the Ordinary since 1974

INVESTEC ANNUAL REPORT
2024

Investec plc silo
(excluding Investec Limited)
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.

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 2023 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.

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 plc.

IN THIS SECTION

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

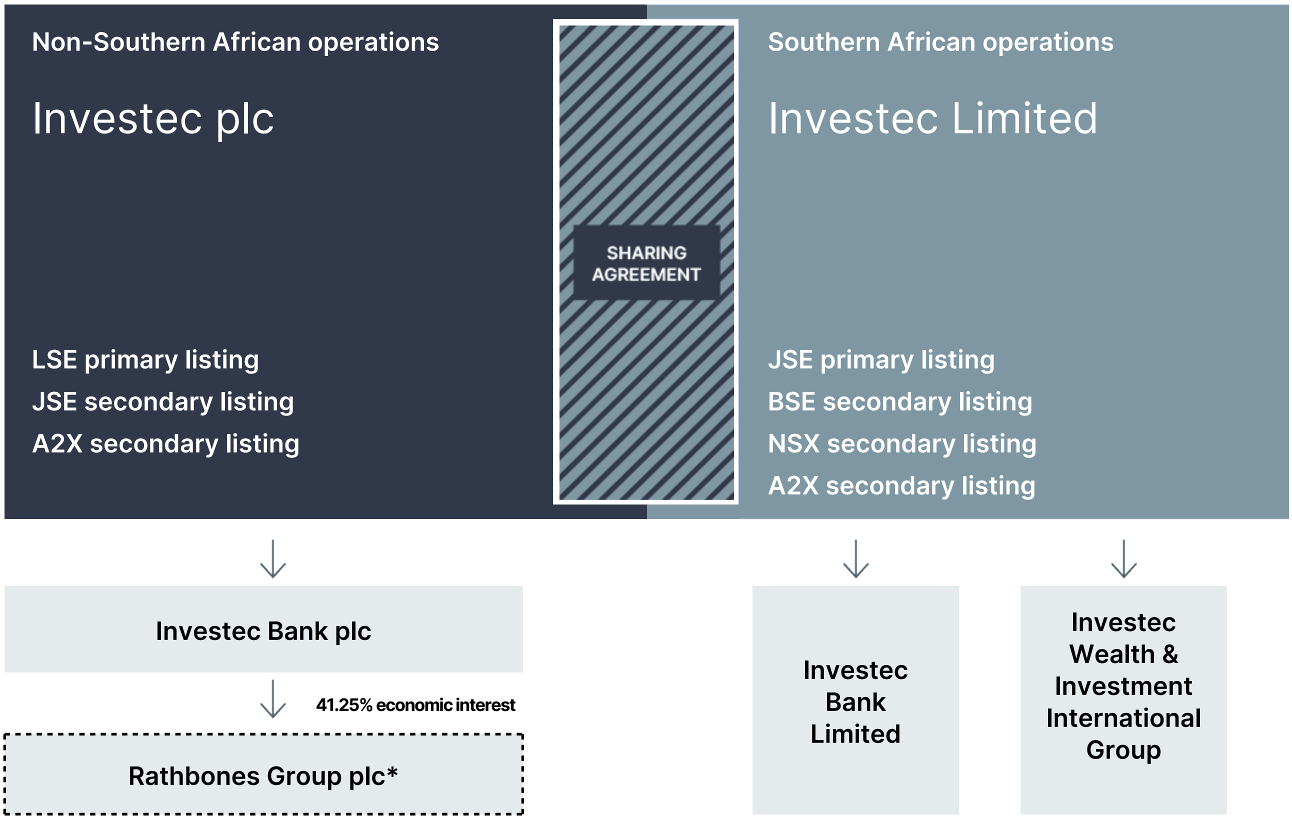
OVERVIEW OF THE INVESTEC GROUP'S AND INVESTEC PLC'S ORGANISATIONAL STRUCTURE

Investec plc, which houses our non-Southern African businesses, has been listed on the London Stock Exchange since 2002 with a secondary listing on the Johannesburg Stock Exchange Limited (JSE) and A2X in South Africa.

All references in this report to the Group relate to Investec plc, 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.

How we are structured



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

Salient features of the DLC structure

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

OVERVIEW OF THE ACTIVITIES OF INVESTEC PLC

We provide our clients with an extensive depth and breadth of product 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 the 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

High net worth (HNW) private clients

Private client banking activities

- Lending
- Private capital
- Transactional banking
- Savings
- Foreign exchange.

UK
Channel Islands

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 HNW active wealth creators (with >£300 000 annual income and >£3mn net asset value). Our savings offering targets primarily UK retail savers.

A highly valued partner and adviser to our clients

Corporate, private, intermediary, government and institutional clients

Corporate and investment banking activities

- Lending
- Treasury and risk management solutions
- Advisory
- Institutional research, sales and trading.

UK and Europe
Channel Islands
USA
India

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

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 Group now has an economic interest of 41.25% in Rathbones' enlarged share capital.

Strategic review and rationale

1 Created the 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 Group'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 Group'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"). Both IBSAG and Investec W&I SA remain wholly-owned subsidiaries of the Investec Group.

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. Refer to page 68 for discontinued operations.

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

Investec plc structure pre-combination

Investec plc

- Specialist banking
- Wealth and Investment UK

Investec plc structure post combination

Investec plc

- Specialist banking

41.25% economic interest → Rathbones Group plc

29.9% voting rights and two board seats

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 the 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

SALIENT FEATURES

	31 March 2024	31 March 2023*	% change
Income statement and selected returns on a pro-forma basis			
Earnings attributable to ordinary shareholders (£'000)	706 210	293 131	>100.0%
Adjusted operating profit (£'000)^^	462 268	369 974	24.9%
Operating costs (£'000)	656 599	598 966	9.6%
Cost to income ratio^^	54.5%	57.8%	
Return on average assets*	2.43%	1.04%	
Return on average risk weighted assets*	3.91%	1.69%	
Net interest income as a % of operating income	67.2%	69.0%	
Non-interest income as a % of operating income	32.8%	31.0%	
Annuity income as a % of total operating income	68.7%	71.1%	

	31 March 2024	31 March 2023*	% change
Balance sheet			
Total assets (£'million)	30 061	28 386	5.9%
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)	20 791	19 122	8.7%
Funds under management (£'million)	2 130	42 422	(95.0%)
Gearing ratio (total assets to equity)	8.7x	10.4x	
Level 3 (fair value assets) as a % of total assets	8.2%	6.5%	
Core loans to equity ratio	4.8x	5.7x	
Loans and advances to customers as a % of customer deposits	79.7%	81.4%	
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	453%	383%	
NSFR	146%	147%	
Capital and leverage ratios^			
Total Capital ratio	18.4%	17.2%	
Tier 1 ratio	14.6%	13.1%	
Common Equity Tier 1 ratio	12.1%	11.7%	
Leverage ratio	10.0 %	9.2 %	

* 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 216 for calculation.

PRO FORMA

Pro-forma income statements

Given the nature of the IW&I UK transaction, Investec plc'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 Investec plc'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.

£'000	Year to 31 March 2024	Re-presentation of Investec Wealth & Investment Limited	Year to 31 March 2024 Pro-forma
Interest income	1 914 473	—	1 914 473
Interest expense	(1 103 546)	—	(1 103 546)
Net interest income	**810 927**	**—**	**810 927**
Fee and commission income	173 213	—	173 213
Fee and commission expense	(16 451)	—	(16 451)
Investment income	14 322	—	14 322
Share of post-taxation profit of associates and joint venture holdings	55 793	35 855	91 648
Trading income/(loss) arising from			
– customer flow	103 158	—	103 158
– balance sheet management and other trading activities	27 099	—	27 099
Other operating income	2 150	—	2 150
Operating income	**1 170 211**	**35 855**	**1 206 066**
Expected credit loss impairment charges	(85 995)	—	(85 995)
Operating income after expected credit loss impairment charges	**1 084 216**	**35 855**	**1 120 071**
Operating costs	(656 599)	—	(656 599)
Operating profit before goodwill, acquired intangibles and strategic actions	**427 617**	**35 855**	**463 472**
Impairment of goodwill	—	—	—
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	**420 214**	**35 855**	**456 069**
Financial impact of strategic actions	(16 576)	—	(16 576)
Profit before taxation	**403 638**	**35 855**	**439 493**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(86 502)	—	(86 502)
Taxation on goodwill, acquired intangibles and strategic actions	727	—	727
Profit after taxation from continuing operations	**317 863**	**35 855**	**353 718**
Profit after taxation from discontinued operations*	**389 551**	**(35 855)**	**353 696**
Profit after taxation	**707 414**	**—**	**707 414**
Profit attributable to other non-controlling interests	(1 204)	—	(1 204)
Earnings attributable to shareholders	**706 210**	**—**	**706 210**
Cost to income ratio	**56.2%**		**54.5%**

* 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 as previously reported	Re-presentation of Investec Wealth & Investment Limited	Year to 31 March 2023 restated
Interest income	1 215 245		1 215 245
Interest expense	(501 025)		(501 025)
Net interest income	**714 220**		**714 220**
Fee and commission income	131 795		131 795
Fee and commission expense	(15 442)		(15 442)
Investment income	18 223		18 223
Share of post-taxation profit of associates and joint venture holdings	4 950	74 567	79 517
Trading income/(loss) arising from			—
– customer flow	87 366		87 366
– balance sheet management and other trading activities	13 134		13 134
Other operating income	6 879		6 879
Operating income	**961 125**	**74 567**	**1 035 692**
Expected credit loss impairment charges	(66 752)		(66 752)
Operating income after expected credit loss impairment charges	**894 373**	**74 567**	**968 940**
Operating costs	(598 966)		(598 966)
Operating profit before goodwill, acquired intangibles and strategic actions	**295 407**	**74 567**	**369 974**
Impairment of goodwill	(805)		(805)
Amortisation of acquired intangibles	—		—
Closure and rundown of the Hong Kong direct investments business	(480)		(480)
Operating profit	**294 122**	**74 567**	**368 689**
Financial impact of strategic actions	(402)		(402)
Profit before taxation	**293 720**	**74 567**	**368 287**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(59 623)		(59 623)
Taxation on goodwill, acquired intangibles and strategic actions	—		—
Profit after taxation from continuing operations	**234 097**	**74 567**	**308 664**
Profit after taxation from discontinued operations*	**59 034**	**(74 567)**	**(15 533)**
Profit after taxation	**293 131**	**—**	**293 131**
Profit attributable to other non-controlling interests	—		—
Earnings attributable to shareholders	**293 131**	**—**	**293 131**
Cost to income ratio	**62.3%**		**57.8%**

* Refer to note 34 for discontinued operations disclosure.

CLIMATE RELATED DISCLOSURES

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 13 to 25 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 Group sustainability report on our website.

We believe that our 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

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

02 Financing a resilient economy and partnering with our clients

Highlights

- We introduced an enhanced Sustainable and Transition Finance Classification Framework to guide our decision-making processes as we actively pursue our 2050 net-zero ambition
- We are 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.
- We have established a Sustainable Business Forum in the UK and South Africa that develop and integrate 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

- We have committed to zero thermal coal exposures in our loan book by 31 March 2030
- We are monitoring and managing our exposures to fossil fuels and other high-emitting sectors
- We have 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
- We have dedicated significant resources to automate the 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

- Our 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
CONTINUED

Climate-related disclosures overview

The following complies with the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022. Additionally, we have 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 our extensive Climate Report available on our website, demonstrates our recognition and alignment with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. These disclosures outline how we integrate climate-related risks and opportunities into our governance, strategy, risk management, metrics, targets, and our approach to meeting stakeholder expectations.

Investec publicly committed to support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2019 and we released our first stand-alone TCFD report in 2019. During the year ended 31 March 2024, we have made progress in improving the data quality and processes for our financed emissions. In addition, we dedicated significant resources to automate the financed emissions calculations using the PCAF methodology which improved alignment across our 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 DLC Board establishes the purpose of the 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. Furthermore, they track the progress of goals and targets, including overseeing major capital expenditures, acquisitions, and divestitures. In addition, the Board is responsible for overseeing Investec's response to climate change and the prevention of nature loss. They receive support from 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 and experience, knowledge and experience of the directors when assessing the overall composition and suitability of the Board. In addition to a range of skills, 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 page 159 of the Investec Group's 2024 integrated and strategic annual report.

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. 86% of the Board members have sustainability-related experience.

Information and escalation channels
The DLC SEC Chair reports to the Board after each meeting on the nature and content of its discussions, recommendations, and action to be taken, and makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. In addition, climate-related and sustainability risk matters are escalated to the Board through the DLC BRCC and the Group ESG Executive Committee, with documented feedback provided at every meeting.

Monitoring and oversight
Our climate-related goals and targets are set at an operational level with the overarching commitment to remain carbon neutral within our operations (Scope 1 and 2 and operational Scope 3). This has resulted in us being carbon neutral for the sixth consecutive year. Additionally, the Board has provided oversight for our enhanced climate impact roadmap, which outlines our strategy for sustainable finance and our pathway to achieving net zero carbon emissions by 2050. We 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 we understand the impacts of climate change and biodiversity loss on our business, and the impact of our activities on the natural environment/biodiversity and climate change has been a key focus for 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, the recommendations published by the Prudential Authority 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 Group
- Monitor sustainable and transition finance initiatives across the Group
- 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.

CLIMATE RELATED DISCLOSURES
CONTINUED

Governance continued

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

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

DLC Social and Ethics Committee (DLC SEC)

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 Group's performance in terms of sustainability, climate and nature-related matters. Furthermore, it is accountable for monitoring the 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 Group risk and governance report.

Committee meetings
The DLC SEC consists of four independent Non-Executive Directors and the Group Chief Executive. The Committee met four times during the year ended 31 March 2024 where climate and sustainability-related matters were discussed at every meeting.

The committee is confident that they have a strong and diverse team of directors who will continue to oversee oversee the sustainability of the Group's business and the interests of the Group's stakeholders.

Information and escalation channels
The DLC SEC receives feedback on the latest climate and nature-related matters through a standing agenda item.

The Chief Strategy and Sustainability Officer escalates any sustainability-related matters raised by the Group ESG Executive Forum either verbally or in written format to the DLC SEC. During FY2024, the DLC SEC climate-related discussion points for the Group included:

- An update on the business initiatives designed to support our clients in their participation in the transition to net zero by 2050
- A discussion on our enhanced Sustainable and Transition Finance Classification Framework and the linkage of a sustainable finance target to executive remuneration.

Monitoring and oversight
The DLC SEC monitors and oversees progress against climate and sustainability-related goals and targets through ongoing communication to the Committee through a standing agenda item.

Key points that are overseen and monitored include:

- Sustainability strategy, framework and policies
- Alternatives to link sustainability-related metrics and KPIs to Executive Directors' compensation
- Scope 3 financed emissions
- ESG transactions that are deemed of high concern
- ESG ratings and rankings.

Key achievements for the year ending FY2024
- A review of our progress following the commitment made to achieving net-zero carbon emissions by 2050 and processes to enhance our Scope 3 financed emissions calculations with refined assumptions and systems automation
- Approved the enhanced Sustainable and Transition Finance Classification Framework
- Noted our reporting readiness with the increased sustainability reporting developments internationally
- Acknowledgement of the outcomes of the double materiality assessment disclosed in the Investec Group's 2024 integrated and strategic annual report.

Focus areas for the year ending FY2025
- Contribute to the setting of a sustainable finance target for the Group
- Monitor the response to the double materiality assessment completed in 2024
- Monitor the progress in managing the Group's Scope 3 emissions from our lending and investing activities.

CLIMATE RELATED DISCLOSURES
CONTINUED

Governance continued

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

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

DLC Board Risk and Capital Committee (DLC BRCC)

Responsibility
The role of the Committee is to provide independent challenge and oversight of the Group's risk and capital frameworks, management and governance structures. They ensure that effective risk and capital frameworks, plans, policies, processes and systems are in place to ensure current and emerging risks are adequately assessed and appropriately addressed within a reasonable timeframe.

The DLC BRCC oversees and signs off on the Group's risk management policies. The Committee is also responsible for managing the principal risks of the Group, of which climate-related risk is explicitly listed.

Committee meetings
The Committee comprises Executive and Non-Executive members, with the composition designed to provide the breadth of risk expertise and commercial acumen to fulfil their responsibilities.

All members have a strong awareness of climate and sustainability-related matters.

The Committee met five times during the financial year ended 31 March 2024 where members were informed of climate and sustainability-related matters on an ad-hoc basis.

Information and escalation channels
The DLC BRCC receives feedback through Committee meetings and interactions with the Group Chief Risk Officer, the IBP Chief Risk Officer, the IBL Chief Risk Officer (who are all members of the DLC ESG Executive Committee) and Heads of Risk of the various subsidiaries. Furthermore, the DLC BRCC receives feedback from the IBL BRCC and IBP BRCC where the risks of the banks are addressed, which includes risks relating to sustainability-related matters.

Monitoring and oversight
The Group's exposure to fossil fuels was considered. The Committee was kept updated on the improvement actions being taken from a sustainability and climate risk perspective. These included assessing core loans and advances as well as reviewing the risk classifications per the International Finance Corporation (IFC) guidelines. The Committee received confirmation from management that credit decisions considered financial risks from climate change and that these decisions were being documented.

Key achievements for the year ending FY2024
The DLC SEC and the Committee reviewed all the ESG related policies. The Group also conducted a double materiality assessment the findings of which are included in the Investec Group's 2024 integrated and strategic annual report.

Focus areas for the year ending FY2025
- Stronger focus on climate, nature and energy security
- Monitored the increased reporting requirements from stakeholders, monitored our fossil fuel exposures and our exposure to high-emitting industries
- Increase engagement on climate and nature-related goals and targets
- Regular feedback from the various sustainability committees on climate and nature-related goals and targets
- Development and upskilling of DLC BRCC members on climate and nature-related matters.

DLC Audit Committee

Responsibility
The role of the Committee is to consider the appropriateness of financial and non-financial disclosures and provide oversight on compliance to climate-related reporting regulations. The Committee also considers the level of assurance provided by external audit on sustainability and climate disclosures made in the annual report.

Committee meetings
The Audit Committee met eleven times during the financial year ended 31 March 2024, where regulations, specifically the BIS Pillar 3 requirements and the ISSB's disclosure guidance on IFRS S1 and IFRS S2, were discussed at some of these meetings.

Information and escalation channels
The Committee receives regular updates from Group Sustainability, Group Finance and from External Audit on the latest regulatory and disclosure requirements.

Significant judgments and estimates were discussed, including the inherent risks posed by climate-related matters.

Key achievements for the year ending FY2024
The DLC Audit Committee reviewed the assurance provided for KPIs relating to:
- Fossil fuel exposure
- Carbon footprint
- Limited assurance on the mortgage asset class with regards to Scope 3 financed emissions
- Appropriateness and completeness of the sustainability and climate disclosures provided in the Investec Group's 2024 integrated and strategic annual report.

Focus areas for the year ending FY2025
Development and upskilling of members on climate and nature-related matters.

The implications of sustainability-related risks in measuring the sustainability and societal impact of an investment in a company or business, together with sustainability-related accounting disclosures and assurance processes.

CLIMATE RELATED DISCLOSURES
CONTINUED

Governance continued

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

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

DLC Remuneration (REM) Committee

Responsibility
The DLC REM Committee establishes performance-related targets in respect of sustainability measures, which incorporate climate-related aspects.

Committee meetings
The DLC REM Committee met eight times during the financial year ended 31 March 2024 and considered climate-related matters at three of those meetings.

Information and escalation channels
The DLC REM Committee gets informed on climate-related targets when the Executive remuneration framework is reviewed. The DLC REM Committee will then assess the performance of the Executive against these targets.

Refer to the 2024 Group Remuneration report page 11 for executive remuneration.

Key achievements for the year ending FY2024
Approved the executive remuneration framework regarding sustainability targets (including climate-related aspects).

Refer to the 2024 Group Remuneration report page 4.

Focus areas for the year ending FY2025
Approve the executive remuneration framework regarding sustainability targets (including climate-related aspects).

Refer to the 2024 Group Remuneration report page 4.

Management's role in assessing and managing climate and nature-related risks and opportunities

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

Chief Executive (CE) responsibility

Responsibility
The CE, Fani Titi, takes ultimate executive accountability for all sustainability, climate and nature-related matters. He is also on the board of the UN Global Compact network in South Africa.

Information and escalation channels
The CE is informed of sustainability, climate and nature-related risks and opportunities through the Chief Strategy and Sustainability Officer, the Group ESG Executive Committee and the DLC SEC, of which he is also a member. He also receives written feedback through the Board reports.

Monitoring and oversight
The CE is part of the DLC SEC and DLC BRCC, which monitor and oversee sustainability and climate-related goals and targets.

Key achievements for the year ending FY2024
- Approved the enhanced Sustainable and Transition Finance Classification Framework
- Endorsed the double materiality assessment conducted according to the guidelines provided by the CSRD
- Received recognition for the second year in a row by Corporate Knights as one of the top 100 most sustainable companies in the world.

Focus areas for the year ending FY25
- Monitor progress on setting a sustainable finance target and incorporating this target into Executive remuneration
- Advocate industry participation, in particular engagement with the UN Global Compact network in South Africa
- Monitor progress on the Group's net-zero ambitions
- Inform the strategic direction for climate and nature initiatives and alignment with the Group strategy.

CLIMATE RELATED DISCLOSURES
CONTINUED

Governance continued

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

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

Group ESG Executive Committee

Responsibility
The Group CE is supported by the Group ESG Executive Committee to help align and coordinate the sustainability strategy and governance efforts across geographies and businesses. The Group ESG Executive Committee, mandated by the Group's Executive Directors, reports relevant sustainability, climate and nature-related matters to the DLC SEC and Group ERC.

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 Group ESG Executive Committee meeting.

The forums include:

- The Group sustainability team
- Investec Limited Sustainable Business Forum
- Investec plc Sustainable Business Forum
- IW&II Responsible Investment Committee
- Group ERC
- IBL 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 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 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 Group
- Track sustainable and transition finance initiatives across the 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 Board assigned executive responsibility to Marc Kahn (Chief Strategy and Sustainability Officer) to drive the sustainability agenda across the Group. Mark Currie, our Group Chief Risk Officer as well as Kevin McKenna, our UK Chief Risk Officer are members of the Group ESG Executive Committee. Kevin McKenna is also the Senior Management Function (SMF) for climate risk for Investec Bank plc.

Executive responsibility within Wealth & Investment
Joubert Hay as the Chief Executive Officer of Investec Wealth & Investment International has executive responsibility for sustainability and climate-related matters. The implementation has been assigned to key members of the Wealth & Investment Responsible Investment Committee who coordinate the integration of the sustainability, climate and nature-related matters in our Wealth & Investment International business.

Chief Strategy and Sustainability Officer
The Chief Strategy and Sustainability Officer, has a direct reporting line to the Group Chief Executive, Fani Titi. Any sustainability, climate and nature-related matters are reported to the CE verbally as and when they arise.

The Chief Strategy and Sustainability Officer is the Chair of the 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
CONTINUED

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: Our 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 off's 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
CONTINUED

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 our business, we contribute to climate action and protecting nature through our financing activities. We actively support climate action by addressing critical environmental concerns, reducing greenhouse gas emissions, and fostering resilient communities. Through our investments, we promote a sustainable future where climate change impacts and biodiversity loss 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
CONTINUED

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. More detail on our ESG screening criteria is shown on page 50 of the 2024 Group climate and nature-related disclosures report
- We have 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 our activities largely focused on financing mitigation activities. These include:
- Offering various sustainability-linked loans
- Financing renewable energy solutions and water infrastructure (adaptation).

Investment in research and development: We have 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: Investec is part of a membership network, Sustainable Trading, that launched a non-profit membership to transform ESG practices within the financial markets trading industry.

Operations
- Within our 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 nine 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.

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 change. 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.

Short-term transition and physical risk is low and Investec plc has sufficient capital and liquidity to continue as a going concern and meet regulatory capital and liquidity requirements.

CLIMATE RELATED DISCLOSURES
CONTINUED

Risk management

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

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

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).

- Investec 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
- Our 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 our values, culture and code of conduct and are applied as part of our environmental, nature and climate-related risk frameworks. We assess sustainability risk as part of the 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 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.
- We consider double materiality as a critical factor to inform our decisions. We take a cautious approach to industries known to have an adverse effects on the environment, biodiversity and climate
- If the Group sustainability team flags a transaction as a high concern issue, it will be escalated to a IBL, IBP, or 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.

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.

- We 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
- We 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.

- We 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.

- We 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

CLIMATE RELATED DISCLOSURES
CONTINUED

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

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 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 Investec, 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
- We 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
- We 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
- We may face the potential for litigation as a means to drive increased climate change mitigation activity across various sectors.

To address these risks, we incorporate sustainable practices, diversify product offerings with greener alternatives where feasible, and monitor market trends. We prioritise sustainability and communicate our commitment to responsible business practices. Where possible we align our operations with market expectations and engage with our clients and stakeholders on environmental issues. In addition, we monitor and adapt to changing regulations, proactively manage our 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**

Investec has a holistic approach to sustainability, and support 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 Group'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 Group ESG Executive Committee mandated by the Group's Executive Directors reports relevant sustainability-related matters to the DLC SEC and 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.

We have linked sustainability-related metrics and KPIs to Executive Directors compensation.

CLIMATE RELATED DISCLOSURES
CONTINUED

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**

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 IFC), which involves a comprehensive review by the Group sustainability team.

We continuously support and adhere to international best practices regarding the responsibilities of the financial sector in financing and investing in transactions. We adopt 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 Group and are effectively managed within our lending and investment portfolios. We have established an environmental policy, climate change statement, biodiversity statement, and a fossil fuel policy.

We conduct screening to identify possible adverse climate and nature-related impacts in both our lending and investment activities, as well as in our deposit-taking activities. We have a strict policy of not onboarding clients who do not comply with our 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 Group sustainability team who will conduct screening and additional due-diligence. In the case where the Group sustainability team flag a transaction as high concern, the transaction will be escalated to IBL, IBP, or Group ERC before any credit or investment decision is made. Additionally, the 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:

We continue to enhance our screening process across all our business activities. The identification of high-risk industries has been automated within Investec 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
- **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 Group ESG team. In depth analysis is done by the team to:

- Assess the alignment of the transaction with our climate-related and sustainability (including ESG) policies
- Ensure there is no contravention of our ESG screening requirements or zero-tolerance activities (refer to page 62)
- 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 Group ESG team for consideration by our credit committees.

Operational risk:

We reviewed our exposure to physical risk within Investec plc operations. Our operational risk systems incorporate climate change in their risk assessments. Our business units complete a climate-related risk impact assessment annually. In addition, we perform ESG due diligence on all suppliers when they are onboarded.

Litigation/liability:

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

CLIMATE RELATED DISCLOSURES
CONTINUED

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, refrigerant and vehicle fleet.	350tCO_2e (2023: 44tCO_2e) The increase relates to more KPI's included in 2024*	Our target is to remain carbon neutral for our 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.	937tCO_2e (2023: 974**tCO_2e)	
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 996tCO_2e (2023: 5 623**tCO_2e)	
Total operational footprint: location based	**8 283tCO_2e (2023:6 641**tCO_2e)**	
Total operational footprint: market based	**7 346tCO_2e (2023: 5 667**tCO_2e**	
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%).		We have set the following targets: • Investec plc to have zero coal exposure in their loan book by 31 March 2027 • Investec Group to have zero thermal coal exposure in their loan book by 31 March 2030 • 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).		We have not explicitly set a target for high-risk industries, however we remain under the IFC targets being 5% towards one particular industry. Our high risk transactions across all industries account for only 8% of our loans and advances.
Financed emissions within our loans and investments • 1 422 299tCO_2e (March 2023: 2 223 963tCO_2e)		Efforts to influence our client ecosystem have focused on improving the quality and accuracy of our Scope 3 financed emissions rather than expanding the scope of asset classes included in these calculations. While we acknowledge that this is just the beginning, we recognise the importance of active client engagement and advocating for better quality data and sustainability practices. Although we have not set sector targets yet, we endeavour to do this in the next 2 years, however, our target remains to be net zero by 2050 through our 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 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
CONTINUED

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

Sustainable and transition finance
Our Sustainable and Transition Finance Classification Framework outlines the methodology and supporting policies and procedures to support sustainable and transition finance practices within the Group. This framework describes our 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. The following categories are addressed as part of this framework.

In the year under review, we introduced an enhanced Sustainable and Transition Finance Classification Framework to guide our decision-making processes as we actively pursue our 2050 net-zero ambition. We have 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.

We are 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**

- Our operational footprint increased by 25% compared to March 2023. Every year, we endeavour to improve the accuracy and completeness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions. We will continue to pursue further decarbonisation in line with our net-zero ambition for 2050, as outlined in our Climate transition plan. We maintained carbon neutrality in our direct emissions for the sixth financial year as part of our commitment to ongoing carbon neutrality in our Scope 1, Scope 2 and operational Scope 3 emissions. We continue to source 100% of our Scope 2 emissions from renewable sources through the purchase of renewable energy certificates. Refer to page 63 for the SECR disclosures.
- In line with our ambition to be net-zero by 2050, our focus this year was on improving the process to calculate our financed emissions, while concurrently working on the foundations of new sectors to be included. We have made substantial progress in improving the quality of our data inputs. This involved implementing rigorous data collection processes to ensure that the data we use is accurate, reliable, and up-to-date. We have dedicated significant resources to automate the financed emissions calculations using the PCAF methodology which improved alignment across our jurisdictions and improved the consistency of applied methodologies. We have enhanced the process thereby increasing our data governance and data integrity. As a result, we have analysed 78% of our 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
- Continue our efforts in financing climate solutions
- Embedding climate into our culture and decision-making.

Risk management and governance

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

IN THIS SECTION

RISK MANAGEMENT APPROACH AND FRAMEWORK

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

Philosophy and approach to risk management

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

Group risk management operates within an integrated but geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the Group.

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.

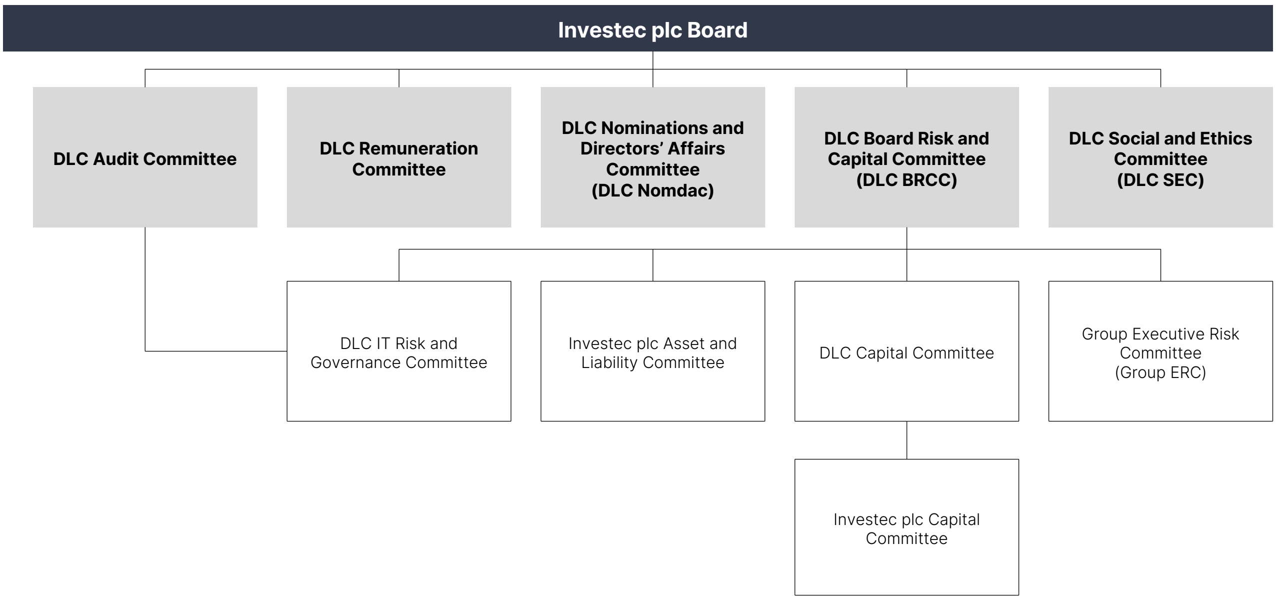
We believe that the risk management systems and processes we have in place are adequate to support the Group’s strategy and allow the Group to operate within its risk appetite tolerance.

Group risk management objectives are to:

- Ensure adherence to our risk management culture
- Support the long-term sustainability of the Group 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 Group 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 Board reasonable assurance that the risks the Group 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 Board
- Maintain compliance in relation to regulatory requirements.

Risk management framework, committees and forums

A number of committees and forums identify and manage risk at Group level, as shown in the diagram below. These committees and forums, mandated by the Board, operate together with Group risk management, the IBP Board and sub committees within respective operating jurisdictions. The Board of IBP, our regulated banking subsidiary, is responsible for the statutory matters, corporate governance and compliance with the applicable legislation and governance requirements within jurisdictions of operation. The Board and Board committees of IBP report to the Board and the Board committees of the Group with the interconnection between the respective Board committees supported by the membership or attendance of the chairman of the Group Board committee at the respective subsidiary Board committees.



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 Investec'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 Group 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 79.7%. Investec plc 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 (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 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 46.4% of customer deposits. At 31 March 2024, the Liquidity Coverage ratio (LCR) for Investec plc was 453% and the Net Stable Funding ratio (NSFR) was 146%, 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 Group's focus remains on maintaining a strong liquidity position as the geographies in which we operate go through the current election period. 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) and Investec plc's rating is Baa1 (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 Group'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.

We hold 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 181.

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 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

YEAR IN REVIEW FROM A RISK PERSPECTIVE
CONTINUED

the balance sheet reduced by 17.1% over the year under review to £405 million at 31 March 2024.

The Group continued to maintain a sound balance sheet with a low gearing ratio of 8.7 times and a core loans to equity ratio of 4.8 times at 31 March 2024.

The Group maintained a sound capital position, well in excess of minimum regulatory requirements, with a Common Equity Tier 1 (CET1) ratio of 12.1% (31 March 2023: 11.7%) and a leverage ratio of 10.0% (31 March 2023: 9.2%). The Group 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 Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

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. Investec plc 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 Group’s stress testing scenarios (including ‘bottom-up’ and reverse stress testing analyses) on its business. The Board has concluded that the Group 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 Group would continue to maintain adequate liquidity and capital balances to support the continued operation of the Group.

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 Group'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 Group'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 Group's control and are considered in our capital plans, stress testing analyses and budget processes, where applicable.

The Group's stress testing framework is well embedded in its operations and is designed to identify and regularly test the Group's key vulnerabilities under stress. A fundamental part of the stress testing process is a full and comprehensive analysis of the Group'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 Group'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 Group. Reverse stress tests are conducted to stress the Group's business plan to failure and consider a broad variety of extreme and remote events. These processes allow the Group to proactively identify underlying risks and manage them accordingly.

The Group 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.

Overall Group risk appetite

The Group 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 statements and frameworks for Investec plc and Investec Limited set out the Board's mandated risk appetite.The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the Group.

The risk appetite frameworks are a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the Group is operating. The risk appetite frameworks are 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 Board. In the section that follows, the Group'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 Group, 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 164 to 180.

Monitoring and mitigation activities

- Independent credit committees exist in the UK 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 Group'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 a 31 March 2024

The Group currently remains within all tolerance levels given the current weakened economic environment. The Group credit loss ratio was calculated at 0.58% for 31 March 2024 (31 March 2023:0.37%). 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 217.

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 164.

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 for Investec plc. 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 at 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 165.

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 Group'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 165, 184 and 185 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 Group'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 Group ESG Executive Committee, mandated by the Group's Executive Directors, reports relevant sustainability-related matters to the DLC SEC and 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
- We have linked sustainability-related metrics and KPIs to Executive Director compensation.

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 Group invests in unlisted companies and select property investments, as well as certain listed investments (predominantly relating to Ninety One) with risk taken directly on the Group's balance sheet

Link to strategy and opportunities

Further information

Read more on page 186.

Monitoring and mitigation activities

- Independent credit and investment committees in the UK 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 30% of CET1 capital for our unlisted principal investment portfolio.

Positioning at 31 March 2024

Our unlisted investment portfolio amounted to £246 million, representing 11.0% 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 188 to 191.

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 at 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 192 to 196.

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 Group does not rely on committed funding lines for protection against unforeseen interruptions to cash flow
- The balance sheet risk management teams independently monitor 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 at 31 March 2024
Total cash and near cash balances amounted to £9.7 billion at year end representing 46.4% 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 195 to 196.

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 Group's risk appetite framework as a proportion of capital and net interest income in order to limit volatility.

Positioning at 31 March 2024

Investec plc 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 ICAAP.

Capital risk

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

Link to strategy and opportunities

Further information

Read more on pages 200 to 205.

Monitoring and mitigation activities

- Investec plc'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
- A detailed assessment of the regulatory and internal capital position is undertaken on an annual basis and is documented in the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is reviewed by PLC and DLC Capital Committees before being recommended for approval to DLC BRCC and the Board
- 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 Investec plc Capital Committee is responsible for assisting the DLC Capital Committee (mandated by DLC BRCC) 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 for Investec plc 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

Investec plc met all these targets.

The leverage ratio is 10.0%.

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 shareholders, customers and all stakeholders
- The Group has a disclosure and market communications policy which is reviewed and approved annually by 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 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
- Group strategy is directed towards generating and sustaining a diversified income base for the Group
- 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 announced new medium-term* targets in May 2024, resulting from the structural improvement of 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%^.

Investec plc's cost to income ratio was 54.5%^.

* Revised medium-term targets to 31 March 2027.
^ Calculated on a pro-forma basis. See page 10 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 Group 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 197 to 198 and pages 81 to 84 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- The Group 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 Group. 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 safety and security 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

The Group continued to monitor operational risk exposures and losses 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 197 to 198.

Monitoring and mitigation activities

- The Group 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 Group

Link to strategy and opportunities

Further information

Read more on pages 197, 198 and pages 81 and 82 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities

- Our approach to conduct risk is driven by our values and philosophy, ensuring that the Group 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 Group 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 197 to 198.

Monitoring and mitigation activities

- The Group 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 197, 198 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 Group'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 Group'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 the DLC Audit Committee, DLC BRCC as well as Group ERC.

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 197 and 198.

Monitoring and mitigation activities

- The Group 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 Group
- 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 Group's operations and data

Link to strategy and opportunities

Further information

Read more on pages 197 and 198.

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 Group's security position
- In response to the potential impact of artificial intelligence and its use for criminal purposes, the Group 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 and DLC BRCCs.

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 Group maintains adequate insurance to cover key insurable risks
- The Group may, a its 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 197 and 198.

Monitoring and mitigation activities

- The Group 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 197 and 198.

Monitoring and mitigation activities
- The Group 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 Group 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 197, 198 and page 81 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities
- The Group 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 Group implements the required processes, practices and policies to adhere to applicable regulations and legislation.

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 197, 198 and pages 83 and 84 of the Investec Group's 2024 risk and governance report.

Monitoring and mitigation activities
- The Group's control environment for the management and mitigation of tax risk includes a formalised tax strategy, framework, policy and processes
- The Group 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 Group operates.

PRINCIPAL RISKS
CONTINUED

Link to strategy – key

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

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 page 197 and 198.

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.

Operational risk – Third party risk

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

Link to strategy and opportunities

Further information

Read more on pages 197 and 198.

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 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
- Investec places significant importance in 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 60.

INVESTEC PLC AUDIT COMMITTEE REPORT

High quality audit and assurance services are essential for trusted financial information.

Zarina Bassa

Chair of the Investec plc Audit Committee

Introduction

I am pleased to present the Investec plc Audit Committee (the Committee) report for the financial year ended 31 March 2024 which provides details on how we accomplished our statutory obligations, as well as the Key Audit and Other Matters we considered.

The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2024 annual report and financial statements.

Role of the Committee

We provide independent challenge and oversight across the Group's financial reporting and internal control practices.

The Board has delegated the following key functions to the Committee:

- Overseeing and ensuring the integrity of the Group's financial reporting process. This includes additional scrutiny of the accounting for significant transactions and assessing the impact and cause of restatements of prior year financial statements
- Satisfying itself that significant judgements made by management during the Group's financial reporting process are sound and reasonable
- Dealing with concerns, if any, from outside the Group regarding the application of accounting principles and external reporting
- Review the effectiveness of the Group's internal control environment and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of the Group's internal audit functions
- Reviewing the annual work plan, capacity, scope and staffing and independence of internal audit
- Overseeing Group compliance functions
- Overseeing the Group's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the Group's external auditor, including the audit scope, fees, quality control, effectiveness and independence of the external audit function
- Managing the policy, fees and the nature of non-audit services provided by the external auditor
- Managing the appropriateness of the design and effectiveness of the combined assurance model which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory, Compliance, internal audit, external audit and other assurance providers
- Oversight of the processes in the Group that culminate in the Group Chief Executive (Group CE) and Group Financial Director (Group FD) control attestation to the JSE at an Investec DLC level.

The Committee's terms of reference can be found at www.investec.com.

Committee composition, skills, experience and operation

The Committee is comprised entirely of independent Non-Executive Directors who meet predetermined skills, competency and experience requirements as determined by the DLC Nomdac.

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

Philisiwe Sibiya has not made herself available for re-election to the Board at the August 2024 AGM, in order to focus on her own businesses.

In March 2024, Diane Radley was appointed to the Committee following her appointment as a Non-Executive Director to the Investec plc Board. Following my retirement at the August 2024 AGM, Diane will assume the role of Chair of the Committee.

Further details of the experience of the members can be found in their biographies on pages 146 to 149 of the Investec Group's 2024 integrated and strategic report.

The Group CE, Group FD, Group Chief Operating Officer (Group COO), Group Chief Risk Officer (Group CRO), Head of Internal Audit, Chief Compliance Officer and representatives from the external auditor are invited to attend all meetings. Other members of management, including Tax and business unit heads, are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the Group.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

The Chair has regular contact with the Group Executive Team to discuss and gain broader insight on relevant matters directly.

The internal and external auditors have direct access to the Chair, including closed sessions with the Committee without management present, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

Members	Meetings attended/Eligible
Zarina Bassa (Chair)	11/11
Vanessa Olver	11/11
Diane Radley[1]	1/1
Philisiwe Sibiya	11/11

1. Diane Radley was appointed as a member of the Committee effective 06 March 2024

Structure of the Investec Group Audit Committees

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

The Investec plc Board, Investec Limited Board, Investec Wealth & Investment International Board, Investec Bank plc Board and Investec Bank Limited Board have mandated authority to their respective audit committees to be the audit committees for the respective companies and their subsidiaries.

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

The Chair is also the Chair of the following audit committees:

- Investec DLC
- Investec Limited
- Investec Bank Limited
- Investec Bank Mauritius (IBM)
- Investec Wealth and Investment International.

The Chair is also a member of the following audit committees:

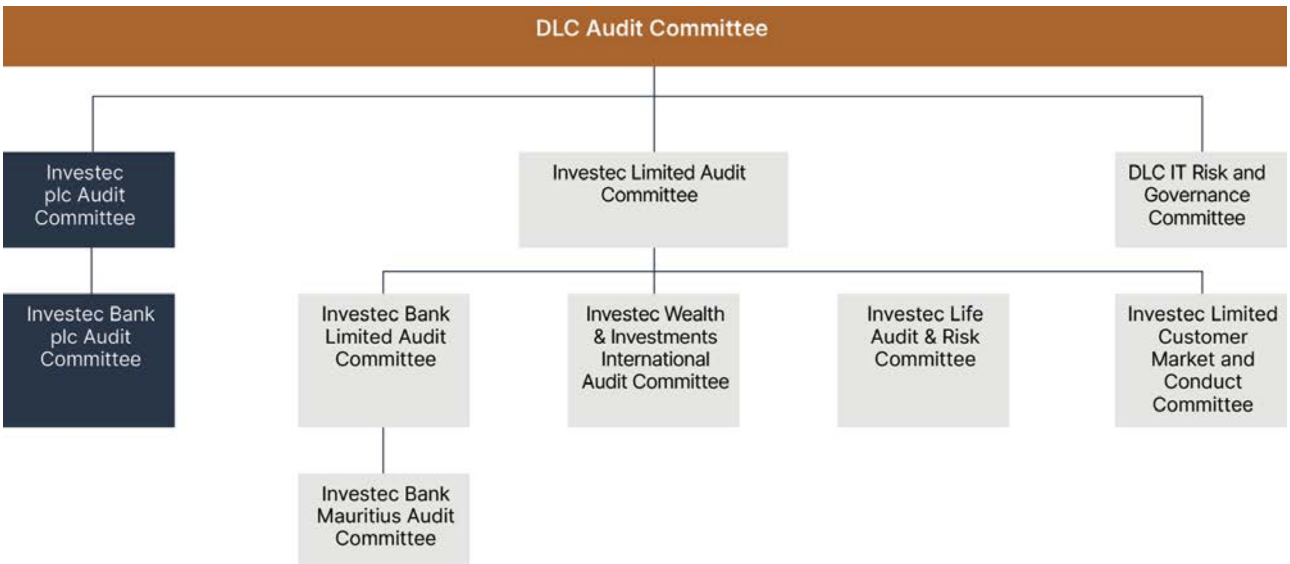
- Investec Bank plc
- Investec Life
- Investec Wealth and Investment UK (up to the date of the Rathbones transaction).

The Chair attends the following committee meetings:

- Operational Risk Committee, as a white card holder
- DLC IT Risk and Governance Committee.

The DLC IT Risk and Governance Committee

The DLC IT Risk and Governance Committee is responsible for ensuring that technology risk management processes, investments, operations and governance, including control enhancement matters, support the purpose, values and strategic goals of the Group. The DLC IT Risk and Governance Committee reports to both the DLC Board Risk and Capital Committee (BRCC) and the DLC Audit Committee and is attended by the DLC Audit Committee and DLC BRCC Chairs.



INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Areas covered by the Investec plc Audit Committee

Key audit matters (KAM)

KAM are those matters that in the view of the Committee:

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

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

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

Key audit matters	What we did
Expected credit losses (ECL) assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental.	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Group • Reviewed the appropriateness of the ECL models and approved the forward-looking macro-economic scenarios applied in the UK • Reviewed and monitored the Group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, Significant Increase in Credit Risk (SICR), and volatility • Reviewed and satisfied ourselves on in-model adjustments • Reviewed and satisfied ourselves on staging of key exposures • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant UK peers • Assessed the appropriateness of the ECL model overlays maintained for emerging risks for which there was insufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays • Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate • Assessed the appropriateness of the ECL provision raised by the Group for large exposures in entities publicly perceived to be in financial distress, in conjunction with BRCC • Evaluated the International Financial Reporting Standard (IFRS® Accounting Standards), as issued by the International Accounting Standards Board (IASB) 9 disclosures for relevance and compliance with IFRS® Accounting Standards • Evaluated the impact of ECL on the interim and annual results.
Fair value of level 3 instruments and the resulting IFRS® Accounting Standards 13 fair value measurement (IFRS 13) disclosure • For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is a large degree of subjectivity surrounding the inputs to the valuations and valuations methodology. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.	• Received presentations on the material investments across the Group, including an analysis of the key judgements, assumptions and valuation methodology applied and approved the valuation adjustments proposed by management for the year ended 31 March 2024 • 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 – The appropriateness of the IFRS 13 disclosures regarding fair value.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Uncertain tax provisions and other legal matters	• Considered potential legal and uncertain tax matters 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. This was done by having closed Committee meetings with executive management and external audit. Considered guidance from external and internal legal counsel regarding the recognition, measurement and disclosure of a provision for this matter. Refer to note 49 of the Investec Group's 2024 annual financial statements for further information • Received regular updates from the Group Executive, Group Tax, Group Finance and Group Legal Counsel on uncertain tax and legal matters to enable the Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment • Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 • Reviewed a technical memorandum prepared by management regarding the recognition, measurement and disclosure of the motor vehicle finance industry-wide investigation in the UK. Considered guidance provided by external and internal legal counsel regarding the recognition, measurement and disclosure of the provision. Refer to note 49 of the Investec Group's 2024 annual financial statements for further information • Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements. Refer to note 49 in the Investec Group's 2024 annual financial statements.
Restatements of prior year comparative information	• The Committee concluded that the restatements predominantly related to reclassifications of income statement line items or where management elected to restate to achieve better disclosure • Evaluated the causes of the restatements and considered their impact on the effectiveness of the Group's control environment • Reviewed the appropriateness of the disclosure provided for the restatements. Refer to note 58 in the Investec Group's 2024 annual financial statements for further information.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Significant transactions	• Reviewed the technical memorandum prepared by Group Finance regarding the accounting treatment and required disclosure for the Rathbones transaction that resulted in the deconsolidation of Investec Wealth and Investment UK (100% held subsidiary) and the recognition of a 41.25% investment in Rathbones plc. Considered and concluded on the appropriateness of the accounting treatment as a discontinued item in terms of IFRS Accounting Standards. Evaluated the appropriateness of the accounting treatment as an associate and valuation of the investment in Rathbones plc at a DLC level and Investec plc level. Considered the impact and addressed the implications of non-coterminous year-ends • Reviewed the disclosure provided for the discontinued operation of Investec Wealth and Investment UK which was deconsolidated. Reviewed the technical memorandum prepared by Group Finance on the application of IFRS 5 regarding discontinued operations • Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, impairment, valuation methods and assumptions applied.
Audit firm rotation	• Following conclusion of a competitive tender process conducted in 2023, recommended to the Board the appointment of Deloitte LLP as the External Auditors of Investec plc and Investec Bank plc for the financial year ending 31 March 2025 • Managed the process and oversaw the commencement of the shadow audit process by Deloitte LLP of the Investec plc 2024 financial year audit • Monitored the non-audit services performed by Deloitte LLP during the shadow audit process • Oversaw the allocation of non-audit work to the respective audit firm to ensure that there were no breaches of independence.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters considered by the Investec plc Audit Committee

The Committee considered the following matters during the year:

Other matters	What we did
Going concern and the viability statement	• Considered reports on the Group's budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any, on both going concern and the three-year Viability Statement • Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Group to continue as a going concern • Considered the impact of strategic corporate actions on the capital plans and the three year Viability Statement • Noted the Investec Bank plc Viability Statement as recommended for approval by the Investec Bank plc Audit Committee to the Investec Bank plc Board • Recommended the approval of the going concern assumption and the Group Viability Statement underlying the annual financial statements to the Investec plc Board.
Information technology systems, cyber security and controls impacting financial reporting	• Received and reviewed reports in respect of IT systems, cyber security and controls impacting financial reporting • Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process • Considered broader IT and Governance matters, including security, control improvements, IT strategy and operations through attendance by the Committee and BRCC Chairs at the DLC IT Risk and Governance Committee • Since 2015, Investec has been using Targeted Attack Simulations (TAS) to understand our cyber risk exposure and evaluate the adequacy of our security controls • Met with IT external auditors to discuss the results of the audit of IT systems and controls.
External audit and audit quality	• Managed the relationship with the external auditor, Ernst & Young LLP • Considered the external audit report on the review performed on the interim results and the audit performed on the annual results • Met with key partners of Ernst & Young LLP prior to every Committee meeting to discuss the 2023/24 audit plan, key areas of focus, findings, scope and conclusions • Pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy • Discussed external audit feedback on the Group's critical accounting estimates and judgements, restatements and the control environment • Approved the external audit plan, audit fee and the main areas of focus • Assessed the independence and objectivity of the external auditors • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Group including the Summary of Audit Differences for the year ended 31 March 2024. The Committee ensured that it was comfortable that the level of unadjusted audit differences were within tolerable error for both actual and judgemental differences and that there was no bias towards over or understatement • Noted and reviewed the unqualified independent audit report in relation to the Group • Met separately with the leadership of Ernst & Young LLP to discuss the reviews by audit regulators ratings and accreditations, independence, firm quality control and the results of internal inspections of the firm and individual partners • The Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Regulatory compliance and reporting	• Received regular reports from the Regulatory Compliance functions and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the internal and external auditors or regulators • Requested specific updates or presentations from management on areas considered high risk or where exceptions had been identified • Received regular updates from the compliance function in respect of Regulatory Interactions, Risk Ratings and High-Risk exposures, Conduct, Financial Crime, Compliance Monitoring, Training, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) reviews conducted in respect of Group subsidiaries • Monitored regulatory developments and the potential impact on South Africa and the UK, following the addition of South Africa to the Financial Action Task Force (FATF) greylist in February 2023 • Reviewed the reporting obligations in respect of significant transactions completed during the financial year • Reviewed the reporting obligations of Investec Limited's acquisition of Investec plc shares.
Post balance sheet disclosure	• Considered any post balance sheet events that may require the AFS to be adjusted or require additional disclosure. Refer to note 57 in the Investec Group's 2024 annual financial statements.
Climate, nature and biodiversity and environmental, social and governance (ESG)	• Reviewed ESG reporting and disclosures • Considered the changing regulatory landscape for all jurisdictions that the Group operates in, including undertaking specific training for the Committee.
Internal controls • The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans.	• Attended regular meetings of the DLC BRCC. Based on reports presented at those meetings, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames • Reviewed reports from the independent audit committees of the Group's subsidiaries • Evaluated the impact of working from home on the overall control environment and operational risk • Evaluated reports on the internal control environment from the internal and external auditors with specific emphasis on culture and conduct elements in the internal audit reports • Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the Group's IT controls. Considered updates on key internal and external audit findings with respect to the IT control environment • Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage • Evaluated reports on cyber security within the Group and received a presentation on the outcome of the 2023/24 TAS • Noted internal audit reports and conclusions on internal controls, internal financial controls and the risk management framework for the year under review • Reviewed the year-end conclusions from internal audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Combined assurance matrix	• Confirmed our satisfaction with the appropriateness of the design and effectiveness of the combined assurance model applied, which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory Compliance, internal audit, external audit and other assurance providers • Confirmed our satisfaction with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks • Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year-end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes.
Fair, balanced and understandable reporting • The Group is required by the UK Corporate Governance Code to assess and confirm that its external reporting is fair, balanced and understandable, and consider whether it provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy.	• Undertook an assessment on behalf of the Board, to provide the Board with assurance that it can make the statement • Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure • Reviewed the accounting treatment of key judgements and the quality of earnings assessment • Considered the appropriateness and the cause of the restatement of the annual financial statements. Reviewed the appropriateness of the remedial plans implemented by management to ensure the cause has been appropriately addressed • Reviewed the appropriateness of the disclosure provided regarding restatements and significant transactions completed during the financial year • Assessed disclosure controls and procedures • Confirmed that management had reported on and evidenced the basis on which representations to the external auditor were made • Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences • Reviewed feedback from Group Finance in respect of a project launched to refine the annual financial statements in order to improve disclosures, improve financial control and reporting processes • Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2024 were appropriate in ensuring that those statements were fair, balanced and understandable • Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report • Reviewed the outcomes of the combined assurance coverage model as discussed above • Reviewed the annual reports of Investec plc and all significant subsidiaries.

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Business control environment • The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans.	• Received regular reports from the subsidiary audit committees, including entities that the Group's management is operationally responsible for • Attended the audit committee meetings of all significant subsidiaries • Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans • Received updates from senior management and scrutinised action plans following internal audit findings • Reviewed the process for reporting to the Committee by key subsidiaries and associates and considered regular reports from such entities.
Finance function	• Considered the financial reporting as prepared by Group Finance regarding the interim results for the period ended 30 September 2023 and final results for the 31 March 2024 year end • In a closed session, discussed and concluded that the finance functions of Investec plc and its subsidiaries were adequately skilled, resourced and experienced to perform the financial reporting for the Group and that appropriate succession was in place for key roles • Concluded that the Group FD, Nishlan Samujh, had the appropriate expertise and experience to meet the responsibilities of the position.
Compliance with applicable accounting standards	• Reviewed various accounting papers prepared by Group Finance addressing subjective accounting treatments and significant accounting judgements • The Committee chair discussed the key judgements and complex accounting treatments with both external audit and management in the weekly meetings leading up to the year-end sign off • Concluded on the reasonableness of the significant accounting judgements.
Related party disclosures	• Considered and reviewed related party disclosures for the Group • Considered and reviewed the process followed by Group Finance to ensure the completeness of related party disclosure • DLC Nomdac reviewed key related party transactions during the year and ensured compliance with Investec related party policies.
Internal audit • The performance of Internal Audit and delivery of the Internal Audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the internal audit plan • The Committee is responsible for assessing audit quality and the effectiveness of the internal audit function.	• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan • Reviewed and approved the Group internal audit charter • Provided input into and considered the annual performance and objectives of the Head of Internal Audit • Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills development and automation of audit processes • Monitored and followed up internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management • Tracked high and moderate risk findings, and monitored related remediation plans • Met with the Head of Internal Audit prior to each Committee meeting, without management being present, to discuss the remit of and reports of internal audit and any issues arising from the internal audits conducted • Monitored audit quality in relation to internal audit. The methodology, process and skills were presented to a separately convened Audit Committee to consider audit quality

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Internal audit (continued)	• Discussed and considered the internal audit quality assurance programme. The internal audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics). The quality assurance programme is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the Global internal audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post-engagement quality assurance programme • Assessed and confirmed our satisfaction with the independence of the Head of Internal Audit for Investec plc, E Broughton • Reviewed the results of the post-engagement quality assurance programme which informs any training interventions required within the team. The results are consolidated and presented to the Audit Committee on an annual basis • IT Audit and Data Analysis – Internal audit developed automated test scripts, allowing for more comprehensive testing of controls covering the full population. This full population testing provides greater coverage than the traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of the approach on the audit for the Group • Reviewed the Investec plc written assessment of the overall effectiveness of the organisation's governance, risk, and control framework, including an assessment of internal financial controls, the risk management framework, adherence to the risk appetite and the effectiveness of the overall assurance achieved relative to that planned for the year through the CAM • Confirmed our satisfaction with the independence and performance of the internal audit function • Assessed and confirmed our satisfaction with the independence of the Head of Internal Audit for Investec plc, E Broughton • Held a closed session regarding internal audit where the capacity, appropriate skills, independence and quality of the internal audit function was assessed • Considered succession and the skills matrix for internal audit • Assessed the effectiveness of the internal audit function through completion of a questionnaire which is based on the Internal Audit Financial Code of Practice. The results of the exercise were shared with the Committee, together with action plans to address any concerns raised, which will be tracked to completion.

INVESTEC PLC AUDIT COMMITTEE REPORT CONTINUED

External audit

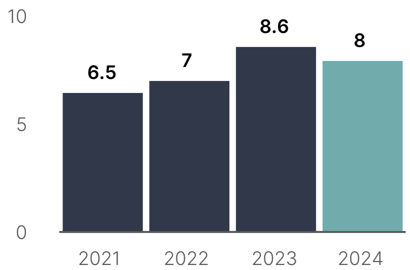
Non-audit services

Our policy regarding the engagement of the external auditor to provide non-audit services was developed by the Committee to safeguard auditor objectivity and independence. The policy includes guidelines on permitted and non-permitted services and the approval process required by the Committee.

Total fees paid for the year ended 31 March 2024 amounted to £8.0 million (2023: £8.6 million), of which £1.6 million (2023: £2.4 million) related to the provision of non-audit services. The non-audit services related to services required to be provided by the external auditor, such as, regulatory audits and work to be performed as reporting accountant. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment.

The Committee also required the policy to be applied to any external services provided by Deloitte LLP to ensure the independence of the firm prior to its appointment as external auditor for the financial year ending 31 March 2025.

Total Fees
(£m)



Based on the above-mentioned policy, approval process and reviews performed, the Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young LLP and Deloitte LLP.

Auditor independence and objectivity and audit quality

Critically evaluated audit quality at an engagement and firm level, audit effectiveness, independence and audit rotation requirements applicable to all jurisdictions in which the Group operates. Audit Regulator reviews were considered at a firm and individual partner level. Continuity, quality control on assignment as well as the independence of staff on the assignment were considered.

The Committee was satisfied that in reviewing audit quality and independence, it had followed a comprehensive process during which detailed feedback was received and evaluated.

As part of the process:

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditor confirmed their independence and were requested to review and confirm the level of staff transactions with Investec, if any, to ensure that all auditors on the Group audit meet the independence criteria
- The key audit partners are required to rotate every five years. The tenure of each of the partners was reviewed and concluded to be aligned with this policy.

Following due consideration, the Committee believes the safeguards as implemented by the Committee are adequate to ensure the objectivity and effectiveness of the audit process, based on the following:

- The cross-reviews by the Investec plc auditors across the Group
- Restrictive policy for non-audit services, including pre-approval of non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

Audit firm rotation

The Company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors.

The external auditors of Investec plc have been Ernst & Young LLP since 2000 and will rotate off following completion of the audit of the 2024 financial year. Deloitte LLP have been nominated as the new external auditors for the financial year ending 31 March 2025, subject to approval by ordinary shareholders at the AGM to be held in August 2024.

Transition process

A formal transition process commenced during 2023, whereby Deloitte LLP shadowed the full 2024 audit cycle performed by the incumbent external auditor. The purpose of the shadow period was for Deloitte LLP to obtain sufficient information about the Group, the financial control environment and the audit process to ensure a smooth transition as lead external auditor in the following financial year.

Year	Auditor	Shadow Auditor
2023/24	EY LLP (UK)	Deloitte LLP (UK)
2024/25	Deloitte LLP (UK)	

INVESTEC PLC AUDIT COMMITTEE REPORT
CONTINUED

Re-election and appointment of auditors

The Committee has considered the following in selecting external auditors:

- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of a Bank or financial services group which is of systemic importance
- Transformation
- Technology
- Credentials and Partners
- Legal cases and reputational matters
- The level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a financial services group and the consequent audit risks
- The independence of the external auditor
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation
- Regulatory requirements
- Understanding of the Investec business, culture and financial statement risks.

Considering the guidance provided in the FRC guide on audit committees, the Committee confirms its satisfaction with the performance and quality of the external audit function, the external audit firms and the engagement partners.

The Board and the Committee is recommending the appointment of Deloitte LLP as auditors of Investec plc at its AGM in August 2024 for the financial year ending 31 March 2025.

Looking ahead

The role of the Committee will remain focused on:

- Ensuring the improvement and the effective functioning of the Group's financial systems and processes, financial control environment, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS® Accounting Standards, legislation and other regulations impacting disclosure requirements
- Ensuring a smooth transition of the external audit to the new audit firms
- The implications of ESG risk in measuring the sustainability and societal impact of loans or an investment in a company of business together with ESG accounting disclosures and assurance processes
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls.

Vote of thanks

The Committee and I would like to thank Ernst & Young LLP for their robust challenge, support and quality audits performed during their years of service. Ernst & Young LLP fulfilled the role as lead auditor for Investec DLC and played a pivotal role in the transition of the external audit function over the past two years. I have personally appreciated the manner in which this has been conducted.

I would like to extend my gratitude and thanks to Philisiwe Sibiya, who will step down at the August 2024 AGM, for her exemplary and valued contribution to the Committee over the last five years.

I would further like to welcome Diane in her new role as Chair designate of the Committee. It is a role I'm sure she will enjoy and I believe that the Group will benefit from her insights and experience.

I will be retiring from the Investec plc Board at the August 2024 AGM having served close to ten years on the Board. I would like to acknowledge and thank the various assurance providers I have worked closely with over the last eight years, ie Finance, Compliance, Internal and External audit, amongst others. I would further like to thank management and the leadership for the ongoing commitment to a constantly evolving and improving control environment. Lastly, as Chair, I would like to thank my fellow Audit Committee members for their diligence and support over the years.

Zarina Bassa

Chair, Investec plc Audit Committee

24 June 2024

DIRECTORS' REPORT

The Directors' report for the year ended 31 March 2024 comprises pages 58 to 65 of this report, together with the sections of the annual report incorporated by reference.

The Directors' report deals with the requirements of Investec plc.

As permitted by Section 414C(11) of the UK Companies Act, some of the matters required to be included in the directors' report have instead been included in the strategic report on pages 8 to 140 of the Investec Group's 2024 integrated and strategic report, as the Board considers them to be of strategic importance. Specifically, these are:

- Future business developments (throughout the strategic report)
- Risk management on page 103
- Information on how the directors have had regard to the Group's stakeholders, and the effect of that regard, on pages 24 to 34 of the Investec Group's 2024 integrated and strategic report.

The strategic report (as contained in the Investec Group's 2024 integrated and strategic report) and the Directors' report together form the management report for the purposes of Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

For information on the corporate governance of the Investec Group, refer to the corporate governance sections of the Investec Group's 2024 integrated and strategic report and the Investec Group's 2024 risk and governance report.

Information relating to the use of financial instruments by the Company can be found on pages 122 to 124 and is incorporated by reference.

Additional information for shareholders of Investec plc is detailed in schedule A to the Directors' report on pages 66 and 68.

Other information to be disclosed in the Directors' report is given in this section.

The Directors' report fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.3R.

Directors

The membership of the Board and biographical details of the Directors are provided on pages 146 to 149 of the Investec Group's 2024 integrated and strategic report.

Changes to the composition of the Board during the year and up to the date of this report are shown in the table below:

	Role	Effective date of departure/ appointment
Departures		
Khumo Shuenyane	Non-Executive Director	3 August 2023
Richard Wainwright	Executive Director	3 August 2023
Ciaran Whelan	Executive Director	3 August 2023
Appointments		
Diane Radley	Non-Executive Director	6 March 2024

In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the AGM.

Zarina Bassa, who reached nine years of service with the Group, and Philisiwe Sibiya who wishes to focus on her own business and other boards, will not stand for re-election at the 2024 AGM.

Company Secretary

The Company Secretary of Investec plc is David Miller.

The Company Secretary is professionally qualified and has gained experience over many years. His performance is evaluated by Board members during the annual Board evaluation process. He is responsible for the flow of information to the Board and its Committees and for ensuring compliance with Board procedures. All directors have access to the advice and services of the Company Secretary, whose appointment and removal is a Board matter.

In compliance with the UK Corporate Governance Code and the UK Companies Act, the Board has considered and is satisfied that the Company Secretary is competent, and has the relevant qualifications and experience.

Induction, training and development

The Chair leads the training and development of directors and the Board generally.

A comprehensive development programme operates throughout the year, and comprises both formal and informal training and information sessions.

On appointment to the Board, all directors benefit from a comprehensive induction, which is tailored to the new director's individual requirements. The induction schedule is designed to provide the new director with an understanding of how the Group works and the key issues that it faces. The Company Secretary consults the Chair when designing an induction schedule, giving consideration to the particular needs of the new director. When a director joins a Board Committee, the schedule includes an induction to the operations of that Committee.

Directors and their interests

Details of the directors' shareholdings and options to acquire shares are detailed in the Investec Group's 2024 remuneration report.

Directors' conflicts of interest

The Group has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest or a potential interest in an existing or proposed transaction with the Group, they are required to notify the Board or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to their declarations.

Directors' and officers' liability insurance

The Group maintains directors' and officers' liability insurance which provides appropriate cover for any potential legal action brought against its directors.

DIRECTORS' REPORT
CONTINUED

Change of control

The Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of a third party, or after both Investec plc and Investec Limited become subsidiaries of a third party, the agreements establishing the DLC structure will terminate.

All of the Investec Group's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Powers of directors

The Board manages the business of the Group under the powers set out in the Articles of Association of Investec plc, which include the ability of directors to issue or buy back shares. Directors were granted authority to issue and allot shares and to buy back shares at the 2023 AGM. Shareholders will be asked to renew these authorities at the 2024 AGM and further details will be provided in the AGM notice.

Contracts

Details of contracts with directors can be found on pages 22 and 23 of the Investec Group's 2024 remuneration report.

Authorised and issued share capital

Details of the share capital are set out on pages 141 to 142 in note 40 to the annual financial statements.

Investec plc did not issue any ordinary shares during the financial year ended 31 March 2024.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2024.

Investec Limited purchased 8 434 679 of Investec plc's ordinary shares during the financial year ended 31 March 2024 representing 1.2% of the issued share capital. These shares are being held exclusive of voting and dividend rights as treasury shares.

At 31 March 2024, Investec plc held 53 401 625 shares in treasury (2023: 49 720 148), for allotment under share plans. The maximum number of shares held in treasury by Investec plc during the period under review was 53 623 501 shares.

Ordinary dividends

An interim dividend of 15.5p per ordinary share (2022: 13.5p) was paid on 22 December 2023, as follows:

- 15.5p per ordinary share to non-South African resident shareholders registered on 22 December 2023, and
- South African resident shareholders registered on 22 December 2023, through a dividend paid by Investec Limited on the SA DAS share, equivalent to 15.5p per ordinary share.

The directors have proposed a final dividend to shareholders registered on 23 August 2024, of 19p (2023: 17.5p) per ordinary share, which is subject to the approval by the members of Investec plc at the AGM that is scheduled to take place on 8 August 2024. If approved, this will be paid on 6 September 2024, as follows:

- 19p per ordinary share to non-South African resident shareholders registered on 23 August 2024, and
- South African resident shareholders registered on 23 August 2024, through a dividend paid by Investec Limited on the SA DAS share, equivalent to 19p per ordinary share.

Preference dividends

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 35 for the period 1 April 2023 to 30 September 2023, amounting to 29.08904p per share, was declared to members holding preference shares registered on 1 December 2023 and was paid on 12 December 2023.

Preference dividend number 36 for the period 1 October 2023 to 31 March 2024, amounting to 31.33562p per share, was declared to members holding preference shares registered on 14 June 2024 payable on 28 June 2024.

Rand-denominated non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 25 for the period 1 April 2023 to 30 September 2023, amounting to 552.49657 cents per share, was declared to members holding Rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 1 December 2023 and was paid on 12 December 2023.

Preference dividend number 26 for the period 1 October 2023 to 31 March 2024, amounting to 559.65411 cents per share, was declared to members holding Rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 14 June 2024 and payable on 28 June 2024.

Going concern

In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the Group's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance that are set out on pages 8 to 13, pages 54 to 57 and pages 108 to 119 of the Investec Group's 2024 integrated and strategic annual report. The directors have performed a robust assessment of the Group's financial forecasts across a range of scenarios over a 12-month period from the date the financial statements are authorised for issue. Based on these, the directors confirm that they have a reasonable expectation that the Company and the Group, as a whole, 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.

DIRECTORS' REPORT
CONTINUED

Viability statement

In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement (disclosed on page 59), the Board is required to make a statement with respect to the Group's viability (i.e. its ability to continue in operation and meet its liabilities). This is required to take into account the Board's assessment of the current position of the Group, 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.

The Board has used a three-year assessment period as this is aligned to the Group'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 the Group's viability over the three years to 31 March 2027.

Following confirmation by the DLC 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 Group and these are highlighted on pages 31 to 45.

Through its various committees, notably the Audit Committees and the DLC BRCC and its sub-committee, the DLC Capital Committee, 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 the Group. The activities of these Board sub-committees and the issues considered by them are described in the Group's 2024 risk and governance report.

Taking these risks into account, together with the Group's strategic objectives and the prevailing market environment, the Board approved the overall mandated risk appetite frameworks for Investec plc. The risk appetite frameworks set 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 Group'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 the Group's strategy and allow the Group to operate within its risk appetite framework. A review of the Group's performance/measurement against its risk appetite framework is provided at each DLC BRCC meeting and at the main Board meetings.

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

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). The Group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the Board-approved risk appetite framework. In addition to these stress scenarios, the Group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, which are well in excess of the 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 banking entity within the Group is required to be fully self-funded. The Group currently has £9.7 billion in cash and near cash assets, representing 46.4% of customer deposits.

The Group 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 the Group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the Board to make decisions to ensure that the Group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The Group targets a CET1 ratio in excess of 10%,a tier 1 ratio greater than 11%,a minimum capital adequacy ratio of between 14% to 17% and a leverage ratio in excess of 6% for each of its banking entities.

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 Group, 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 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.

The Group implements regulatory scenarios when they are published by regulators (UK BoE Annual Cyclical Scenario). 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 Plc will not be running a regulatory scenario in its stress testing programme.

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

We also carry out 'reverse stress tests', i.e. scenarios that cause the business model to fail. Reverse stress testing 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 the Group. 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, Investec plc 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 plc has sufficient capital and liquidity to continue as a going concern and meet regulatory capital and liquidity requirements.

Furthermore, the Group is required to have a contingency funding and recovery plan as well as a resolution pack. The recovery plans document how the Board and senior management will ensure that the Group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

DIRECTORS' REPORT
CONTINUED

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.

The Group 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 Group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes take place within each business division at least annually. These focus on, amongst other things: the business and competitive landscape; opportunities and challenges 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, together with a consolidated Group budget, is presented to the Board during its strategic review process annually.

In assessing the Group's viability, the Board has taken all of the above-mentioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that the Group 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 the Group's viability:

- Pages 4 to 25 which show a strategic and financial overview of the business
- Pages 31 to 45 which provide detail on the principal and emerging risks the Group faces and the processes in place to assist the Group in mitigating its principal risks
- Page 31 which provides information on the overall Group's risk appetite
- Page 28 which provides an overview of the Group's approach to risk management
- Pages 31, 165, 188 and 202 which highlight information on the Group's various stress testing processes
- Pages 192 to 196 which specifically focus on the Group's philosophy and approach to liquidity management
- Page 199 which provides detail on the recovery and resolution plan
- Pages 200 to 205 which explain the Group's capital management framework.

This forward-looking viability statement made by the Board is based on information and knowledge of the Group at 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 the Group's control that could cause the Group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Social and Ethics Committee (SEC)

The Board of Investec plc has delegated the duties of the Social and Ethics Committee, as set out in the South African Companies Act, to the DLC SEC.

Further details of the role, responsibilities, membership and activities of the DLC SEC are set out on pages 101 to 105 of the Investec Group's 2024 risk and governance report.

Sustainability report

For information on our approach to social, environmental and ethical matters, please refer to the Investec Group's 2024 sustainability report which is published and made available on our website www.investec.com

DIRECTORS' REPORT
CONTINUED

Investec plc carbon footprint

Streamlined energy and carbon reporting (SECR)

		2023/24			2022/23		
Metric	**Unit**	**UK and offshore[1]**	**Global (excluding UK and offshore)**	**Total Investec plc**	UK and offshore	Global (excluding UK and offshore)	Total Investec plc
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1)	tCO_2e	349	1	350	44	—	44
Emissions from purchase of electricity (Scope 2 location based)	tCO_2e	701	236	937	807	164	971
Total gross Scope 1 & Scope 2 emissions (location based)	**tCO_2e**	**1 050**	**237**	**1 287**	**851**	**164**	**1 015**
Energy consumption used to calculate above emissions[2]	kWh	3 841 026	533 285	4 374 311	4 420 786	441 222	4 862 008
Intensity ratio: Location based gross Scope 1 + 2 emissions per employee[3]	tCO_2e/ Headcount	0.41	0.71	0.44	0.25	0.92	0.29
Total gross Scope 3 operational emissions	**tCO_2e**	**6 955**	**41**	**6 996**	**4 873**	**30**	**4 903**
Total gross Scope 1, Scope 2 & Scope 3 operational emissions (location based)	**tCO_2e**	**8 005**	**278**	**8 283**	**5 724**	**194**	**5 918**
Intensity ratio: Location based gross Scope 1, 2 + 3 operational emissions per employee[3]	tCO_2e/ Headcount	3.09	0.84	2.82	1.71	1.09	1.69
Scope 2 market based[4]	tCO_2e	—	—	—	—	—	—
Carbon offsets[5]	tCO_2e	7 303	43	7 346	4 917	30	4 947
Total annual net emissions (market based)	**tCO_2e**	**—**	**—**	**—**	**—**	**—**	**—**

Boundary, methodology, and exclusions

An 'operational control'[6] approach has been used to define the Greenhouse Gas emissions boundary.

This approach captures emissions associated with the operation of Investec plc office buildings as outlined in the Basis of Reporting coverage on our website, company travel in private vehicles, and travel on public transportation for instance. This report covers all countries where Investec plc has operational control over their emissions. This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. The emissions have been calculated using the latest conversion factors provided by the UK Government (2023). The reporting period is April 2023 to March 2024, as per the financial accounts. Investec plc's Scope 1 emissions refer to natural gas, LPG, refrigerants, and vehicle fleet, its Scope 2 emissions refer to electricity used in its premises, and its Scope 3 emissions refer to category 1: paper, category 5: waste, category 6: business travel, and category 7: employees working from home.

Energy efficiency and carbon reduction initiatives

During the 2023/2024 period, Investec maintained and improved the integrated ISO 50001/14001 standards, which enables optimisation of energy-related performance and ongoing efficiency improvements.

Disclaimer

1. The offshore area as defined in the Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018 includes Guernsey, Jersey, and Isle of Man. However, our overseas sites in America, Europe, and Asia are not included in the offshore area. These sites are included in the global total, excluding the UK and offshore.
2. Consumption data for refrigerants (scope 1) and scope 3 emissions is not available in kWh so the total energy usage has been calculated for mandatory emissions only (scope 1 (excluding refrigerants) and scope 2).
3. For the purposes of this report, an employee is an individual who performs services for the Company for compensation and is under the Company's control with respect to the performance of those services. This includes full-time, part-time, and temporary employees, as well as independent contractors.
4. We have offset our Scope 2 emissions by purchasing 100% of our power from renewable sources through green tariffs and renewable energy certificates.
5. The remaining unavoidable emissions were offset through the purchase of VCS certified carbon credits. These carbon credits were sourced from Wonderbag and AgriCarbon.
6. An operational control approach to GHG emissions boundary is defined as: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

DIRECTORS' REPORT
CONTINUED

Climate-related financial disclosures report

Refer to the Investec Group's 2024 climate and nature-related financial disclosures report for our progress on the Task Force on Climate-related Financial Disclosures (TFCD) recommendations.

Nominations and Directors' Affairs Committee (Nomdac)

The Board of Investec plc has delegated the duties of the Directors' Affairs Committee to the DLC Nomdac.

Further details of the role, responsibilities, membership and activities of the DLC Nomdac are set out on pages 97 to 100 of the Investec Group's 2024 risk and governance report.

Remuneration Committee

The Board of Investec plc has delegated the duties of the Remuneration Committee to the DLC Remuneration Committee.

Further details of the role, responsibilities, membership and activities of the DLC Remuneration Committee are set out on page 14 of the Investec Group's 2024 remuneration report.

Audit Committee

The Audit Committee comprising independent Non-Executive Directors meets regularly with senior management, the external auditors, operational risk, internal audit, compliance and the finance division to consider the integrity of financial reporting, nature and scope of the internal and external audit reviews and the effectiveness of our risk and control systems, taking note of the key deliberations of the subsidiary Audit Committees as part of the process.

Further details on the role and responsibility of the Audit Committee are set out on pages 46 to 57.

Independent auditor and audit information

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

The appointment of Deloitte LLP in a shadow capacity, for the financial year starting 1 April 2023, was recommended and approved by ordinary shareholders at the AGM held in August 2023. A formal transition process commenced during 2023, whereby Deloitte LLP shadowed the full 2024 audit cycle performed by the incumbent external auditor. The purpose of the shadow period was for Deloitte LLP to obtain sufficient information about the Group, 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 LLP were reviewed and considered in advance of their appointment as external auditors to ensure their continued independence. The appointment of Deloitte LLP for the 2024 financial year, will be recommended for approval at the AGM to be held in August 2024.

Major shareholders

The largest shareholders of Investec plc are shown on page 187 of the Investec Group's 2024 integrated and strategic annual report.

Special resolutions

At the AGM held on 3 August 2023, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of Section 701 of the UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of Section 701 of the UK Companies Act.

AGM update statement

At the AGM on 3 August 2023, resolution 34 (political donations), passed with a less than 80% majority.

As stated in the notices to the AGMs, Investec plc does not give any money for political purposes in the UK nor does it make any donations to UK political organisations or incur UK political expenditure. However, the definitions of political donations and political expenditure used in the UK Companies Act are very wide. In line with UK market practice, the authority is therefore requested only as a precautionary measure to ensure that Investec plc and any company which is or becomes a subsidiary of Investec plc does not inadvertently breach the relevant provisions of the UK Companies Act.

Diversity and inclusion

Our diversity and inclusion framework has a sense of belonging for all our people, irrespective of difference, as its goal. We aim to make Investec a place where it is easy to be yourself. It is a responsibility we all share and is integral to our purpose and values as an organisation. We recognise that a diverse and inclusive workforce is essential to our ability to be an innovative organisation that can adapt and prosper in a fast-changing world.

Investec's approach is to recruit and develop based on aptitude and attitude, with the deliberate intention to build a diverse workforce, which represents the population of the relevant jurisdiction and reflects its clients. Our recruitment strategies actively seek difference, engaging with minority groups, females and people with disabilities. Investec is committed to being an equal opportunity employer. In accordance with our policies and practices, and relevant International Labour Organisation (ILO) conventions and legislation, we do not tolerate any form of discrimination based on gender, gender reassignment, race, ethnicity, religion, belief, age, disability, nationality, political opinion, sensitive medical conditions, pregnancy, maternity, civil partnership and sexual orientation. People with different abilities are an essential part of a diverse talent pool and every effort is made to facilitate an accessible environment for all.

Further information is provided in the Investec Group's 2024 sustainability report.

DIRECTORS' REPORT
CONTINUED

Research and development

In the ordinary course of business, the Group develops new products and services in each of its business divisions.

Political donations and expenditure

The Group did not make any political donations in the financial year ended 31 March 2024 (2023: Nil).

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 157 to 159

Contingent liabilities, legal matters and provisions

The Board considered contingent liabilities legal matters and provisions with a view to ensuring appropriate accounting treatment in the financial statements. Refer to note 49 on page 146.

Events after the reporting date

Refer to Note 57 of the Annual Financial statements.

Signed on behalf of the Board of Investec plc

Philip Hourquebie
Group Chair
24 June 2024

Fani Titi
Group Chief Executive
24 June 2024

SCHEDULE A TO THE DIRECTORS' REPORT

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act). This is a summary only and the relevant provisions of the Articles or the UK Companies Act should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2024 consists of 696 082 618 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 295 278 453 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the UK Companies Act, the UK Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the UK Companies Act, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in the nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and, on a poll, every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the UK Companies Act, members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting.

A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them. Where, under the Company's share incentive plan, participants receiving forfeitable award type are the beneficial owners of the shares, however not the registered owners. The participants are entitled to exercise their voting rights prior to the shares being released to the participants. Participants receiving conditional awards do not receive any voting rights until the release date.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

SCHEDULE A TO THE DIRECTORS' REPORT
CONTINUED

Subject to the UK Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

All the Company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans.

Investec plc preference shares

The following are the rights and privileges which attach to the Investec plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank pari passu herewith as regards to participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards to dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but pari passu with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but pari passu with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with the Articles after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding up of Investec plc or for the reduction of its capital,

in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)

The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pounds Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rands.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the:

i. Variation of the rights attaching to the shares or

ii. Winding up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the Board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Annual financial statements

Our performance is a testament to the continued *execution of our strategy.* This section contains Investec plc's annual financial statements.

IN THIS SECTION

DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 72 to 74, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable UK law and regulations.

The directors are required by the UK Companies Act to prepare financial statements for each financial year. Under those laws the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and with International Financial Reporting Standards (IFRS Accounting Standards) which comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). At 31 March 2024, UK adopted IAS are identical in all material respects to current IFRS applicable to the Group, with differences only in the effective dates of certain standards. The parent company financial statements have been prepared in accordance with Section 408 of the UK 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.

Under the Financial Conduct Authority's (FCA's) Disclosure Guidance and Transparency Rules (DTR), Group financial statements are required to be prepared in accordance with UK adopted international accounting standards and with IFRS as issued by the IASB.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS or in respect of the parent company financial statements (FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- In respect of the Group financial statements, state whether the accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are accountable for the maintenance and integrity of the certain corporate and financial information on the Company's website.

Investor Relations, Company Secretarial and Group Sustainability are respectively responsible for the maintenance and integrity of the general corporate, financial, governance, and sustainability-related information as well as any obligations to the various exchanges of Investec Group and its principal subsidiaries on the Investec website.

With regards to specific corporate information, processes are in place within the business units and at a Group level to ensure that all information published on the website is substantively correct, accurate and in line with corporate governance and compliance requirements. Group Marketing and various divisions are responsible for the above.

DIRECTORS' RESPONSIBILITIES
CONTINUED

Directors' responsibility statement

The directors, whose names and functions are set out on pages 146 to 149 of Investec Group's 2024 integrated and strategic annual report, confirm to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards and with IFRS as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, Group and the undertakings included in the consolidation taken as a whole
- That the annual report, including the strategic report (as contained in the Investec Group's 2024 integrated and strategic report), includes a fair review of the development and performance of the business and the position of the Company, Group and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- That they consider that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Financial results

The financial results of Investec plc are set out in the annual financial statements and accompanying notes for the year ended 31 March 2024.

The preparation of these results was supervised by the Investec Group Finance Director, Nishlan Samujh.

Approval of annual financial statements

The directors' report and the annual financial statements of the Group, and the Company, which appear on pages 58 to 65 and pages 74 to 218, were approved by the Board of directors on 24 June 2024.

Signed on behalf of the Board

Philip Hourquebie
Group Chair
24 June 2024

Fani Titi
Group Chief Executive
24 June 2024

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF INVESTEC PLC

Opinion

We have audited the special purpose financial statements of Investec Plc (the Parent Company) and its subsdiaries (the Group) for the year ended 31 March 2024, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of total comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the related notes 1 to 58 and 59, 60 and 64 excluding information marked as “unaudited” and the Parent Company balance sheet,statement of changes in shareholders’ equity an related notes a to k. The financial reporting framework that has been applied in their preparation is a special purpose framework comprising the accounting policies set out on pages 80 to 91.

These annual financial statements have been prepared to present the financial position and results of Investec plc and its subsidiaries as if the contractual arrangements which create the Dual Listed Company (DLC) structure did not exist and, with this exception and the exclusion of certain other remuneration and related party disclosures, are prepared in accordance with UK adopted international accounting standards. For an understanding of the financial position, results and cash flows of the Investec DLC Group, the user is referred to the Investec annual report 2024 – Investec annual financial statements.

Investec DLC Group consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a DLC structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role, and accordingly are reported as a single reporting entity under International Financial Reporting Standards (IFRS). These Group annual financial statements are prepared in accordance with UK adopted international accounting standards and IFRS as issued by the International Accounting Standards Board (IASB).

As explained in the accounting policies set out on pages 80 to 91, these special purpose financial statements have been prepared to present the financial position, results and cash flows of Investec plc and its subsidiaries. For the avoidance of doubt, they exclude Investec Limited and its subsidiaries.

In our opinion,

- the accompanying financial statements of the Group for the year ended 31 March 2024 are prepared, in all material respects, in accordance with the accounting policies set out on pages 80 to 91, and
- The Parent Company financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ‘ISA (UK) 800 (Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks’. 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 (FRC) Ethical Standard, 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’s ability to continue to adopt the going concern basis of accounting has 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;
- assessed 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-month period from the date the financial statements are authorised for issue.

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 ability to continue as a going concern.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to the accounting policies set out on pages 80 to 91 of the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Board of Investec plc in complying with the financial reporting provisions of the contractual agreements referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of Investec plc in accordance with our engagement letter dated 17 June 2024. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's directors as a body, for our audit work, for this report, or for the opinions we have formed. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report in sections 1 (pages 2 to 25), section 2 (pages 26 to 67), and pages marked as unaudited in section 3 (pages 69 to 217), other than the financial statements and our auditor’s

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

Management is responsible for the preparation of the special purpose financial statements in accordance with the financial reporting provisions under the contractual arrangements implementing the DLC structure, and for such internal control as management determines 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so..

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 entity 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 as issued by the IASB), 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 the Parent Company 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 the Parent Company and regulatory bodies; reviewed minutes of the Board, Audit Committee and Risk and Capital Committee; and gained an understanding of the Group's and the Parent Company's approach to governance.
- We assessed the susceptibility of the Groups financial statements to material misstatement, including how fraud might occur by considering the controls that the Group and Parent Company have established to address risk identified by the Group and the 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 of 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 key correspondence with the PRA and FCA.
- Our procedures also involved testing journal entries using a risk based approach analysing the general ledger data, with the focus on nonstandard journals.
- The Group and the Parent Company operate in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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 matter

Investec plc has prepared a separate set of combined consolidated statutory financial statements for the year ended 31 March 2024 in accordance with UK adopted international accounting standards and IFRS as issued by the IASB, on which we issued a separate auditor's report to the shareholders of Investec plc dated 24 June 2024.

Ernst & Young LLP

Manprit Dosanjh
(Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
London
24 June 2024

CONSOLIDATED INCOME STATEMENT

For the year to 31 March £'000	Notes	2024	2023^
Interest income	2	1 914 473	1 215 245
Interest income calculated using effective interest rate method		1 821 079	1 128 777
Other interest income		93 394	86 468
Interest expense	2	(1 103 546)	(501 025)
Net interest income		**810 927**	**714 220**
Fee and commission income	3	173 213	131 795
Fee and commission expense	3	(16 451)	(15 442)
Investment income	4	14 322	18 223
Share of post-taxation profit of associates and joint venture holdings	28	55 793	4 950
Trading income/(loss) arising from			
– customer flow*		103 158	87 366
– balance sheet management and other trading activities		27 099	13 134
Other operating income	5	2 150	6 879
Operating income		**1 170 211**	**961 125**
Expected credit loss impairment charges	6	(85 995)	(66 752)
Operating income after expected credit loss impairment charges		**1 084 216**	**894 373**
Operating costs	7	(656 599)	(598 966)
Operating profit before goodwill, acquired intangibles and strategic actions		**427 617**	**295 407**
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		**420 214**	**294 122**
Financial impact of strategic actions		(16 576)	(402)
Profit before taxation		**403 638**	**293 720**
Taxation on operating profit before goodwill and strategic actions	10	(86 502)	(59 623)
Taxation on goodwill, acquired intangibles and strategic actions	10	727	—
Profit after taxation from continuing operations		**317 863**	**234 097**
Profit after taxation from discontinued operations	34	**389 551**	**59 034**
Profit after taxation		**707 414**	**293 131**
Profit attributable to non-controlling interests		(1 204)	—
Earnings attributable to shareholders		**706 210**	**293 131**

^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 58.
* 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 COMPREHENSIVE INCOME

For the year to 31 March **£'000**	Notes	**2024**	2023^
Profit after taxation from continuing operations		**317 863**	**234 097**
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*		(981)	(314)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*		6 243	218
Foreign currency adjustments on translating foreign operations		(3 652)	5 738
Effect rate change on deferred taxation relating to adjustment for IFRS 9		—	(7)
Items that will not be reclassified to the income statement:			—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income		(13 396)	(76 400)
Share of other comprehensive income of associates and joint venture holdings		257	—
Total comprehensive income from continuing operations		**296 363**	**190 967**
Total comprehensive (loss)/income attributable to non-controlling interests from continuing operations		1 183	—
Total comprehensive income attributable to ordinary shareholders from continuing operations		274 538	174 087
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities		20 642	16 880
Total comprehensive income from continuing operations		**296 363**	**190 967**
Profit after taxation from discontinued operations		**389 551**	**59 034**
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		**389 551**	**59 109**
Total comprehensive income attributable to non-controlling interests from discontinued operations		—	—
Total comprehensive income attributable to ordinary shareholders from discontinued operations		389 551	59 109
Total comprehensive income from discontinued operations		**389 551**	**59 109**
Profit after taxation		**707 414**	**293 131**
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	(981)	(314)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	10	6 243	218
Foreign currency adjustments on translating foreign operations		(3 652)	5 738
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:			
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	10	(13 396)	(76 400)
Share of other comprehensive income of associates and joint venture holdings		257	—
Movement in post-retirement benefit liabilities		—	75
Total comprehensive income		**685 914**	**250 076**
Total comprehensive loss attributable to non-controlling interests		1 183	—
Total comprehensive income attributable to ordinary shareholders		664 089	233 196
Total comprehensive income attributable to perpetual preference securities and Other Additional Tier 1 securities		20 642	16 880
Total comprehensive income		**685 914**	**250 076**

* 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 58.

CONSOLIDATED BALANCE SHEET

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	676 464	893 297
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	437 255	634 123
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	117 514	142 626
Other securitised assets	27	66 702	78 231
Investment portfolio	25	405 410	489 204
Interests in associated undertakings and joint venture holdings	28	857 247	52 320
Current taxation assets		31 200	34 324
Deferred taxation assets	29	119 730	112 347
Other assets	30	740 121	965 449
Property and equipment	31	72 947	121 014
Goodwill	32	68 669	255 267
Software	33	4 571	9 415
Other acquired intangible assets	33	—	40 550
		30 060 887	**28 386 323**
Liabilities			
Deposits by banks		2 174 305	2 172 171
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	20 790 611	19 121 921
Debt securities in issue	37	1 273 106	1 449 545
Liabilities arising on securitisation of other assets	27	71 751	81 609
Current taxation liabilities		8 672	5 370
Other liabilities	38	1 025 813	1 232 729
		25 920 460	**24 935 874**
Subordinated liabilities	39	668 810	731 483
		26 589 270	**25 667 357**
Equity			
Ordinary share capital	40	202	202
Ordinary share premium	42	555 812	555 812
Treasury shares	43	(192 783)	(181 797)
Other reserves		(311 415)	(109 679)
Retained income		2 934 048	2 178 683
Ordinary shareholders' equity		**2 985 864**	**2 443 221**
Perpetual preference share capital and premium	41	24 794	24 794
Shareholders' equity excluding non-controlling interests		**3 010 658**	**2 468 015**
Other Additional Tier 1 securities in issue	44	458 108	250 000
Non-controlling interests in partially held subsidiaries	45	2 851	951
Total equity		**3 471 617**	**2 718 966**
Total liabilities and equity		**30 060 887**	**28 386 323**

Fani Titi

Group Chief Executive
24 June 2024

CONSOLIDATED CASH FLOW STATEMENT

For the year to 31 March £'000	Notes	2024	2023
Profit before taxation adjusted for non-cash items	47	533 915	511 667
Taxation paid		(93 266)	(75 068)
Increase in operating assets	47	(1 485 569)	(1 229 997)
Increase in operating liabilities	47	1 364 461	425 009
Net cash inflow/(outflow) from operating activities		**319 541**	**(368 389)**
Cash flow on acquisition of Group operations, 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 interests		—	118
Cash flow on net disposal/(acquisition) of associates and joint venture holdings		—	565
Cash flow on acquisition of property, equipment, software and other intangible assets		(3 848)	(11 712)
Cash flow on disposal of property, equipment, software and other intangible assets		157	23 975
Net cash (outflow)/inflow from investing activities		**(204 865)**	**3 238**
Dividends paid to ordinary shareholders		(94 405)	(88 463)
Dividends paid to other equity holders		(18 230)	(17 420)
Proceeds on issue of Other Additional Tier 1 instruments		350 000	—
Redemption of Other Additional Tier 1 instruments		(140 472)	—
Cash flow on acquisition of treasury shares, net of related costs		(54 008)	(36 832)
Proceeds from issue of subordinated debt		—	345 590
Redemption of subordinated debt		(70 000)	(347 926)
Lease liabilities paid		(42 444)	(44 089)
Net cash outflow from financing activities		**(69 559)**	**(189 140)**
Effects of exchange rates on cash and cash equivalents		**(498)**	**773**
Net increase/(decrease) in cash and cash equivalents		**44 619**	**(553 518)**
Cash and cash equivalents at the beginning of the year		6 288 252	6 841 770
Cash and cash equivalents at the end of the year		**6 332 871**	**6 288 252**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		5 661 623	5 400 401
On demand loans and advances to banks		671 248	887 851
Cash and cash equivalents at the end of the year		**6 332 871**	**6 288 252**

* 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).

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 is Interest received of £1 848 million (2023: £1 184 million), interest paid of £928 million (2023: £437 million) and dividends received of £13.2 million (2023: £19.8 million).

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 1 April 2022	**202**	**806 812**	**(161 522)**
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	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments transferred to retained earnings	—	—	—
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 shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Transfer from share premium to retained income	—	(251 000)	—
Distribution to shareholders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(20 275)
At 31 March 2023	**202**	**555 812**	**(181 797)**
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	—	—	—
Fair value movements on equity 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	—	—	—
Transaction with equity holders	—	—	—
Issue of Other Additional Tier 1 security instruments	—	—	—
Redemption of Other Additional Tier 1 security instruments	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Gain on Other Additional Tier 1 security instruments callback	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(10 986)
Release of capital reserve to retained income	—	—	—
At 31 March 2024	**202**	**555 812**	**(192 783)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves										
Capital reserve account	Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(191 018)	**160 075**	**—**	**7 029**	**1 782 961**	**2 404 539**	**24 794**	**2 429 333**	**250 000**	**833**	**2 680 166**
—	—	—	—	293 131	293 131	—	293 131	—	—	293 131
—	(7)	—	—	—	(7)	—	(7)	—	—	(7)
—	(314)	—	—	—	(314)	—	(314)	—	—	(314)
—	—	27 635	—	—	27 635	—	27 635	—	—	27 635
—	218	—	—	—	218	—	218	—	—	218
—	(76 400)	—	—	—	(76 400)	—	(76 400)	—	—	(76 400)
—	(48 318)	—	—	48 318	—	—	—	—	—	—
—	—	—	5 738	—	5 738	—	5 738	—	—	5 738
—	—	—	—	75	75	—	75	—	—	75
—	**(124 821)**	**27 635**	**5 738**	**341 524**	**250 076**	**—**	**250 076**	**—**	**—**	**250 076**
—	—	—	—	5 095	5 095	—	5 095	—	—	5 095
—	—	—	—	(4 540)	(4 540)	—	(4 540)	—	—	(4 540)
—	—	—	—	(88 463)	(88 463)	—	(88 463)	—	—	(88 463)
—	—	—	—	(540)	(540)	540	—	—	—	—
—	—	—	—	—	—	(540)	(540)	—	—	(540)
—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—	—
—	—	—	—	—	—	—	—	(16 880)	—	(16 880)
—	—	—	—	251 000	—	—	—	—	—	—
—	—	—	—	(91 474)	(91 474)	—	(91 474)	—	—	(91 474)
—	—	—	—	—	—	—	—	—	118	118
5 683	—	—	—	—	(14 592)	—	(14 592)	—	—	(14 592)
(185 335)	**35 254**	**27 635**	**12 767**	**2 178 683**	**2 443 221**	**24 794**	**2 468 015**	**250 000**	**951**	**2 718 966**
—	—	—	—	706 210	706 210	—	706 210	—	1 204	707 414
—	(981)	—	—	—	(981)	—	(981)	—	—	(981)
—	—	(9 971)	—	—	(9 971)	—	(9 971)	—	—	(9 971)
—	6 243	—	—	—	6 243	—	6 243	—	—	6 243
—	(13 396)	—	—	—	(13 396)	—	(13 396)	—	—	(13 396)
—	—	—	(3 631)	—	(3 631)	—	(3 631)	—	(21)	(3 652)
—	—	—	—	257	257	—	257	—	—	257
—	**(8 134)**	**(9 971)**	**(3 631)**	**706 467**	**684 731**	**—**	**684 731**	**—**	**1 183**	**685 914**
—	—	—	—	(13 736)	(13 736)	—	(13 736)	—	—	(13 736)
—	—	—	—	(2 971)	(2 971)	—	(2 971)	—	—	(2 971)
—	—	—	—	—	—	—	—	350 000	—	350 000
—	—	—	—	—	—	—	—	(141 892)	—	(141 892)
—	—	—	—	(94 405)	(94 405)	—	(94 405)	—	—	(94 405)
—	—	—	—	(1 455)	(1 455)	1 455	—	—	—	—
—	—	—	—	—	—	(1 455)	(1 455)	—	—	(1 455)
—	—	—	—	(20 642)	(20 642)	—	(20 642)	20 642	—	—
—	—	—	—	—	—	—	—	(20 642)	—	(20 642)
—	—	—	—	1 420	1 420	—	1 420	—	—	1 420
—	—	—	—	—	—	—	—	—	717	717
687	—	—	—	—	(10 299)	—	(10 299)	—	—	(10 299)
(180 687)	—	—	—	180 687	—	—	—	—	—	—
(365 335)	**27 120**	**17 664**	**9 136**	**2 934 048**	**2 985 864**	**24 794**	**3 010 658**	**458 108**	**2 851**	**3 471 617**

ACCOUNTING POLICIES

Basis of presentation

These annual financial statements have been prepared to present the financial position and results of Investec plc and its subsidiaries as if the contractual arrangements which create the dual listed company (DLC) structure did not exist and, with the exception of certain other remuneration and related party disclosures, which are prepared in accordance with UK adopted international accounting standards. For an understanding of the financial position, results and cash flows of the Investec DLC Group, the user is referred to Investec's integrated annual report.

Investec DLC Group consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a DLC structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role, and accordingly are reported as a single reporting entity under International Financial Reporting Standards (IFRS).

These Group annual financial statements have been prepared in accordance with UK adopted international accounting standards and with IFRS as issued by the International Accounting Standards Board (IASB).

The Group 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 60, 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 164 to 205.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report which forms part of the Investec Group's integrated annual report.

Basis of consolidation

As discussed above, these annual financial statements have been prepared to present the financial position and results of Investec plc and its subsidiaries as if the contractual arrangements which create the DLC structure did not exist.

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.

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.

ACCOUNTING POLICIES
CONTINUED

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, where operating results are reviewed regularly by chief operating decision-makers who are considered to be executive members of the Board and for which discrete financial information is available.

The Group's segmental reporting is presented in the form of a business analysis. The business analysis is presented in terms of the Group's four principal business divisions namely, Wealth & Investment, Private Banking, Corporate, Investment Banking, and Other and Group Investments.

Group costs that are disclosed separately largely relate to Group brand and marketing costs and a portion of executive and support functions which are associated with Group-level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the Group.

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.

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.

The loss of control of an employing subsidiary of the Group gives rise to an acceleration of the equity-settled share-based payments charge for the related employees and, on loss of control, the Group recognises the amount that would have been recognised for the award if it remained in place on its original terms.

ACCOUNTING POLICIES
CONTINUED

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 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 instrument's 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

ACCOUNTING POLICIES
CONTINUED

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.

Equity instruments measured at FVOCI

The Group measures equity instruments at FVOCI when it considers the investments to be strategic or held for long-term dividend yield. The equity instruments are not held for trading. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

Otherwise, equity instruments are measured at fair value through profit or loss (except for dividend income, which is recognised in profit or loss).

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.

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

ACCOUNTING POLICIES
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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.

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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 can be reclassified to equity.

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.

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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 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 plc are recorded as non-controlling interests on the balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent Investec plc shares repurchased by the Group which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc 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.

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

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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.

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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.

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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 186.
- 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 K of the Parent Company annual financial statements.
- 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 economic scenarios. More detail relating to the methodology,

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judgements and estimates and results of the Group's assessment of ECLs can be found on pages 181 to 183.

- 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 181 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 49.
- 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	Group Investments	Group Costs	Total Group
Net interest income	8 340	132 302	670 285	—	—	810 927
Fee and commission income	9 170	874	163 169	—	—	173 213
Fee and commission expense	(992)	(41)	(15 418)	—	—	(16 451)
Investment income	2	1 138	1 461	11 721	—	14 322
Share of post-taxation profit of associates and joint venture holdings	31 013	—	24 780	—	—	55 793
Trading income/(loss) arising from						
– customer flow	2 099	4 869	96 190	—	—	103 158
– balance sheet management and other trading activities	(662)	(99)	27 860	—	—	27 099
Other operating income	—	—	2 150	—	—	2 150
Operating income	**48 970**	**139 043**	**970 477**	**11 721**	**—**	**1 170 211**
Expected credit loss impairment charges	4	(13 557)	(72 442)	—	—	(85 995)
Operating income after expected credit loss impairment charges	**48 974**	**125 486**	**898 035**	**11 721**	**—**	**1 084 216**
Operating costs	(14 178)	(57 090)	(558 981)	—	(26 350)	(656 599)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions from continuing operations	**34 796**	**68 396**	**339 054**	**11 721**	**(26 350)**	**427 617**
Profit attributable to non-controlling interests	—	—	(1 204)	—	—	(1 204)
Adjusted operating profit/(loss) from continuing operations	**34 796**	**68 396**	**337 850**	**11 721**	**(26 350)**	**426 413**
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						**474 241**
Selected returns and key statistics						
Cost to income ratio	29.0%	41.1%	57.7%	n/a	n/a	56.2%
Total assets (£'mn)	1 028	5 327	23 547	159	n/a	30 061

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	Group Investments	Group Costs	Total Group
Net interest income	5 382	128 945	579 893	—	—	714 220
Fee and commission income	8 284	2 120	121 391	—	—	131 795
Fee and commission expense	(691)	(174)	(14 577)	—	—	(15 442)
Investment income	7	141	4 865	13 210	—	18 223
Share of post-taxation profit of associates and joint venture holdings	—	—	4 950	—	—	4 950
Trading income/(loss) arising from						
– customer flow	1 252	4 449	81 665	—	—	87 366
– balance sheet management and other trading activities	10	13	13 111	—	—	13 134
Other operating income	—	—	6 879	—	—	6 879
Operating income	**14 244**	**135 494**	**798 177**	**13 210**	**—**	**961 125**
Expected credit loss impairment charges	2	(6 344)	(60 410)	—	—	(66 752)
Operating income after expected credit loss impairment charges	**14 246**	**129 150**	**737 767**	**13 210**	**—**	**894 373**
Operating costs	(14 286)	(58 996)	(504 576)	—	(21 108)	(598 966)
Operating profit/(loss) before goodwill and strategic actions from continuing operations	**(40)**	**70 154**	**233 191**	**13 210**	**(21 108)**	**295 407**
Profit attributable to non-controlling interests	—	—	—	—	—	—
Adjusted operating profit/(loss) from continuing operations	**(40)**	**70 154**	**233 191**	**13 210**	**(21 108)**	**295 407**
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						**387 174**
Selected returns and key statistics						
Cost to income ratio	100.3%	43.5%	63.2%	n/a	n/a	62.3%
Total assets (£'mn)	1 061	5 202	21 951	172	n/a	28 386

^ Restated to reflect continuing operations and reversal of interest rate swaps gross-up as detailed in note 58.

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	8 872 354	427 558	4.82%	9 148 676	210 026	2.30%
Loans and advances	2	16 247 191	1 304 525	8.03%	15 268 383	915 987	6.00%
Private client		5 295 948	272 640	5.15%	5 085 272	214 368	4.22%
Corporate, institutional and other clients		10 951 243	1 031 885	9.42%	10 183 111	701 619	6.89%
Other debt securities and other loans and advances		891 414	66 290	7.44%	731 317	38 862	5.31%
Other#	3	190 123	116 100	n/a	225 900	50 370	n/a
Total interest-earning assets		**26 201 082**	**1 914 473**	**7.31%**	**25 374 276**	**1 215 245**	**4.79%**

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	3 702 896	74 690	2.02%	3 788 578	50 675	1.34%
Customer accounts (deposits)		19 743 560	886 358	4.49%	19 010 904	383 198	2.02%
Subordinated liabilities		692 448	51 961	7.50%	737 888	33 615	4.56%
Other#	5	259 387	90 537	n/a	309 623	33 537	n/a
Total interest-bearing liabilities		**24 398 291**	**1 103 546**	**4.52%**	**23 846 993**	**501 025**	**2.10%**
Net interest income			**810 927**			**714 220**	
Net interest margin			**3.10%**			**2.81%**	

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 58.

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	**8 178**	**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	(992)	(691)
Specialist Banking net fee and commission income	**148 584**	**108 760**
Specialist Banking fee and commission income	164 043	123 511
Specialist Banking fee and commission expense	(15 459)	(14 751)
Net fee and commission income	**156 762**	**116 353**
Fee and commission income	173 213	131 795
Fee and commission expense	(16 451)	(15 442)
Net fee and commission income	**156 762**	**116 353**
Annuity fees (net of fees payable)	18 238	22 396
Deal fees	138 524	93 957

* Wealth & Investment businesses relates to Investec Bank (Switzerland) AG.
^ Restated to reflect continuing operations as detailed in note 58.

4. Investment income

For the year to 31 March £'000	2024	2023
Realised	28 655	13 159
Unrealised*	(27 516)	(15 557)
Dividend income	13 183	19 756
Funding and other net related income	—	865
	14 322	**18 223**

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	(2 742)	38 647	287	36 192	831	—	(8 368)	28 655
Unrealised*	2 798	(30 381)	450	(27 133)	(253)	(12 500)	12 370	(27 516)
Dividend income	11 722	1 261	—	12 983	—	—	200	13 183
Funding and other net related income	—	—	—	—	—	—	—	—
	11 778	**9 527**	**737**	**22 042**	**578**	**(12 500)**	**4 202**	**14 322**
2023								
Realised	(994)	53 495	1 062	53 563	(528)	(1 118)	(38 758)	13 159
Unrealised*	1 147	(51 323)	(1 281)	(51 457)	(5 649)	(2 325)	43 874	(15 557)
Dividend income	13 210	6 313	—	19 523	—	—	233	19 756
Funding and other net related income	—	—	—	—	—	865	—	865
	13 363	**8 485**	**(219)**	**21 629**	**(6 177)**	**(2 578)**	**5 349**	**18 223**

* 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. Other operating income

For the year to 31 March £'000	2024	2023
Unrealised (losses)/gains on other investments	(765)	(3 773)
Income from operating leases	1 554	4 468
Income from government grants*	1 361	6 184
	2 150	**6 879**

* 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	(64)	69
Other balance sheet assets	(160)	3 648
Undrawn commitments and guarantees	(4 229)	8 639
	85 995	**66 752**

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	436 100	422 566
Salaries and wages (including directors' remuneration)**	352 067	340 344
Share-based payment expense	22 989	21 193
Social security costs	40 891	41 812
Pensions and provident fund contributions	20 153	19 217
Training and other costs	5 924	6 425
Staff costs	442 024	428 991
Premises expenses	29 373	26 603
Premises expenses (excluding depreciation and impairments)	14 500	12 558
Premises depreciation and impairments	14 873	14 045
Equipment expenses (excluding depreciation)	52 031	45 564
Business expenses*	120 050	84 772
Marketing expenses	9 995	9 210
Depreciation, amortisation and impairment on equipment, software and intangibles	3 126	3 826
	656 599	**598 966**

* 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 Investec remuneration report 2024.
^ Restated to reflect continuing operations as detailed in note 58.

Segmental breakdown of operating costs

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	Group Costs	Total Group
Staff costs	8 520	24 803	395 411	13 290	442 024
Premises expenses	512	1 418	26 630	813	29 373
Equipment expenses (excluding depreciation)	2 650	6 568	41 595	1 218	52 031
Business expenses	2 347	20 881	86 436	10 386	120 050
Marketing expenses	29	3 420	5 903	643	9 995
Depreciation, amortisation and impairment on equipment, software and intangibles	120	—	3 006	—	3 126
	14 178	**57 090**	**558 981**	**26 350**	**656 599**

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	Group Costs	Total Group
Staff costs	9 379	26 973	383 309	9 330	428 991
Premises expenses	413	1 303	24 618	269	26 603
Equipment expenses (excluding depreciation)	2 218	9 090	33 829	427	45 564
Business expenses	1 941	17 173	54 759	10 899	84 772
Marketing expenses	16	4 457	4 554	183	9 210
Depreciation, amortisation and impairment on equipment, software and intangibles	319	—	3 507	—	3 826
	14 286	**58 996**	**504 576**	**21 108**	**598 966**

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	**6 320**	**6 188**
Audit of the Group's accounts	468	438
Audit of the Group's subsidiaries	5 852	5 750
Total non-audit fees	**1 692**	**2 419**
Audit related assurance services[1]	820	1 326
Other assurance services[2]	346	640
Services related to corporate finance transactions[3]	75	87
Other non-audit services	451	366
Total auditor's remuneration	**8 012**	**8 607**

1. Audit related assurance fees consist of reviews of interim financial information and reporting accountant services.
2. Other assurance services relate to services required by law or regulation (including reporting on regulatory returns, 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.

^ In addition, audit fees of £1.8 million (2023: £1.6 million) and non audit fees of £300 000 (2023: £300 000) are borne by the Company and which relate to the Investec DLC Group.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments

The Group operates share option and long-term share incentive plans for employees, the majority of which are on an equity-settled basis. The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of 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		
Equity-settled	**22 989**	**21 193**

^ Restated to reflect continuing operations as detailed in note 58.

For the year to 31 March **£'000**	**2024**	2023
Weighted average fair value of awards granted in the year		
UK schemes	**19 600**	**25 576**

	UK schemes			
	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	28 785 417	—	29 590 241	—
Deconsolidation of subsidiaries	(748 335)	—	—	—
Granted during the year	5 525 265	—	5 542 176	—
Exercised during the year^	(5 182 871)	—	(4 788 744)	0.01
Awards forfeited during the year	(658 715)	—	(1 558 256)	—
Outstanding at the end of the year	**27 720 761**	**—**	**28 785 417**	**—**
Exercisable at the end of the year	**861 064**	**—**	**932 470**	**—**

^ 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	1.69 years	1.99 years
Weighted average fair value of awards and long-term grants at measurement date	£3.55	£4.61
The fair values of awards granted were calculated using a Black-Scholes option pricing model and shares granted were calculated at market price. 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	3.66–7.01 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.

	UK schemes			
	2024		2023	
Summary by share plan and award type	Number of share awards outstanding	Year of vesting	Number of share awards outstanding	Year of vesting
Investec 1 Limited Share Incentive Plan				
– Conditional awards	70 571	3,4,5	137 473	3,4,5
– Forfeitable shares	11 446 438	3,4,5	15 598 193	3,4,5
– Nil-cost options	5 000	4,5	5 000	4,5
Investec plc Executive Incentive Plan 2013				
– Executive conditional awards	6 436 810	1,2,3 & 3,4,5 & 3,4,5,6,7	7 531 227	1,2,3 & 3,4,5 & 3,4,5,6,7
– Nil-cost options	10 000	4,5	10 000	4,5
Investec plc Share Incentive Plan 2021				
– Conditional awards	314 045	3,4,5	76 349	3,4,5
– Executive conditional awards	2 222 905	1,2,3 & 3,4,5 & 3,4,5,6,7	1 428 850	1,2,3 & 3,4,5 & 3,4,5,6,7
– Forfeitable shares	7 214 992	3,4,5	3 998 325	3,4,5
Outstanding at the end of the year	**27 720 761**		**28 785 417**	

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments (continued)

	UK schemes			
	2024		2023	
Summary by share plan	**Number of share awards outstanding**	**Maximum limit per individual**	Number of share awards	Maximum limit per individual
Investec 1 Limited Share Incentive Plan	11 522 009	10 000 000	15 740 666	10 000 000
Investec plc Executive Incentive Plan 2013	6 446 810	2 500 000	7 541 227	2 500 000
Investec plc Share Incentive Plan 2021	9 751 942	15 000 000	5 503 524	15 000 000
Outstanding at the end of the year	**27 720 761**		**28 785 417**	

Awards granted but not exercised by option vesting period	**2024**	2023
Year to 31 March 2023	—	932 470
Year to 31 March 2024	861 064	5 363 823
Year to 31 March 2025	7 643 931	7 642 215
Year to 31 March 2026	9 201 369	9 398 810
Year to 31 March 2027	5 226 958	3 846 730
Year to 31 March 2028	3 743 032	995 814
Year to 31 March 2029	625 093	444 531
Year to 31 March 2030	290 162	161 024
Year to 31 March 2031	129 152	—
Outstanding at the end of the year	**27 720 761**	**28 785 417**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Long-term employment benefits

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 £7 263 000 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 £0.6 million (31 March 2023: £1.9 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	2 735 148	—	4 312 508	0.01
Sale of business	—	—	—	—
Grant linked to Ninety One Distribution	—	—	4 316 708	—
Granted during the year^	103 046	—	1 120	—
Exercised during the year	(1 201 482)	—	(5 706 136)	—
Lapsed during the year	(21 369)	—	(189 052)	0.17
Outstanding at the end of the year	**1 615 343**	**—**	**2 735 148**	**—**
Exercisable at the end of the year	**421 724**	**—**	**1 054 811**	**—**

^ 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.

The exercise price range and weighted average remaining contractual life for market strike options and long-term awards outstanding at 31 March 2024 were as follows:

Additional information relating to awards:	**2024**	2023
Options with strike price		
Exercise price range	n/a	n/a
Weighted average remaining contractual life	n/a	n/a
Long-term awards with no strike price		
Exercise price range	£nil	£nil
Weighted average remaining contractual life	1.19 years	1.51 years

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

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	84 102	68 298
Adjustments in respect of prior years	3 110	(7 359)
Corporation tax before double tax relief	**87 212**	**60 939**
Double tax relief	(566)	(335)
	86 646	**60 604**
Europe	7 383	5 478
Australia	333	438
Other*	1 337	638
	9 053	**6 554**
Total current taxation	**95 699**	**67 158**
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	**85 775**	**59 623**
Total taxation charge for the year comprises:		
Taxation on operating profit before goodwill	86 502	59 623
Taxation on acquired intangibles, goodwill and disposal of subsidiaries	(727)	—
	85 775	**59 623**
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
Liability/(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 58.

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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	**403 638**	**293 720**
Taxation on profit before taxation	**85 775**	**59 623**
Effective tax rate	**21.3%**	**20.3%**
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%)	100 909	54 868
Taxation adjustments relating to foreign earnings	(17 282)	(3 409)
Taxation relating to prior years	2 362	(8 129)
Impairment of goodwill and non-operating items	(298)	1 199
Share options accounting expense/(income)	(212)	739
Non-taxable income	(4 885)	(1 956)
Net other permanent differences	268	(742)
Bank surcharge	6 910	17 068
Capital gains – non-taxable/covered by losses	417	1 361
Movement in unrecognised trading losses	(1 798)	5 335
Change in tax rate	(616)	(6 711)
Total taxation charge as per income statement	**85 775**	**59 623**
Other comprehensive income taxation effects		
Gains on realisation of debt instruments at FVOCI recycled through the income statement	(982)	(314)
Pre-taxation	(1 131)	(431)
Taxation effect	149	117
Fair value movements on debt and equity instruments at FVOCI taken directly to other comprehensive income	(7 153)	(76 182)
Pre-taxation	(5 043)	(75 913)
Taxation effect	(2 110)	(269)
Cash flow hedges reserves	17 684	—
Pre-taxation	24 553	—
Taxation effect	(6 869)	—
Statement of changes in equity taxation effects		
Additional Tier 1 capital	(20 634)	(16 880)
Pre-taxation	(20 634)	(16 880)
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 58.

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.

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11. Dividends

For the year to 31 March £'000	2024 Pence per share	2024 Total	2023 Pence per share	2023 Total
Ordinary dividend				
Final dividend for prior year	17.5	50 252	14.0	44 049
Interim dividend for current year	15.5	44 153	13.5	44 414
Total dividend attributable to ordinary shareholders	**33.0**	**94 405**	**27.5**	**88 463**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2024 of 19.0 pence per ordinary share (31 March 2023: 17.5 pence).

This will be paid as follows:

- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 19.0 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment on the SA DAS share of 19.0 pence per ordinary share.

The final dividend to shareholders on the register at the close of business on 23 August 2024 is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 8 August 2024 and, if approved,will be paid on 6 September 2024.

For the year to 31 March £'000	2024 Pence per share	2024 Cents per share	2024 Total	2023 Pence per share	2023 Cents per share	2023 Total
Perpetual preference dividend						
Final dividend for prior year	21.59	490.94	623	21.58	490.94	200
Interim dividend for current year	29.09	552.50	832	11.44	329.08	340
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**50.68**	**1 043.44**	**1 455**	**33.02**	**820.02**	**540**

The directors have declared a final dividend in respect of the financial year ended 31 March 2024 of 31.33562 pence (Investec plc shares traded on the JSE Limited) and 31.33562 pence (Investec plc shares traded on the Channel Island Stock Exchange), and 559.65411 cents per Rand-denominated perpetual preference share. The final Sterling dividend will be payable on 28 June 2024 to shareholders on the register at the close of business on 14 June 2024. The final Rand dividend will be payable on 28 June 2024 to shareholders on the register at the close of business on 14 June 2024.

For the year to 31 March £'000	2024	2023
Dividend attributable to Other Additional Tier 1 securities	**20 642**	**16 880**

The £250 000 000 Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (AT1 securities), issued on 5 October 2017, pay a distribution rate of 6.75% per annum quarterly.

£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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12. Analysis of income and impairments by category of financial instrument

This note analyses income and impairments from the Group's continuing operations.

For the year to 31 March £'000	At fair value through profit or loss – IFRS 9 mandatory: Trading**	At fair value through profit or loss – IFRS 9 mandatory: Non-trading**	At fair value through profit or loss: 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)	16 365	(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	27 100	—
Other operating income	—	—	—
Total operating income/(expense) before expected credit loss	**126 518**	**125 415**	**(3 099)**
Expected credit loss impairments charges*	—	—	—
Operating income/(expense)	**126 518**	**125 415**	**(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)	18 575	(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	20 981	(6 116)
Other operating income	—	—	—
Total operating income/(expense) before expected credit loss	**118 760**	**109 599**	**(5 294)**
Expected credit loss impairments charges*	—	—	—
Operating income/(expense)	**118 760**	**109 599**	**(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 58.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income					
Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income and expenses	**Total**
175 370	—	545 910	(462)	—	810 927
—	—	69 720	—	88 754	173 213
—	—	(2 736)	—	(13 715)	(16 451)
1 131	11 721	700	(10 680)	—	14 322
—	—	—	55 793	—	55 793
—	—	(1 906)	—	—	103 158
—	—	(373)	—	—	27 099
—	—	1 553	—	597	2 150
176 501	**11 721**	**612 868**	**44 651**	**75 636**	**1 170 211**
—	—	(85 995)	—	—	(85 995)
176 501	**11 721**	**526 873**	**44 651**	**75 636**	**1 084 216**

Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income and expenses	**Total**
83 370	—	539 675	755	—	714 220
—	—	68 381	—	46 903	131 795
—	—	(2 594)	—	(12 848)	(15 442)
1 001	13 210	484	(6 555)	—	18 223
—	—	—	4 950	—	4 950
—	—	(3 196)	—	—	87 366
—	—	(2 355)	—	—	13 134
—	—	4 468	—	2 411	6 879
84 371	**13 210**	**604 863**	**(850)**	**36 466**	**961 125**
—	—	(66 752)	—	—	(66 752)
84 371	**13 210**	**538 111**	**(850)**	**36 466**	**894 373**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of financial assets and liabilities by category of financial instruments

At 31 March 2024 £'000	At fair value through profit or loss IFRS 9 mandatory Trading*	Non-trading*	Designated at initial recognition
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	437 255	—	—
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	—	246 521	—
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	4 732	5 153	—
Property and equipment	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	
	587 187	**1 118 301**	**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 51 on pages 150 to 152.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income					
Debt instrument with dual business model	Equity instruments	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	5 661 623	—	5 661 623
—	—	—	676 464	—	676 464
—	—	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
—	—	437 255	—	—	437 255
—	—	157 332	—	—	157 332
1 471 371	—	2 112 568	14 457 745	—	16 570 313
—	—	—	117 514	—	117 514
—	—	66 702	—	—	66 702
—	158 889	405 410	—	—	405 410
—	—	—	—	857 247	857 247
—	—	—	—	31 200	31 200
—	—	—	—	119 730	119 730
—	—	9 885	417 758	312 478	740 121
—	—	—	—	72 947	72 947
—	—	—	—	68 669	68 669
—	—	—	—	4 571	4 571
—	—	—	—	—	—
2 720 475	**158 889**	**4 662 253**	**23 931 792**	**1 466 842**	**30 060 887**
—	—	—	2 174 305	—	2 174 305
—	—	472 662	—	—	472 662
—	—	18 449	—	—	18 449
—	—	—	85 091	—	85 091
—	—	—	20 790 611	—	20 790 611
—	—	9 823	1 263 283	—	1 273 106
—	—	71 751	—	—	71 751
—	—	—	—	8 672	8 672
—	—	—	594 305	431 508	1 025 813
—	**—**	**572 685**	**24 907 595**	**440 180**	**25 920 460**
—	—	—	668 810	—	668 810
—	**—**	**572 685**	**25 576 405**	**440 180**	**26 589 270**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. Analysis of financial assets and liabilities by category of financial instruments (continued)

At 31 March 2023 £'000	At fair value through profit or loss IFRS 9 mandatory Trading*	Non-trading*	Designated at initial recognition
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	634 123	—	—
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	—	316 919	—
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	10 327	9 213	—
Property and equipment	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	
	755 069	**1 344 587**	**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 51 on pages 150 to 152.

NOTES TO THE FINANCIAL STATEMENTS
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At fair value through comprehensive income					
Debt instrument with dual business model	Equity instruments	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	5 400 401	—	5 400 401
—	—	—	893 297	—	893 297
—	—	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
—	—	634 123	—	—	634 123
—	—	127 537	—	—	127 537
843 428	—	1 393 943	14 173 866	—	15 567 809
—	—	—	142 626	—	142 626
—	—	78 231	—	—	78 231
—	172 285	489 204	—	—	489 204
—	—	—	—	52 320	52 320
—	—	—	—	34 324	34 324
—	—	—	—	112 347	112 347
—	—	19 540	612 778	333 131	965 449
—	—	—	—	121 014	121 014
—	—	—	—	255 267	255 267
—	—	—	—	9 415	9 415
—	—	—	—	40 550	40 550
2 184 910	**172 285**	**4 547 998**	**22 879 957**	**958 368**	**28 386 323**
—	—	—	2 172 171	—	2 172 171
—	—	704 816	—	—	704 816
—	—	28 184	—	—	28 184
—	—	—	139 529	—	139 529
—	—	—	19 121 921	—	19 121 921
—	—	21 554	1 427 991	—	1 449 545
—	—	81 609	—	—	81 609
—	—	—	—	5 370	5 370
—	—	6 324	645 612	580 793	1 232 729
—	**—**	**842 487**	**23 507 224**	**586 163**	**24 935 874**
—	—	—	731 483	—	731 483
—	**—**	**842 487**	**24 238 707**	**586 163**	**25 667 357**

NOTES TO THE FINANCIAL STATEMENTS
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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 2024 £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
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	437 255	—	384 245	53 010
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	405 410	159 681	754	244 975
Other assets	9 885	9 885	—	—
	4 662 253	**1 576 002**	**619 801**	**2 466 450**
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	**4 089 568**	**1 557 553**	**201 657**	**2 330 358**

* 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 2023 £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
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	634 123	—	580 939	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	489 204	173 952	884	314 368
Other assets	19 540	19 540	—	—
	4 547 998	**1 682 526**	**1 018 109**	**1 847 363**
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	**3 705 511**	**1 654 342**	**351 197**	**1 699 972**

* 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
Assets					
Balance as at 1 April 2022	**329 936**	**1 211 848**	**93 087**	**153 761**	**1 788 632**
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	**314 368**	**1 303 646**	**78 231**	**151 118**	**1 847 363**
Total gains or (losses)	1 149	175 394	(1 495)	5 307	180 355
In the income statement	1 149	177 180	(1 495)	5 307	182 141
In the statement of comprehensive income	—	(1 786)	—	—	(1 786)
Purchases	31 704	2 551 558	—	39 709	2 622 971
Sales	(80 268)	(1 058 680)	—	(14 481)	(1 153 429)
Settlements	(18 352)	(898 422)	(10 034)	(74 870)	(1 001 678)
Foreign exchange adjustments	(3 626)	(31 346)	—	5 840	(29 132)
Balance as at 31 March 2024	**244 975**	**2 042 150**	**66 702**	**112 623**	**2 466 450**

1. Comprises of 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Fair value hierarchy (continued)

For the year to £'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities[2]	Total
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.

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
2024			
Total gains or (losses) included in the income statement for the year			
Net interest income	174 393	156 766	17 627
Investment income*	2 520	33 266	(30 746)
Trading income arising from customer flow	(2 145)	—	(2 145)
	174 768	**190 032**	**(15 264)**
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	98 169	86 175	11 994
Investment income*	2 085	2 502	(417)
Trading loss arising from customer flow	160	1	159
	100 414	**88 678**	**11 736**
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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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

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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
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	53 010	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	244 975	Potential impact on income statement		24 877	(48 953)
		Price earnings multiple	3.8x–9x	6 485	(13 200)
		Cash flow adjustments	10%	225	(449)
		Underlying asset value	^^	9 798	(18 625)
		Other	^	8 369	(16 679)
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	**2 466 450**			**61 978**	**(118 572)**
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	**2 330 358**				

* 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
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%-8.9%	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	314 368	Potential impact on income statement		33 129	(66 354)
		Price earnings multiple	5.5x-11.2x	11 718	(21 695)
		Underlying asset value	^^	9 378	(20 883)
		Other	^	12 033	(23 776)
Loans and advances to customers	1 303 646	Potential impact on income statement		21 222	(40 572)
		Credit spreads	0.28%-5.2%	10 994	(22 971)
		Price earnings multiple	3.5x-4x	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	**1 847 363**			**78 976**	**(149 977)**
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	**1 699 972**				

* 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
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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.

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15. Fair value of financial instruments at amortised cost

					Level within the fair value hierarchy		
At 31 March 2024 £'000	**Carrying amount**	**Fair value approximates carrying amount**	**Balances where fair values do not approximate carrying amounts**	**Fair value of balances that do not approximate carrying amounts**	Level 1	Level 2	Level 3
Assets							
Cash and balances at central banks	5 661 623	5 661 623	—	—	—	—	—
Loans and advances to banks	676 464	676 464	—	—	—	—	—
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	117 514	71 467	46 047	46 167	—	46 167	—
Other assets	417 758	417 758	—	—	—	—	—
	23 931 792	**8 306 482**	**15 625 310**	**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)	20 790 611	9 957 937	10 832 674	10 810 561	—	10 810 561	—
Debt securities in issue	1 263 283	1 194	1 262 089	1 261 504	975 292	286 212	—
Other liabilities	594 305	592 679	1 626	536	—	—	536
Subordinated liabilities	668 810	—	668 810	661 143	661 143	—	—
	25 576 405	**10 908 421**	**14 667 984**	**14 651 009**			

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 2023 £'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
Assets							
Cash and balances at central banks	5 400 401	5 400 401	—	—	—	—	—
Loans and advances to banks	893 297	893 297	—	—	—	—	—
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	142 626	69 727	72 899	72 976	—	72 976	—
Other assets	612 778	612 778	—	—	—	—	—
	22 879 957	**8 441 841**	**14 438 116**	**14 296 009**			
Liabilities							
Deposits by banks	2 172 171	373 944	1 798 227	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)	19 121 921	10 426 685	8 695 236	8 654 686	—	8 654 686	—
Debt securities in issue	1 427 991	1 183	1 426 808	1 383 613	911 763	471 850	—
Other liabilities	645 612	642 983	2 629	1 572	—	—	1 572
Subordinated liabilities	731 483	—	731 483	713 119	713 119	—	—
	24 238 707	**11 529 865**	**12 708 842**	**12 609 592**			

For the year ended 31 March 2023, there were insignificant disposals of financial instruments measured at amortised cost.

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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.

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16. Designated at fair value

At 31 March £'000	Carrying value	Fair value adjustment Current	Fair value adjustment Cumulative	Change in fair value attributable to credit risk* Current	Change in fair value attributable to credit risk* Cumulative	Maximum exposure to credit risk
Assets						
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**

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)
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.

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17. Cash and balances at central banks

At 31 March £'000	2024	2023
Gross cash and balances at central banks	5 661 623	5 400 401
Expected credit loss	—	—
Net cash and balances at central banks	**5 661 623**	**5 400 401**
The country risk of cash and bank balances at central banks lies in the following geographies:		
United Kingdom	5 650 258	5 380 357
Europe (excluding UK)	11 365	20 044
	5 661 623	**5 400 401**

18. Loans and advances to banks

At 31 March £'000	2024	2023
Gross loans and advances to banks	676 487	893 368
Expected credit loss	(23)	(71)
Net loans and advances to banks	**676 464**	**893 297**
The country risk of loans and advances to banks lies in the following geographies:		
South Africa	2 534	7 265
United Kingdom	309 774	511 777
Europe (excluding UK)	266 418	287 673
Australia	9 617	14 313
North America	77 740	62 609
Asia	10 108	8 446
Other	273	1 214
	676 464	**893 297**

19. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

At 31 March £'000	2024	2023
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	1 140 129	1 338 711
Expected credit loss	(14)	(12)
Net reverse repurchase agreements and cash collateral on securities borrowed	**1 140 115**	**1 338 699**
Reverse repurchase agreements	1 131 175	1 328 235
Cash collateral on securities borrowed	8 940	10 464
	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	67 520	118 373
Cash collateral on securities lent	17 571	21 156
	85 091	**139 529**

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.

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20. Sovereign debt securities

At 31 March £'000	2024	2023
Gross sovereign debt securities	1 928 134	1 221 744
Expected credit loss	—	—
Net sovereign debt securities	**1 928 134**	**1 221 744**
The country risk of sovereign debt securities lies in the following geographies:		
United Kingdom	1 108 907	348 827
Europe (excluding UK)*	136 269	190 232
North America	682 958	682 685
	1 928 134	**1 221 744**

* Where Europe (excluding UK) largely includes securities held in Germany and Switzerland.

21. Bank debt securities

At 31 March £'000	2024	2023
Gross bank debt securities	297 257	204 691
Expected credit loss	(2)	—
Net bank debt securities	**297 255**	**204 691**
Bonds	297 255	200 590
Floating rate notes	—	4 101
	297 255	**204 691**
The country risk of bank debt securities lies in the following geographies:		
United Kingdom	188 179	122 690
Europe (excluding UK)	43 935	71 873
Australia	33 476	10 128
North America	31 665	—
	297 255	**204 691**

22. Other debt securities

At 31 March £'000	2024	2023
Gross other debt securities	708 689	697 837
Expected credit loss	(404)	(562)
Net other debt securities	**708 285**	**697 275**
Bonds	88 189	120 510
Asset-backed securities	620 096	576 765
	708 285	**697 275**
The country risk of other debt securities lies in the following geographies:		
United Kingdom	73 161	108 175
Europe (excluding UK)	95 957	140 937
North America	515 335	400 496
Asia	23 832	47 667
	708 285	**697 275**

NOTES TO THE FINANCIAL STATEMENTS
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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
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	43 321	126 493	46 254 022	28 842	160 283
OTC options bought and sold	31 723	—	505	—	—	—
OTC derivatives	**52 000 808**	**142 484**	**222 674**	**56 830 180**	**184 172**	**310 401**
Exchange traded futures	—	—	—	—	—	—
	52 000 808	**142 484**	**222 674**	**56 830 180**	**184 172**	**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		**437 255**	**472 662**		**634 123**	**704 816**

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24. Securities arising from trading activities

At 31 March £'000	2024	2023
Asset-backed securities	—	4 002
Bonds	12 050	24 106
Government securities	171	—
Listed equities	145 111	99 429
	157 332	**127 537**

25. Investment portfolio

At 31 March £'000	2024	2023
Listed equities	159 678	173 949
Unlisted equities*	245 732	315 255
	405 410	**489 204**

* 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	2024	2023
Gross loans and advances to customers at amortised cost	14 631 845	14 314 591
Gross loans and advances to customers at FVOCI^	1 471 371	843 428
Suspended interest	5 066	4 822
Gross loans and advances to customers subject to expected credit losses	**16 108 282**	**15 162 841**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(174 100)	(140 725)
Suspended interest	(5 066)	(4 822)
Net loans and advances to customers at amortised cost and FVOCI^	**15 929 116**	**15 017 294**
Loans and advances to customers at fair value through profit and loss	641 197	550 515
Net loans and advances to customers	**16 570 313**	**15 567 809**
Gross other loans and advances	117 526	142 702
Expected credit losses on other loans and advances	(12)	(76)
Net other loans and advances	**117 514**	**142 626**

^ 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 175 to 179 in the notes to risk and capital management.

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	2024
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	
Balance as at 1 April 2022	**130 805**
Charge to the income statement	53 592
Reversals and recoveries recognised in the income statement	(1 094)
Write-offs	(45 684)
Exchange adjustments	3 106
Balance as at 31 March 2023	**140 725**
Charge to the income statement	82 358
Reversals and recoveries recognised in the income statement	(83)
Write-offs	(48 018)
Exchange adjustments	(882)
Balance as at 31 March 2024	**174 100**
Expected credit loss on other loans and advances	
Balance as at 1 April 2022	**19**
Charge to the income statement	69
Exchange adjustments	(12)
Balance as at 31 March 2023	**76**
Release to the income statement	(64)
Balance as at 31 March 2024	**12**

^ 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	2024	2023
Other securitised assets are made up of the following categories of assets:		
Loans and advances to customers	66 233	74 226
Other debt securities	469	4 005
Total other securitised assets	**66 702**	**78 231**
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

At 31 March £'000	2024	2023
Interests in associated undertakings and joint venture holdings consist of:		
Net asset value	202 735	46 480
Goodwill and intangibles within the carrying value	654 512	5 840
Investment in associated undertakings and joint venture holdings	**857 247**	**52 320**
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	46 480	61 140
Exchange adjustments	(98)	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^	39 217	5 371
Share of other comprehensive income of associates and joint venture holdings	257	—
Dividends received	(228)	(19 412)
At the end of the year	**202 735**	**46 480**
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.

	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.

NOTES TO THE FINANCIAL STATEMENTS
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29. Deferred taxation

At 31 March £'000	2024	2023
Deferred taxation assets	119 730	112 347
Deferred taxation liabilities	—	—
Net deferred taxation assets	**119 730**	**112 347**
The net deferred taxation assets arise from:		
Deferred capital allowances	62 042	60 249
Income and expenditure accruals	1 096	3 404
Asset in respect of unexpired options	42 436	30 859
Unrealised fair value adjustments on financial instruments	11 748	25 584
Losses carried forward	2 046	2 079
Asset in respect of pension deficit	362	372
Deferred taxation on acquired intangibles	—	(10 200)
Net deferred taxation assets	**119 730**	**112 347**
Reconciliation of net deferred taxation assets		
At the beginning of the year	**112 347**	**110 377**
Release to income statement – current year taxation	9 924	9 577
Movement directly in other comprehensive income	(7 686)	(4 738)
Arising on acquisitions/disposals	5 201	(2 998)
Exchange adjustments	(56)	129
At the end of the year	**119 730**	**112 347**

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), capital losses carried forward of £190 million (2023: £199.5 million) and excess management expenses of £2.5 million (2023: £2.5 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.

30. Other assets

At 31 March £'000	2024	2023
Gross other assets	740 121	965 449
Expected credit loss	—	—
Net other assets	**740 121**	**965 449**
Financial assets		
Settlement debtors	336 901	500 959
Trading initial margin	4 732	10 327
Prepayments and accruals	5 017	25 656
Other	80 993	95 376
	427 643	**632 318**
Non-financial assets		
Trading properties	62 500	75 000
Prepayments and accruals	23 051	29 109
Finance lease receivables	174 754	207 203
Indirect taxation assets receivable	80	1 043
Other	52 093	20 776
	312 478	**333 131**
	740 121	**965 449**

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
2024							
Cost							
At the beginning of the year	36	141 830	58 368	7 156	26 791	1 431	235 612
Exchange adjustments	—	(268)	(41)	45	(22)	—	(286)
Acquisition of subsidiaries	—	—	—	506	—	—	506
Additions	—	8 063	892	221	1 972	53	11 201
Disposals	—	(292)	(2)	(110)	(86)	(188)	(678)
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**	**47 099**	**7 818**	**8 465**	**1 296**	**161 644**
Accumulated depreciation							
At the beginning of the year	(36)	(55 861)	(32 164)	(4 197)	(21 055)	(1 285)	(114 598)
Exchange adjustments	—	134	25	42	19	—	220
Acquisition of subsidiaries	—	—	—	(256)	—	—	(256)
Disposals	—	242	2	110	84	174	612
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)**	**(47 421)**	**(27 664)**	**(5 004)**	**(7 433)**	**(1 139)**	**(88 697)**
Net carrying value	**—**	**49 509**	**19 435**	**2 814**	**1 032**	**157**	**72 947**
2023							
Cost							
At the beginning of the year	36	139 730	77 402	7 062	23 507	3 466	251 203
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**	**58 368**	**7 156**	**26 791**	**1 431**	**235 612**
Accumulated depreciation							
At the beginning of the year	(36)	(45 209)	(26 287)	(3 639)	(17 756)	(3 221)	(96 148)
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)**	**(55 861)**	**(32 164)**	**(4 197)**	**(21 055)**	**(1 285)**	**(114 598)**
Net carrying value	**—**	**85 969**	**26 204**	**2 959**	**5 736**	**146**	**121 014**

* These are assets held by the Group, in circumstances where the Group is lessor..
** 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.
^ 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	286 430	280 194
Acquisition of subsidiaries	56 268	6 236
Adjustment to goodwill on acquisition within the measurement period	(200)	—
Deconsolidation of subsidiaries	(242 355)	—
Exchange adjustments	(311)	—
At the end of the year	**99 832**	**286 430**
Accumulated impairments		
At the beginning of the year	(31 163)	(30 358)
Impairments	—	(805)
At the end of the year	**(31 163)**	**(31 163)**
Net carrying value	**68 669**	**255 267**
Analysis of goodwill by line of business:		
Wealth & Investment	—	242 555
Specialist Banking	68 669	12 712
Total Group	**68 669**	**255 267**

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 £242.4 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 Acquired software	 Internally generated software	 Total	Other acquired intangible assets Client relationships*	 Total	 Total
2024						
Cost						
At the beginning of the year	33 671	3 298	36 969	199 070	199 070	236 039
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)	(194 771)	(194 771)	(206 660)
At the end of the year	**25 367**	**—**	**25 367**	**5 239**	**5 239**	**30 606**
Accumulated amortisation and impairments						
At the beginning of the year	(26 300)	(1 254)	(27 554)	(158 520)	(158 520)	(186 074)
Exchange adjustments	39	—	39	—	—	39
Disposals	240	—	240	—	—	240
Deconsolidation of subsidiaries	6 542	1 643	8 185	160 646	160 646	168 831
Amortisation**	(1 317)	(389)	(1 706)	(7 365)	(7 365)	(9 071)
At the end of the year	**(20 796)**	**—**	**(20 796)**	**(5 239)**	**(5 239)**	**(26 035)**
Net carrying value	**4 571**	**—**	**4 571**	**—**	**—**	**4 571**
2023						
Cost						
At the beginning of the year	28 800	3 104	31 904	186 729	186 729	218 633
Exchange adjustments	230	—	230	—	—	230
Acquisition of subsidiaries	—	194	194	10 882	10 882	11 076
Additions	4 659	—	4 659	1 459	1 459	6 118
Disposals	(18)	—	(18)	—	—	(18)
At the end of the year	**33 671**	**3 298**	**36 969**	**199 070**	**199 070**	**236 039**
Accumulated amortisation and impairments						
At the beginning of the year	(24 321)	(517)	(24 838)	(145 922)	(145 922)	(170 760)
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	**(26 300)**	**(1 254)**	**(27 554)**	**(158 520)**	**(158 520)**	**(186 074)**
Net carrying value	**7 371**	**2 044**	**9 415**	**40 550**	**40 550**	**49 965**

* 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
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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	359 339	(4 938)
Profit before taxation	**400 743**	**74 204**
Taxation on operating profit before acquired intangibles and strategic actions	(11 973)	(17 201)
Taxation on acquired intangibles and strategic actions	781	2 031
Profit after taxation	**389 551**	**59 034**
Profit attributable to non-controlling interests of discontinued operations	—	—
Earnings attributable to shareholders	**389 551**	**59 034**

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)	(405 755)
Gain on the combination of Rathbones Group (before tax)	**373 666**
Implementation costs	(14 327)
Gain on combination of Rathbones Group (before tax)	**359 339**
Taxation on gain	(834)
Gain on combination of Rathbones Group net of taxation and implementation costs	**358 505**

Major classes of assets and liabilities

£'000	
Loans and advances to banks	172 595
Goodwill	242 355
Other assets	360 378
Other liabilities	(369 573)
	405 755

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

35. Other trading liabilities

At 31 March £'000	2024	2023
Short positions		
– Equities	18 449	28 184
	18 449	**28 184**

36. Customer accounts (deposits)

At 31 March £'000	2024	2023
Demand	5 583 899	5 560 748
Transactional	484 625	742 116
Fixed	9 447 201	6 923 542
Notice	5 274 886	5 895 515
	20 790 611	**19 121 921**

37. Debt securities in issue

At 31 March £'000	2024	2023
Repayable in:		
Less than three months	16 660	28 447
Three months to one year	96 842	138 265
One to five years	1 148 929	962 545
Greater than five years	10 675	320 288
	1 273 106	**1 449 545**
Debt securities in issue shown above comprise:		
Senior unsecured notes	976 336	951 125
Structured notes	295 576	497 226
Redeemable preference shares	1 194	1 194
	1 273 106	**1 449 545**

38. Other liabilities

At 31 March £'000	2024	2023
Financial liabilities		
Settlement liabilities	310 134	411 824
Other creditors and accruals^	165 112	128 273
Other non-interest-bearing liabilities	107 801	96 180
Expected credit losses on undrawn commitments and guarantees	11 258	15 659
	594 305	**651 936**
Non financial liabilities		
Other creditors and accruals	175 216	228 720
Lease liabilities	243 951	322 767
Other non-interest-bearing liabilities	10 608	18 894
Indirect taxation liabilities payable	1 733	10 412
	431 508	**580 793**
	1 025 813	**1 232 729**

^ Included in Other creditors and accruals in the current year is a provision relating to motor vehicle financing. Refer to note 49 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
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**

Reconciliation from opening balance to closing balance

At 31 March £'000	2024
Balance as at 1 April 2022	**344 802**
Interest on lease liabilities	13 235
New leases	3 009
Repayment of lease liabilities	(57 324)
Remeasurement of lease liabilities	4 114
Exchange adjustments	14 931
Balance as at 31 March 2023	**322 767**
Interest on lease liabilities	11 576
New leases	7 973
Deconsolidation of subsidiaries	(39 752)
Repayment of lease liabilities	(54 020)
Exchange adjustments	(4 593)
Balance as at 31 March 2024	**243 951**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

39. Subordinated liabilities

At 31 March £'000	2024	2023
Issued by Investec Bank plc		
Subordinated fixed rate reset callable medium-term notes – amortised cost	—	71 060
Issued by Investec plc		
Subordinated fixed rate reset callable medium-term notes – amortised cost	668 810	660 423
	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**
Reconciliation from opening balance to closing balance		
At the beginning of the year	**731 483**	**758 739**
New issue	—	345 590
Redemption	(70 000)	(347 925)
Accrual of interest	42 067	32 501
Repayment of interest	(44 100)	(40 455)
Hedge accounting/amortisation of discount	9 360	(16 967)
At the end of the year	**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 callable fixed rate resettable medium-term notes (denominated in Pound Sterling) – accounted for at amortised cost

On 4 October 2021, Investec plc issued £350 000 000 of 2.625% subordinated notes due 2032 at a discount (2032 notes). 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 notes are listed on the London Stock Exchange. The notes will be redeemed at par on 4 January 2032. The issuer may redeem the notes at par on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions. If the option to redeem is not exercised, the notes will be redeemed at par on the maturity date of 4 January 2032.

Subordinated callable fixed rate resettable medium-term notes (denominated in Pounds Sterling) – accounted for at amortised cost

On 6 December 2022, Investec plc issued £350 000 000 of 9.125% subordinated notes due 2033 at a discount (2033 notes). 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 notes are listed on the London Stock Exchange. The issuer may redeem the notes at par on any date in the period from 6 December 2027 to (and including) 6 March 2028 subject to conditions. If the option to redeem is not exercised, the notes will be redeemed at par 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	2024	2023
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	696 082 618	696 082 618
Issued during the year	—	—
At the end of the year	**696 082 618**	**696 082 618**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	138	138
Issued during the year	—	—
At the end of the year	**138**	**138**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	318 904 709	318 904 709
Buyback during the year	(23 778 903)	—
At the end of the year	**295 125 806**	**318 904 709**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	64	64
Issued during the year	—	—
At the end of the year	**64**	**64**
Number of UK DAN shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAN share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Number of UK DAS shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAS share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Number of special voting shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of special voting shares	**£'000**	**£'000**
At the beginning and end of the year	*	*

* Less than £1 000.

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CONTINUED

40. Ordinary share capital (continued)

Staff share scheme

The Group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees are disclosed in note 8.

Movements in the number of share options (each option is in respect of one share) issued to employees are as follows:

At 31 March Number of shares	2024	2023
Opening balance	28 785 417	29 590 241
Deconsolidation of subsidiaries	(748 335)	—
Granted during the year	5 525 265	5 542 176
Exercised	(5 182 871)	(4 788 744)
Lapsed	(658 715)	(1 558 256)
Closing balance	**27 720 761**	**28 785 417**

The purpose of the staff share scheme is to promote an esprit de corps within the organisation, create an awareness of Investec Group's performance and provide an incentive to maximise individual and Group performance by allowing all staff to share in the risks and rewards of the Group.

The Group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time, depending on taxation legislation and factors affecting the Group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the Group's share price.

At present, the practice of the Group is to grant all permanent staff members a share allocation, based on their annual package, after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from three to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of Group management depending on the individual performance and contribution made by the respective staff members.

NOTES TO THE FINANCIAL STATEMENTS
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41. Perpetual preference shares

At 31 March £'000	**2024**	2023
Perpetual preference share capital	29	29
Perpetual preference share premium	24 765	24 765
	24 794	**24 794**
Issued by Investec plc		
2 754 587 (2023: 2 754 587) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.		
– Perpetual preference share capital	29	29
– Perpetual preference share premium	23 607	23 607
Perpetual preference shareholders will receive an annual dividend if declared based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the perpetual preference dividend has been declared.		
If declared, perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Issued by Investec plc – Rand-denominated		
131 447 (2023: 131 447) non-redeemable, non-cumulative, non-participating perpetual preference shares of ZAR0.001 each, issued at an average premium of ZAR99.999 per share.		
– Perpetual preference share capital	*	*
– Perpetual preference share premium	1 158	1 158
Rand-denominated perpetual preference shareholders will receive a dividend if declared, based on the coupon rate (being equivalent to South African prime rate multiplied by 95%), multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the Rand-denominated perpetual preference dividend has been declared.		
If declared, perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		

* Less than £1 000.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

42. Ordinary share premium

At 31 March £'000	2024	2023
Share premium account	**555 812**	**555 812**

43. Treasury shares

At 31 March £'000	2024	2023
Treasury shares held by subsidiaries of Investec plc	**192 783**	**181 797**
	Number	**Number**
Investec plc ordinary shares held by subsidiaries	53 401 625	49 720 148
Reconciliation of treasury shares	**Number**	**Number**
At the beginning of the year	49 720 148	48 997 877
Purchase of own shares by subsidiary companies	10 278 362	7 823 716
Shares disposed of by subsidiaries	(6 596 885)	(7 101 445)
At the end of the year	**53 401 625**	**49 720 148**
Market value of treasury shares	**£'000**	**£'000**
Investec plc	283 883	223 542
	283 883	**223 542**

Subsidiary companies which hold treasury shares are the staff share trusts which facilitate share-based awards within the Group.

44. Other Additional Tier 1 securities in issue

At 31 March £'000	2024	2023
Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities	**458 108**	**250 000**

On 5 October 2017, Investec plc issued £250 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities at par. On 1 March 2024, the Company bought back £142 million of these securities, leaving £108 million of the original securities outstanding as of 31 March 2024. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment day, the Company can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate of 5.749% per annum plus the benchmark gilts 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 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 plc issued £350 million of Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities at par. 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 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.

45. Non-controlling interests

At 31 March £'000	2024	2023
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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46. Finance lease disclosures

At 31 March £'000	2024 Total future minimum payments	2024 Present value	2023 Total future minimum payments	2023 Present value
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
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.

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47. Notes to the cash flow statement

At 31 March £'000	2024	2023
Profit before taxation adjusted for non-cash items and other required adjustments is derived as follows:		
Profit before taxation	804 382	367 924
Adjustment for non-cash items included in net income before taxation:		
Impairment of goodwill	—	805
Amortisation of acquired intangibles	7 364	12 625
Net gain on step acquisition of subsidiaries	(4 063)	—
Net gain on deconsolidation and disposal of subsidiaries	(373 666)	(30)
Depreciation of operating lease assets	28	56
Depreciation and impairment of property, equipment, software and other intangibles	24 196	26 768
Expected credit loss impairment charges	85 995	66 752
Share of post-taxation profit of associates and joint venture holdings	(55 793)	(4 950)
Non-operating income from associates	22 255	—
Dividends received from associates and joint venture holdings	228	19 413
Share-based payments and employee benefit liability recognised	22 989	22 304
Profit before taxation adjusted for non-cash items	**533 915**	**511 667**
Increase in operating assets		
Loans and advances to banks	277	530
Reverse repurchase agreements and cash collateral on securities borrowed	198 582	108 774
Sovereign debt securities	(706 390)	(55 967)
Bank debt securities	(92 601)	(143 007)
Other debt securities	(10 860)	(273 114)
Derivative financial instruments	193 766	86 645
Securities arising from trading activities	(29 795)	35 628
Investment portfolio	73 699	37 007
Loans and advances to customers	(1 092 955)	(1 195 731)
Other loans and advances	25 176	(19 978)
Securitised assets	11 529	14 856
Other assets	(56 197)	174 360
Goodwill	200	—
	(1 485 569)	**(1 229 997)**
Increase in operating liabilities		
Deposits by banks	2 111	145 570
Derivative financial instruments	(232 154)	(158 479)
Other trading liabilities	(9 735)	(14 760)
Repurchase agreements and cash collateral on securities lent	(54 438)	(15 299)
Customer accounts	1 668 690	828 030
Debt securities in issue	(176 439)	(198 632)
Securitised liabilities	(9 858)	(14 276)
Other liabilities	176 284	(147 145)
	1 364 461	**425 009**

NOTES TO THE FINANCIAL STATEMENTS
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48. Commitments

At 31 March £'000	2024	2023
Undrawn facilities	2 327 114	2 345 034
Other commitments	34 075	44 628
	2 361 189	**2 389 662**

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.

	Carrying amount of pledged assets		Related liability	
At 31 March **£'000**	**2024**	2023	**2024**	2023
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**

The assets pledged by the Group are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed.

NOTES TO THE FINANCIAL STATEMENTS
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49. Contingent liabilities, legal matters and provisions

At 31 March £'000	2024	2023
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	575 272	502 251
	575 272	**502 251**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec plc and Investec Bank plc and its subsidiaries on behalf of third parties and other Group companies.

Support is provided by Investec 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
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49. 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.

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50. Related party transactions

At 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 have been included in the section marked as audited in the Investec remuneration report 2024.		
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:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At the beginning of the year	16 024	14 443
Increase in loans*	3 156	6 217
Decrease in loans*	(4 343)	(4 636)
Exchange adjustments	(1 341)	—
At the end of the year	**13 496**	**16 024**
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	(10 917)	(12 902)
Increase in deposits	(2 128)	(2 207)
Decrease in deposits*	4 076	4 192
Exchange adjustments	894	—
At the end of the year	**(8 075)**	**(10 917)**

* 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.

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50. Related party transactions (continued)

At 31 March £'000	Investec Limited and subsidiaries 2024	 2023
Balances with other related parties		
Assets		
Loans and advances to banks	538	4 263
Derivative financial instruments	1	473
Other assets	3 538	6 086
Liabilities		
Deposits by banks	24 053	3 375
Derivative financial instruments	64	3 534
Customer accounts (deposits)	6 857	6 366
Debt securities in issue	51 515	33 395
Repurchase agreements and cash collateral on securities lent	—	20 208
Other liabilities	449	309

During the year to 31 March 2024, interest of £0.4 million (2023: £0.6 million) was paid to entities in the Investec Limited Group. Interest of £188 000 (2023: £821 000) was received from Investec Limited Group.

In the normal course of business, services are rendered between Investec plc and Investec Limited entities. In the year to 31 March 2024, this resulted in a net payment to Investec Limited Group of £26 million (2023: £21.8 million).

The Group has an investment in Grovepoint (UK) Limited in which a previous Investec director has significant influence. The Group's investment has been revalued in the current year to £65.5 million (2023: £41.5 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, or which might be expected to be available, on similar transactions to non-related entities on an arm's length basis.

At 31 March 2024, the Group held £63 000 (2023: £74 000) of customer accounts (deposits) from the Ninety One Group on-balance sheet and a £18 000 debtor (2023: £36 000) for IFRS 2 recharges in relation to the share scheme. In addition, a lease guarantee of £8 million (2023: £8 million) has been provided by Investec plc on behalf of Ninety One, with income of £443 000 received during the year (2023: £487 000).

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
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51. 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 195.

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
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.

At 31 March £'000	Carrying amount of hedged item 2024	Carrying amount of hedged item 2023
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

* Other assets includes aviation leasing related hedges.

NOTES TO THE FINANCIAL STATEMENTS
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51. 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							
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
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51. 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**
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**
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
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
CONTINUED

52. 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
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)	6 192 434	2 153 954	3 529 848	3 347 685	4 314 921	1 600 860	—	21 139 702
Debt securities in issue	—	6 188	24 873	49 224	66 217	1 285 849	1 194	1 433 545
Liabilities arising on securitisation of other assets	—	—	7 154	3 462	6 540	40 251	34 570	91 977
Other liabilities	96 395	314 277	49 982	6 031	95 375	29 082	3 163	594 305
Subordinated liabilities	—	—	—	—	41 125	164 500	855 313	1 060 938
Total on-balance sheet liabilities	**6 619 191**	**2 608 114**	**3 685 031**	**3 516 969**	**4 676 124**	**5 246 998**	**912 871**	**27 265 298**
Contingent liabilities	—	39 441	88 693	3 772	28 152	364 928	50 286	575 272
Commitments	139 830	108 511	32 337	196 253	294 082	1 282 947	384 953	2 438 913
Total liabilities	**6 759 021**	**2 756 066**	**3 806 061**	**3 716 994**	**4 998 358**	**6 894 873**	**1 348 110**	**30 279 483**

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 194.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

52. 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
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)	6 463 001	837 966	4 417 730	3 044 016	3 301 016	1 246 483	34	19 310 246
Debt securities in issue	—	3 348	35 179	88 916	83 172	909 991	557 979	1 678 585
Liabilities arising on securitisation of other assets	—	—	5 920	159	9 607	49 555	34 532	99 773
Other liabilities	40 059	488 904	14 198	34 926	37 347	29 531	6 971	651 936
Subordinated liabilities	—	—	7 963	2 975	9 188	246 400	855 312	1 121 838
Total on-balance sheet liabilities	**7 096 595**	**1 420 075**	**4 566 019**	**3 326 420**	**3 610 936**	**4 629 863**	**1 474 031**	**26 123 939**
Contingent liabilities	—	91	90 777	2 794	10 024	320 301	78 264	502 251
Commitments	167 414	72 597	55 524	167 819	218 945	1 382 284	400 955	2 465 538
Total liabilities	**7 264 009**	**1 492 763**	**4 712 320**	**3 497 033**	**3 839 905**	**6 332 448**	**1 953 250**	**29 091 728**

NOTES TO THE FINANCIAL STATEMENTS
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53. Principal subsidiaries, associated companies and joint venture holdings – Investec plc

			Interest	
At 31 March	Principal activity	Country of incorporation	**2024**	2023
Direct subsidiaries of Investec plc				
Investec 1 Limited	Investment holding	England and Wales	100%	100%
Indirect subsidiaries of Investec plc				
Investec Asset Finance PLC	Leasing	England and Wales	100%	100%
Investec Bank plc	Investment holding	England and Wales	100%	100%
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100%	100%
Investec Bank (Switzerland) AG	Banking institution and wealth manager	Switzerland	100%	100%
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100%	100%
Investec Holdings Australia Pty Limited	Holding company	Australia	100%	100%
Investec Investments (UK) Limited	Investment holding	England and Wales	100%	100%
Investec Europe Limited	MiFiD firm	Ireland	100%	100%
Investec Securities (US) LLC	Financial services	USA	100%	100%
Investec Wealth & Investment Limited	Investment management services	England and Wales	-	100%
Investec-Capitalmind Investment Limited	Non trading	England and Wales	100%	-

All of the above subsidiary undertakings are included in the consolidated accounts.

The subsidiaries listed above are only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, 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 j to the Investec plc company accounts on pages 211 to 215.

Consolidated structured entities

Investec plc has no equity interest in the following structured entities, which are consolidated. Typically, a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the Group has control over these structures include assessing the purpose and design of the entity 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 187.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

53. Principal subsidiaries, associated companies and joint venture holdings – Investec 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 portfolios of medium-term lease and hire purchase receivables. These structured entities are consolidated as the Group has retained the equity notes and control over servicing activities. The Group is not required to fund any losses above those incurred on the notes it has retained.

Other structured entities – commercial operations

The Group also consolidates a number of structured entities where control arises from rights attached to lending facilities and similar commercial involvement. These arise primarily in the areas of aircraft funds, where the Group has rights which allow it to maximise the value of the assets held and investments in mining projects due to its exposure to equity like returns and ability to influence the strategic and financial decision-making.

The Group is not required to fund any losses above those which could be incurred on debt positions held or swaps which exist with these structured entities. The risks to which the Group is exposed from these structured entities are related to the underlying assets held in the structures.

Significant restrictions

As is typical for a large group of companies, there are restrictions on the ability of the Group to obtain distributions of capital, access the assets or repay the liabilities of members of the Group due to the statutory, regulatory and contractual requirements of its subsidiaries.

These are considered below:

Regulatory requirements

Subsidiary companies are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital, leverage and exposure ratios restricting the ability of these entities to make distributions of cash or other assets to the parent company. Regulated subsidiaries of the Group are required to maintain liquidity pools to meet PRA and local regulatory requirements. The main subsidiaries affected are: Investec Bank plc, Investec Bank (Channel Islands) Limited and Investec Bank (Switzerland) AG, which must maintain compliance with the regulatory minimum.

Capital management within the Group is discussed in the notes to risk and capital management on pages 200 to 202.

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 56.

NOTES TO THE FINANCIAL STATEMENTS
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53. Principal subsidiaries, associated companies and joint venture holdings – Investec 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.

At 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

At 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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

54. 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 80 to 91.

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**

NOTES TO THE FINANCIAL STATEMENTS
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54. 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 187.

NOTES TO THE FINANCIAL STATEMENTS
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55. 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
2024						
Assets						
Cash and balances at central banks	5 661 623	—	5 661 623	—	—	5 661 623
Loans and advances to banks	676 464	—	676 464	—	(19 695)	656 769
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	437 255	—	437 255	(124 113)	(158 857)	154 285
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	117 514	—	117 514	—	(399)	117 115
Other securitised assets	66 702	—	66 702	—	—	66 702
Investment portfolio	405 410	—	405 410	—	—	405 410
Other assets	740 121	—	740 121	—	—	740 121
	28 906 523	**—**	**28 906 523**	**(160 451)**	**(180 332)**	**28 565 740**
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)	20 790 611	—	20 790 611	—	(2 749)	20 787 862
Debt securities in issue	1 273 106	—	1 273 106	(9 823)	—	1 263 283
Liabilities arising on securitisation of other assets	71 751	—	71 751	—	—	71 751
Other liabilities	1 025 813	—	1 025 813	—	—	1 025 813
Subordinated liabilities	668 810	—	668 810	—	—	668 810
	26 580 598	**—**	**26 580 598**	**(160 451)**	**(180 332)**	**26 239 815**

* 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

55. 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**
2023						
Assets						
Cash and balances at central banks	5 400 401	—	5 400 401	—	—	5 400 401
Loans and advances to banks	893 297	—	893 297	—	(42 365)	850 932
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	634 123	—	634 123	(202 876)	(265 816)	165 431
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	142 626	—	142 626	—	(4 959)	137 667
Other securitised assets	78 231	—	78 231	—	—	78 231
Investment portfolio	489 204	—	489 204	—	—	489 204
Other assets	965 449	—	965 449	—	—	965 449
	27 761 086	**—**	**27 761 086**	**(255 754)**	**(364 244)**	**27 141 088**
Liabilities						
Deposits by banks	2 172 171	—	2 172 171	—	(315 023)	1 857 148
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)	19 121 921	—	19 121 921	—	(1 897)	19 120 024
Debt securities in issue	1 449 545	—	1 449 545	(21 554)	—	1 427 991
Liabilities arising on securitisation of other assets	81 609	—	81 609	—	—	81 609
Other liabilities	1 232 729	—	1 232 729	—	—	1 232 729
Subordinated liabilities	731 483	—	731 483	—	—	731 483
	25 661 987	**—**	**25 661 987**	**(255 754)**	**(364 244)**	**25 041 989**

* 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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56. Derecognition

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 refer to note 19.

57. 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.

NOTES TO THE FINANCIAL STATEMENTS
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58. 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	1 435 214	(196 342)	(23 627)	1 215 245
Interest expense	(698 226)	196 342	859	(501 025)
Net interest income	**736 988**	**—**	**(22 768)**	**714 220**
Fee and commission income	456 703	—	(324 908)	131 795
Fee and commission expense	(15 442)	—	—	(15 442)
Investment income	18 223	—	—	18 223
Share of post-taxation profit of associates and joint venture holdings	4 950	—	—	4 950
Trading income/(loss) arising from				
– customer flow	87 366	—	—	87 366
– balance sheet management and other trading activities	13 134	—	—	13 134
Other operating income	6 879	—	—	6 879
Operating income	**1 308 801**	**—**	**(347 676)**	**961 125**
Expected credit loss impairment charges	(66 752)	—	—	(66 752)
Operating income after expected credit loss impairment charges	**1 242 049**	**—**	**(347 676)**	**894 373**
Operating costs	(854 875)	—	255 909	(598 966)
Operating profit before goodwill, acquired intangibles and strategic actions	**387 174**	**—**	**(91 767)**	**295 407**
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	**373 264**	**—**	**(79 142)**	**294 122**
Financial impact of strategic actions^	(5 340)	—	4 938	(402)
Profit before taxation	**367 924**	**—**	**(74 204)**	**293 720**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(76 824)	—	17 201	(59 623)
Taxation on goodwill, acquired intangibles and strategic actions	2 031	—	(2 031)	—
Profit after taxation from continuing operations	**293 131**	**—**	**(59 034)**	**234 097**
Profit after taxation from discontinued operations	**—**	**—**	**59 034**	**59 034**
Profit after taxation	**293 131**	**—**	**—**	**293 131**
Profit attributable to other non-controlling interests	—	—	—	—
Earnings attributable to shareholders	**293 131**	**—**	**—**	**293 131**

^ Transaction costs associated with the Investec Wealth & Investment Limited and Rathbones Group Plc transaction have been re-presented as a discontinued operation. These costs were recognised at Investec plc.

NOTES TO RISK AND CAPITAL MANAGEMENT

59. 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 frameworks and limits that are approved by IBP ERC, Investec Group ERC, IBP and DLC BRCC and IBP and DLC Board.

Credit and counterparty risk appetite

The 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 at IBP BRCC, DLC BRCC and the respective Boards.
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 Group'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

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

single periods in time. Loan maturities are monitored on a portfolio and a transaction level by Group risk management, Group lending operations as well as the originating business units.

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 Group's main operating geography. The Group 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 Group'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 Group'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 page 184 for further detail.

Stress testing

The Investec Group's stress testing framework is designed to identify and assess vulnerabilities under stress. The process comprises a bottom-up analysis of the Group'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 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 Group. This process allows the Group to identify underlying risks and manage them accordingly.

The Group 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 Group's business plan to failure and consider a broad variety of extreme and remote events.

NOTES TO RISK AND CAPITAL MANAGEMENT
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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 Group'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 and the Board through the DLC BRCC and IBP BRCC. The 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 168 to 174
- **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 Group'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, Southern Africa 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 Group seeks to decrease the credit risk associated with an exposure. The Investec Group 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 Group has a charge, 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 Group 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 Group 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 under the laws of the relevant jurisdictions. 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 217.

\# 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 Group 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 Group 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 Group 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%**		

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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 Group 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 Group 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 a fund entity and 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 Group'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	358	528
Securities arising from trading activities	13	28
Loans and advances to customers	16 744	15 709
Other loans and advances	118	143
Other securitised assets	2	5
Other assets	33	38
Total on-balance sheet exposures	**27 679**	**26 208**
Guarantees	115	118
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	**2 903**	**2 847**
Total gross credit and counterparty exposures	**30 582**	**29 055**

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	358	358	—	—	79	437
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	118	—	118	—	—	118
Other securitised assets	2	2	—	—	65^	67
Investment portfolio	—	—	—	—	405*	405
Interest in associated undertakings and joint venture holdings	—	—	—	—	857	857
Current taxation assets	—	—	—	—	31	31
Deferred taxation assets	—	—	—	—	120	120
Other assets	33	—	33	—	707**	740
Property and equipment	—	—	—	—	73	73
Goodwill	—	—	—	—	69	69
Software	—	—	—	—	5	5
Other acquired intangible assets	—	—	—	—	—	—
Total on-balance sheet exposures	**27 679**	**1 237**	**26 442**	**(187)**	**2 555**	**30 047**
Guarantees	115	—	115	—	—	115
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^^	**2 903**	**129**	**2 774**	**(11)**	**112**	**3 004**
Total exposures	**30 582**	**1 366**	**29 216**	**(198)**	**2 667**	**33 051**

\# Includes £13.4 million of ECL held against financial assets held at FVOCI.
* Relates to exposures that are classified as investment risk in the banking book.
^ While the Group 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 Group. The credit exposure that the Group 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	528	528	—	—	106	634
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	143	—	143	—	—	143
Other securitised assets	5	5	—	—	73^	78
Investment portfolio	—	—	—	—	489*	489
Interest in associated undertakings and joint venture holdings	—	—	—	—	52	52
Current taxation assets	—	—	—	—	34	34
Deferred taxation assets	—	—	—	—	112	112
Other assets	38	—	38	—	927**	965
Property and equipment	—	—	—	—	121	121
Goodwill	—	—	—	—	255	255
Software	—	—	—	—	9	9
Other acquired intangible assets	—	—	—	—	41	41
Total on-balance sheet exposures	**26 208**	**1 576**	**24 632**	**(147)**	**2 319**	**28 380**
Guarantees	118	—	118	—	—	118
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^^	**2 847**	**147**	**2 700**	**(15)**	**121**	**2 953**
Total exposures	**29 055**	**1 723**	**27 332**	**(162)**	**2 440**	**31 333**

Includes £5.3 million of ECL held against financial assets held at FVOCI.
* Relates to exposures that are classified as investment risk in the banking book.
^ While the Group 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 Group. The credit exposure that the Group 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 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	316
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	—	—	—	—	—	—	118
Other securitised assets	—	—	—	—	—	—	—
Other assets	5	—	—	—	—	—	27
Total on-balance sheet exposures	**5 741**	**2 522**	**20**	**797**	**7 933**	**1 210**	**5 399**
Guarantees	12	—	—	—	—	—	81
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**	**1 063**
Total gross credit and counterparty exposures	**6 007**	**2 822**	**20**	**1 498**	**7 995**	**1 371**	**6 462**
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	427
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	—	—	—	—	—	—	130
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	29
Total on-balance sheet exposures	**5 619**	**2 396**	**18**	**533**	**7 104**	**1 299**	**5 520**
Guarantees	6	—	—	1	—	—	89
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**	**919**
Total gross credit and counterparty exposures	**5 800**	**2 823**	**18**	**1 173**	**7 189**	**1 495**	**6 439**

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	358
—	—	—	—	—	—	—	—	—	—	13
246	860	143	—	120	36	87	811	1 122	518	16 744
—	—	—	—	—	—	—	—	—	—	118
—	—	—	2	—	—	—	—	—	—	2
1	—	—	—	—	—	—	—	—	—	33
253	**872**	**143**	**53**	**121**	**36**	**87**	**851**	**1 122**	**519**	**27 679**
—	—	—	—	3	—	—	19	—	—	115
12	135	1	—	7	—	3	30	—	124	2 327
—	14	—	—	—	—	—	2	—	—	461
12	**149**	**1**	**—**	**10**	**—**	**3**	**51**	**—**	**124**	**2 903**
265	**1 021**	**144**	**53**	**131**	**36**	**90**	**902**	**1 122**	**643**	**30 582**
—	—	—	—	—	—	—	—	—	—	5 400
—	—	—	—	—	—	—	—	—	—	893
—	—	—	—	—	—	—	—	—	—	1 339
—	—	—	—	—	—	—	—	—	—	1 222
—	—	—	—	—	—	—	—	—	—	205
—	—	—	70	—	—	—	46	—	—	698
18	16	2	—	1	6	—	27	—	2	528
—	—	—	4	—	—	—	—	—	—	28
293	803	139	—	119	136	76	645	959	330	15 709
—	2	—	11	—	—	—	—	—	—	143
—	—	—	5	—	—	—	—	—	—	5
—	—	—	—	—	—	—	—	—	9	38
311	**821**	**141**	**90**	**120**	**142**	**76**	**718**	**959**	**341**	**26 208**
—	—	—	—	3	—	—	19	—	—	118
12	119	4	—	8	4	3	15	—	193	2 345
—	17	—	—	—	—	1	1	—	—	384
12	**136**	**4**	**—**	**11**	**4**	**4**	**35**	**—**	**193**	**2 847**
323	**957**	**145**	**90**	**131**	**146**	**80**	**753**	**959**	**534**	**29 055**

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	69	30	70	149	35	5	358
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	—	118
Other securitised assets	—	—	—	—	—	2	2
Other assets	33	—	—	—	—	—	33
Total on-balance sheet exposures	**10 270**	**1 651**	**2 239**	**9 504**	**2 273**	**1 742**	**27 679**
Guarantees	90	—	3	22	—	—	115
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	**309**	**197**	**316**	**1 687**	**380**	**14**	**2 903**
Total gross credit and counterparty exposures	**10 579**	**1 848**	**2 555**	**11 191**	**2 653**	**1 756**	**30 582**

NOTES TO RISK AND CAPITAL MANAGEMENT
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60. Additional credit and counterparty risk information

Credit risk classification and provisioning policy

IFRS 9 requirements have been embedded into our Group 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 84.

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 170.

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 85.

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.

£'million At 31 March 2024	Change in reported ECL
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 Investec plc, 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.

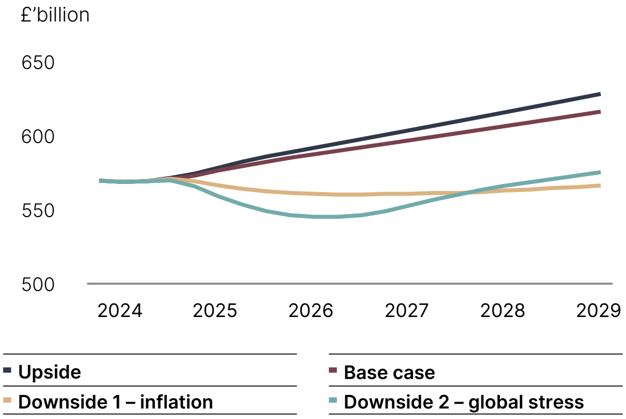
Downside 2 – global stress (cautious easing, severe recession) is a hypothetical scenario designed as a proxy for economic tail risks. The scenario assumes a deep global economic downturn. However, given residual inflation concerns, central banks are more cautious to ease monetary policy than they were 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
CONTINUED

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.

Five-year extreme points At 31 March 2024	**Upside %**	**Baseline: Base case five-year average %**	**Downside 1 inflation %**	**Downside 2 global stress %**
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)

NOTES TO RISK AND CAPITAL MANAGEMENT
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61. 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
- We have 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 Group 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 Group 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 58% representation of women and 42% 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	• Established an Investec Group ESG Executive Committee 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 Investec plc and IBP risk appetite assessment resulting in a net-zero aligned target set towards zero coal exposure by 31 March 2027 • Reviewed and updated our fossil fuel policy with the primary change being managing our thermal coal exposure to zero by 31 March 2030 for the Investec Group.	• 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 • Investec plc incorporated climate risks and opportunities in their financial planning through the annual budget process.	• Reviewed developments with regards to climate-related disclosure guidance, specifically 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 • 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	• Link Executive remuneration to updated sustainability-related KPIs including a climate focused KPI • Stronger focus on ESG and sustainability (including climate and nature-related) matters in the DLC BRCC and DLC Audit Committee • Continue to strengthen the Investec Group's climate-related and sustainability disclosures.	• Promote sustainable products and solutions within our 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 screening on 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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62. Investment risk in the banking book

Investment risk in the banking book comprises 1.6% 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 Group.

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 Group's funds that are relevant to the Group'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.

Following the distribution that took place on 31 May 2022, Investec plc retains a c.10% shareholding in Ninety One.

Management of investment risk

As investment risk arises from a variety of activities conducted by the Group, 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 targets and limits are set to manage our exposure to equity and investment risk. An assessment of exposures against limits and targets is reported to IBP and DLC BRCCs.

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 83 to 89 and pages 112 to 119 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 95.

Summary of investments

£'million Category	On-balance sheet value of investments 31 March 2024	On-balance sheet value of investments 31 March 2023
Unlisted investments	246	315
Listed equities	1	2
Ninety One	159	172
Total investment portfolio	**406**	**489**
Trading properties	63	75
Warrants and profit shares	4	5
Total	**473**	**569**

Note: IW&I UK was previously 100% consolidated in the Group. Going forward the Group'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 7

An analysis of the investment portfolio (excluding Ninety One), warrants and profit shares

31 March 2024
£251 million

Finance and insurance	48.1%
Retailers and wholesalers	10.6%
Transport	9.8%
Real estate	9.7%
Business services	8.4%
Construction	5.7%
Other	5.4%
Communication	2.3%

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

63. Securitisation/structured credit activities exposures

Overview

The Group'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 Group 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 Group'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 86.

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 Group principally relies on its own internal risk assessment. Overarching these transaction level principles is the Board-approved risk appetite policy, which details the Group's appetite for such exposures, and each exposure is considered relative to the Group's overall risk appetite. We can use explicit credit risk mitigation techniques where required; however, the Group prefers to address and manage these risks by approving exposures for which the Group has explicit appetite through the consistent application of the risk appetite policy.

In addition, securitisations of Investec own originated assets are assessed in terms of the credit risk management philosophies and principles as set out above.

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	
<40% RWA	736	709	Other debt securities and other loans and advances
>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
CONTINUED

64. 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 to identify, measure, monitor and manage market risk.

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 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 Executive Risk Review Forum (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
CONTINUED

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.

95% one-day VaR £'000	31 March 2024				31 March 2023			
	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
CONTINUED

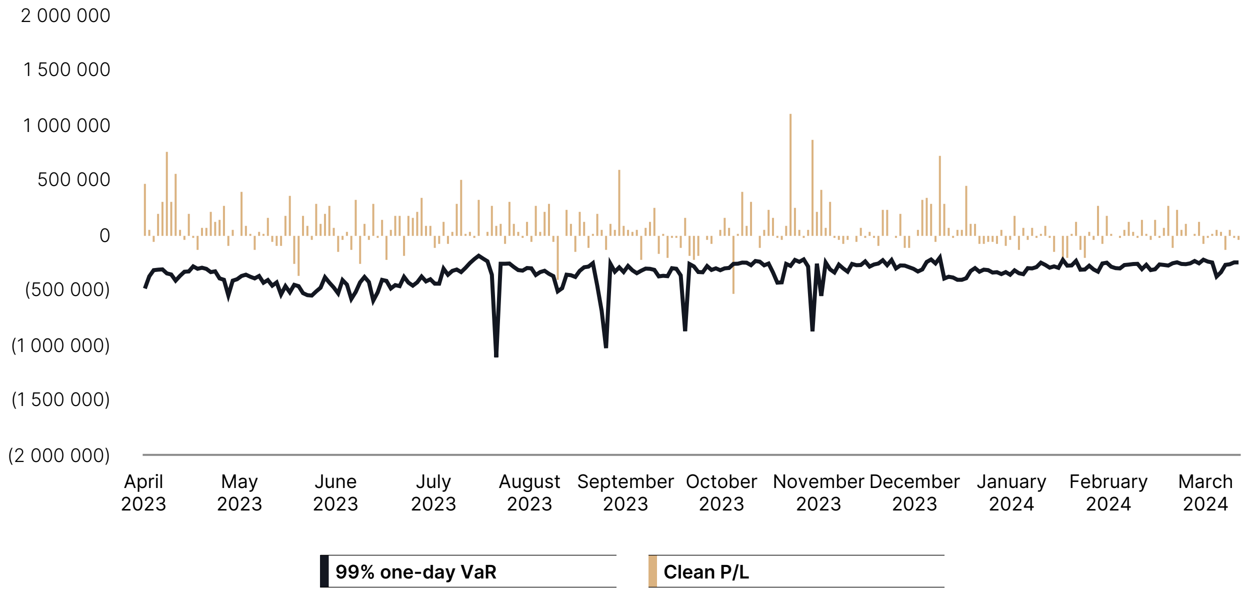
Backtesting

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 (£)



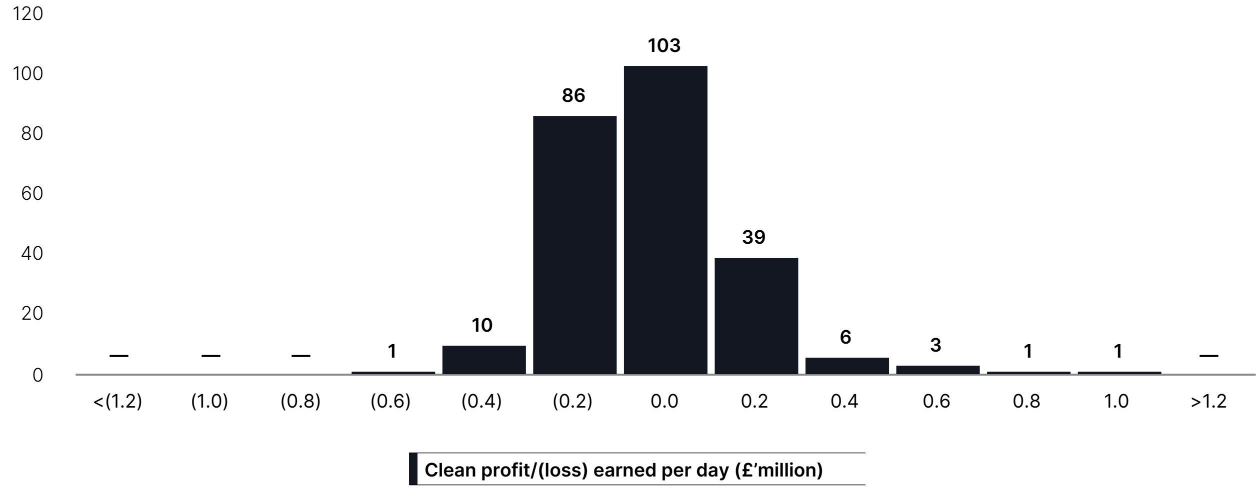
NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

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

Frequency: Days in the year



Market risk – derivatives

The Group 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 page 126.

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

65. 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 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 Group'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, IBP BRCC, and DLC 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 Group 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 have been tested within our core jurisdictions via an externally facilitated liquidity crisis simulation exercise which assess the Group's sustainability and ability to adequately contain a liquidity stress.

Further information on recovery and resolution planning can be found on page 199.

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.

Entities within the Group actively participate 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 Group'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 Group'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

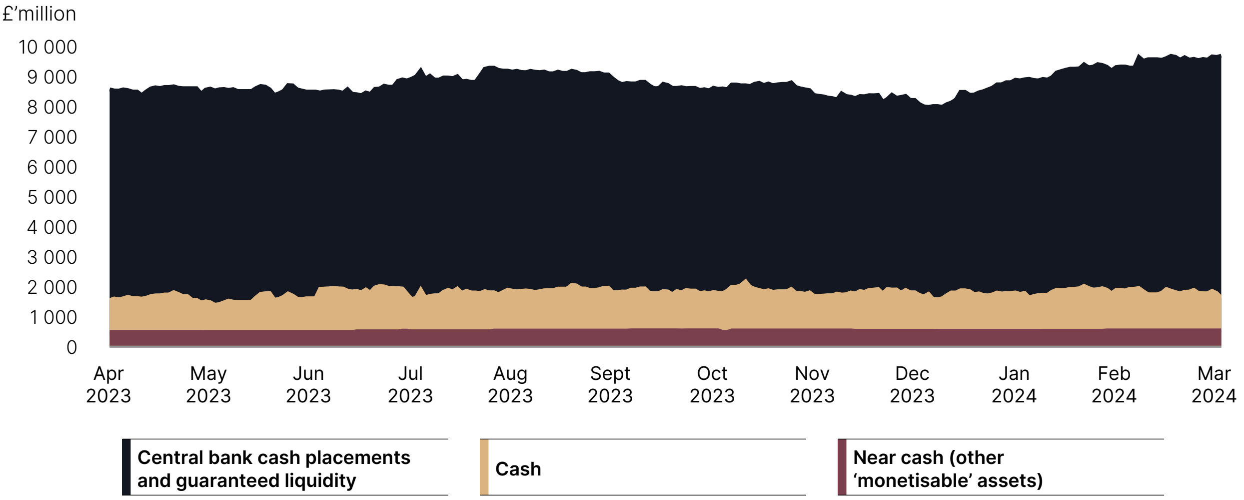
To protect against potential shocks, we hold a liquidity buffer in the form of cash, unencumbered high-quality liquid assets (typically in the form of government or rated securities eligible for repurchase with the central bank). The liquidity buffer is well in excess of regulatory requirements as protection against disruptions in cash flows. The liquidity buffer is managed within Board-approved targets. The Group 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



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

£20 791 million

Individuals	65.3%
Other financial institutions and corporates	26.9%
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 Group 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 Group 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 Group which are eligible for the BoE's Single Collateral Pool to support central bank liquidity facilities.

Further disclosures on encumbered and unencumbered assets can be found within the Investec plc Pillar 3 document.

On page 124 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 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 Group 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	1 564	869	883	481	329	736	1 068	5 930
Securitised assets	4	—	—	1	1	21	40	67
Advances	90	657	912	1 156	1 857	8 723	3 293	16 688
Other assets	48	398	22	17	111	352	90	1 038
Assets	**7 985**	**1 978**	**1 817**	**1 655**	**2 303**	**9 832**	**4 491**	**30 061**
Deposits – banks	(242)	—	(10)	(9)	—	(1 913)	—	(2 174)
Deposits – non-banks	(6 113)	(1 121)	(4 660)	(3 211)	(3 860)	(1 826)	—	(20 791)
Negotiable paper	(2)	(6)	(10)	(34)	(63)	(1 149)	(9)	(1 273)
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)	(465)	(143)	(20)	(122)	(216)	(64)	(1 034)
Liabilities	**(6 440)**	**(1 647)**	**(4 860)**	**(3 314)**	**(4 126)**	**(5 384)**	**(818)**	**(26 589)**
Total equity	—	—	—	—	—	—	(3 472)	(3 472)
Contractual liquidity gap	**1 545**	**331**	**(3 043)**	**(1 659)**	**(1 823)**	**4 448**	**201**	**—**
Cumulative liquidity gap	1 545	1 876	(1 167)	(2 826)	(4 649)	(201)	—	

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	**6 594**	**(184)**	**(3 787)**	**(1 938)**	**(1 980)**	**1 120**	**175**	**—**
Cumulative	6 594	6 410	2 623	685	(1 295)	(175)	—	

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 Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group 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 Group'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 tables below reflect 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 Investec plc and IBP (solo basis) LCRs are 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 453% for Investec plc and 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 146% for Investec plc and 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 Group 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 79.7% 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 8.7% over the year to £20.8 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 Group 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 29 for further detail on credit ratings.

NOTES TO RISK AND CAPITAL MANAGEMENT
CONTINUED

66. 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 Group 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 • The 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 Group, 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 Group's risk management governance structure and report to Board level committees.

The Group'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
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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 Group is willing to accept through qualitative and quantitative 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 Group remained focused on the management of the following key operational risks:

Business disruption and operational resilience risk

- Investec'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
- Investec 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 Group
- 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 artificial intelligence (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 Group'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 Group'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 Group
- 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 Group 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 Group'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 Group 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 Group 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
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67. Recovery and resolution planning

The purpose of the recovery plans are to document how the 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 Board on an annual basis.

The recovery 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 Board 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 amended by the BRRD (Amendment) (EU Exit) Regulation 2020, which implemented into UK law certain amendments to the BRRD.

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 Minimum Requirements for Own Funds and Eligible Liabilities (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
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68. Capital management and allocation

Current regulatory framework

Investec plc is an approved UK Financial Holding Company (FHC), responsible for ensuring compliance with consolidated prudential requirements on a consolidated basis. Investec Bank plc, the main banking subsidiary of the Investec plc Group, continues to be authorised by the PRA and regulated by the FCA and the PRA. Investec plc calculates capital resources and requirements using the Basel III framework, as implemented in the European Union through the CRR and 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

	Investec plc*	Investec plc*
	31 March 2024	31 March 2023
Common Equity Tier 1 ratio**	12.1%	11.7%
Common Equity Tier 1 ratio (fully loaded)***	12.0%	11.4%
Tier 1 ratio**	14.6%	13.1%
Total Capital ratio**	18.4%	17.2%
Risk weighted assets (£'million)**	18 509	17 767
Leverage exposure measure (£'million)	27 015	25 216
Leverage ratio	10.0%	9.2%
Leverage ratio (fully loaded)***	9.9%	9.0%

* The capital adequacy and leverage disclosures for Investec plc includes the deduction of foreseeable charges and dividends when calculating CET1 and Tier 1 capital. These disclosures differ from the disclosures included in Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. Investec plc's CET1 ratio would be 30bps (31 March 2023: 31bps) and the leverage ratio 21bps (31 March 2023: 22bps) 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.

Investec plc 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. Since 1 January 2022, Investec plc adopted the outstanding CRR II changes to be implemented in the UK, most notably the new Standardised Approach for measuring Counterparty Credit Risk (SA-CCR) and changes to the large exposure regime.

Investec plc 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 Investec plc 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, Investec plc complied with the capital adequacy requirements imposed on it by the PRA. Investec plc continues to hold capital in excess of all the capital and buffer requirements. At 31 March 2024, the CET1 ratio increased to 12.1% from 11.7% at 31 March 2023. CET1 capital increased by £166 million to £2.2 billion, mainly as a result of CET1 capital generation of £706 million through profit after taxation. The increase is partially offset by:

- An increase of £359 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 £117 million
- A net decrease in other comprehensive income of £12 million, which includes the fair value decrease in our investment in Ninety One and the reversal of the cash flow hedge reserve which is not recognised in CET1 capital
- A decrease of £29 million in the IFRS 9 transitional add-back adjustment
- An increase in the treasury shares of £10 million.

Risk weighted assets (RWAs) increased by 4.2% or £742 million to £18.5 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 risk) decreased by £117 million compared to 31 March 2023, primarily driven by a decrease in repurchase agreements and derivative financial instruments.

Market risk RWAs decreased by £85 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 10.0% from 9.2% at 31 March 2023.

Tier 1 capital increased by £374 million. £166 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

NOTES TO RISK AND CAPITAL MANAGEMENT
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regulatory adjustments. The remaining increase of £208 million arose from the Investec plc 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 via a concurrent cash tender 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 £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.

Minimum capital requirement

Investec plc's minimum CET1 requirement at 31 March 2024 is 8.6% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% Capital Conservation Buffer (CCB), a 0.31% Pillar 2A requirement and a 1.3% Countercyclical Capital Buffer (CCyB). The Group's institution-specific CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set. As at 31 March 2024 the UK CCyB rate is 2%.

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 future 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 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 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 31 March 2024 Pillar 3 disclosures for the Investec plc Group are published in a standalone disclosure report and can be found on the Investec Group's website.

Philosophy and approach

Investec plc Group's approach to capital management utilises both regulatory capital as appropriate to that jurisdiction 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. On a consolidated basis for Investec plc and Investec Limited, we target a Total Capital ratio range of between 14% and 17%, 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). 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 DLC BRCC and the Board.

NOTES TO RISK AND CAPITAL MANAGEMENT
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The framework has been approved by the Board and is managed by the DLC 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 Investec plc and is 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 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 Investec plc duress. The conditions are agreed by the Investec plc 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 Investec plc Capital Committee, DLC Capital Committee and DLC 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.

NOTES TO RISK AND CAPITAL MANAGEMENT
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Capital structure and capital adequacy

£'million	Investec plc* 31 March 2024	Investec plc* 31 March 2023
Shareholders' Equity	**2 917**	**2 373**
Shareholders' equity excluding non-controlling interests	3 011	2 468
Foreseeable charges and dividends	(56)	(55)
Perpetual preference share capital and share premium	(25)	(25)
Deconsolidation of special purpose entities	(13)	(15)
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)**	**16**
Additional value adjustments	(5)	(5)
Cash flow hedging reserve	(18)	(28)
Adjustment under IFRS 9 transitional arrangements	20	49
Deductions	**(677)**	**(318)**
Goodwill and intangible assets net of deferred taxation	(671)	(312)
Deferred taxation assets that rely on future profitability excluding those arising from temporary difference	(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**	**2 237**	**2 071**
Additional Tier 1 instruments	458	250
Tier 1 capital **	**2 695**	**2 321**
Tier 2 capital**	**712**	**739**
Tier 2 instruments	712	764
Non-qualifying surplus capital attributable to non-controlling interests	—	(25)
Total regulatory capital**	**3 407**	**3 060**
Risk weighted assets**	**18 509**	**17 767**

* The capital adequacy and leverage disclosures for Investec plc includes the deduction of foreseeable charges and dividends when calculating CET1 and Tier 1 capital. These disclosures differ from the disclosures included in Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. Investec plc's CET1 ratio would be 30bps (31 March 2023: 31bps) and the leverage ratio 21bps (31 March 2023: 22bps) 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
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Risk weighted assets and capital requirements

£'million	Investec plc 31 March 2024	Investec plc 31 March 2023
Risk weighted assets**	**18 509**	**17 767**
Credit risk	15 278	14 122
Equity risk	527	594
Counterparty credit risk	370	477
Credit valuation adjustment risk	27	37
Market risk	428	513
Operational risk	1 879	2 024
Capital requirements	**1 481**	**1 421**
Credit risk	1 223	1 130
Equity risk	42	47
Counterparty credit risk	30	38
Credit valuation adjustment risk	2	3
Market risk	34	41
Operational risk	150	162

Leverage

£'million	Investec plc* 31 March 2024	Investec plc* 31 March 2023
Total exposure measure	27 015	25 216
Tier 1 capital**	2 695	2 321
Leverage ratio	**10.0%**	**9.2%**
Total exposure measure (fully loaded)	26 995	25 168
Tier 1 capital (fully loaded)	2 675	2 273
Leverage ratio (fully loaded)***	**9.9%**	**9.0%**

* The leverage disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating Tier 1 capital. These disclosures differ from the leverage disclosures included in Investec Group's year-end results booklet 2024, which follow our normal basis of presentation and do not include this deduction. Investec plc's leverage ratio would be 21bps (31 March 2023: 22bps) 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.

NOTES TO RISK AND CAPITAL MANAGEMENT
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Total regulatory capital flow statement

£'million	Investec plc 31 March 2024	Investec plc 31 March 2023
Opening Common Equity Tier 1 capital	**2 071**	**1 931**
Dividends paid to ordinary shareholders and Additional Tier 1 security holders	(117)	(106)
Profit after taxation	706	293
Foreseeable charges and dividends	(1)	(11)
Treasury shares	(10)	(15)
Distribution to shareholders	—	(91)
Share-based payment adjustments	(14)	5
Capitalmind (Option to buy NCI shares)	(3)	
Movement in other comprehensive income	(22)	(43)
Investment in capital of financial entities above 10% threshold	—	164
Cash flow hedging reserve	10	(28)
Goodwill and intangible assets (deduction net of related taxation liability)	(359)	(9)
Deferred tax that relies on future profitability (excluding those arising from temporary differences)	—	6
Deconsolidation of special purpose entities	2	5
IFRS 9 transitional arrangements	(29)	(28)
Other, including regulatory adjustments and other transitional arrangements	3	(2)
Closing Common Equity Tier 1 capital	**2 237**	**2 071**
Opening Additional Tier 1 capital	250	250
Issued capital	350	—
Redeemed capital	(142)	
Closing Additional Tier 1 capital	458	250
Closing Tier 1 capital	**2 695**	**2 321**
Opening Tier 2 capital	739	628
Issued capital	—	346
Redeemed capital	(43)	(348)
Other, including regulatory adjustments and other transitional arrangements	17	113
Closing Tier 2 capital	**712**	**739**
Closing total regulatory capital	**3 407**	**3 060**

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Balance sheet

At 31 March £'000	Notes	2024	2023 Restated
Assets			
Fixed assets			
Investments in subsidiary undertakings	b	1 701 774	1 701 774
Securities and subordinated liabilities issued by subsidiary undertaking	c	1 334 316	1 115 737
Amounts owed by group undertakings	i	556 753	541 948
		3 592 843	**3 359 459**
Current assets			
Investments in listed equities		158 889	172 285
Taxation		6 242	17 886
Prepayments and accrued income		4 745	2 740
– with subsidiary undertakings		—	17 503
– balances with other banks		461	503
		170 337	**210 917**
Current liabilities			
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings	i	7 356	—
Other liabilities		3 351	6 189
Accruals and deferred income		10 700	12 438
Net current assets		**148 930**	**192 290**
Creditors: amounts falling due after one year			
Debt securities in issue	d	492 486	475 811
Subordinated liabilities	e	699 940	698 591
Net assets		**2 549 347**	**2 377 347**
Capital and reserves			
Ordinary share capital	h	202	202
Ordinary share premium	h	555 812	555 812
Capital reserve		173	180 606
Fair value reserve		21 548	34 943
Retained earnings		1 488 710	1 330 990
Ordinary shareholders' equity		**2 066 445**	**2 102 553**
Perpetual preference share capital and premium	h	24 794	24 794
Shareholders' equity excluding non-controlling interests		**2 091 239**	**2 127 347**
Other Additional Tier 1 securities in issue	h	458 108	250 000
Total capital and reserves		**2 549 347**	**2 377 347**

The notes on pages 208 to 215 form an integral part of the financial statements.

The Company's profit for the year, determined in accordance with the Companies Act 2006, was £112 679 076 (2023: £114 940 942).

The Company's distributable reserves as at 31 March 2024 were £1 488 709 800 (2023: £1 330 990 451).

Approved and authorised for issue by the Board of Directors on 24 June 2024 and signed on its behalf by:

Fani Titi

Group Chief Executive

24 June 2024

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
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Statement of changes in shareholders' equity

£'000	Ordinary share capital	Ordinary share premium	Capital reserve	Fair value reserve	Retained earnings	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	**Total equity**
At 31 March 2022	**202**	**806 812**	**180 606**	**159 661**	**1 135 468**	**2 282 749**	**24 794**	**2 307 543**	**250 000**	**2 557 543**
Total comprehensive income	—	—	—	(124 718)	158 556	33 838	—	33 838	—	33 838
Employee benefit liability recognised	—	—	—	—	(1 033)	(1 033)	—	(1 033)	—	(1 033)
Dividends paid to preference shareholders	—	—	—	—	(540)	(540)	—	(540)	—	(540)
Dividends paid to ordinary shareholders	—	—	—	—	(88 463)	(88 463)	—	(88 463)	—	(88 463)
Dividends declared to Other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
Transfer from share premium to retained income	—	(251 000)	—	—	251 000	—	—	—	—	—
Distribution to shareholders	—	—	—	—	(107 118)	(107 118)	—	(107 118)	—	(107 118)
At 31 March 2023	**202**	**555 812**	**180 606**	**34 943**	**1 330 990**	**2 102 553**	**24 794**	**2 127 347**	**250 000**	**2 377 347**
Total comprehensive income	—			(13 395)	93 784	80 389	—	80 389	—	80 389
Dividends paid to preference shareholders	—				(1 455)	(1 455)	—	(1 455)	20 638	19 183
Dividends paid to ordinary shareholders	—				(94 404)	(94 404)	—	(94 404)	(20 638)	(115 042)
Dividends declared to Other Additional Tier 1 security holders	—				(20 638)	(20 638)	—	(20 638)	350 000	329 362
Dividends paid to Other Additional Tier 1 security holders	—				—	—	—	—	(141 892)	(141 892)
Release of capital reserve to retained earnings^	—		(180 433)		180 433	—	—	—		—
At 31 March 2024	**202**	**555 812**	**173**	**21 548**	**1 488 710**	**2 066 445**	**24 794**	**2 091 239**	**458 108**	**2 549 347**

^ The capital reserve transferred to retained earnings on the deconsolidation of Investec Wealth & Investment Limited is in respect of a reserve created on the original acquisition by Investec plc.

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

a. Basis of preparation

The parent accounts of Investec plc are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company is incorporated and domiciled in England and Wales and the Company's accounts are presented in Pound Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The accounts have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The Company has taken advantage of the following disclosure exemptions under FRS 101, where applicable to the Company:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Investec plc in which the entity is consolidated
- The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment, (iii) paragraph 118(e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D,111 and 134 – 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 Impairment of Assets
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- The requirements of paragraph 58 of IFRS 16, provided that the disclosures of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separated for lease liabilities and other liabilities, and in total
- The requirements of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources
- The requirements of paragraph 74A(b) of IAS 16.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in consolidated financial statements of the Group.

On the basis of current financial projections and having made appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31 March 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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pound Sterling at exchange rates ruling at the balance sheet date. All foreign currency transactions are translated into Pound Sterling at the exchange rate ruling at the time of the transaction. Forward foreign exchange contracts are revalued at the market rates ruling at the date applicable to their respective maturities. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Investments

Investments in subsidiaries and interests in associated undertakings are stated at cost less any accumulated impairment in value.

Equity instruments measured at FVOCI

The Group measures equity instruments at FVOCI when it considers the investments to be strategic or held for long-term dividend yield. The equity instruments are not held for trading. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

Otherwise, equity instruments are measured at fair value through profit or loss (except for dividend income, which is recognised in profit or loss).

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Income

Dividends from subsidiaries are recognised when received. Interest is recognised on an accrual basis.

Taxation

Current tax payable is provided on the amount expected to be payable on taxable profit at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit
- In respect of temporary differences associated with the investments in subsidiaries and interests in associated undertakings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted at the balance sheet date
- Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised
- Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Company's own profit and loss account

The Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 to not present its own profit and loss account.

Financial assets

Financial assets are recorded at amortised cost applying the effective interest rate method where they are classified as amortised cost or fair value through profit and loss.

Financial liabilities

Financial liabilities are recorded at amortised cost applying the effective interest rate method.

b. Investments in subsidiary undertakings

At 31 March £'000	2024	2023
At the beginning of the year	1 701 774	1 701 774
Additions	—	—
Disposals	—	—
At the end of the year	**1 701 774**	**1 701 774**

c. Securities issued by subsidiary undertaking

On 5 October 2017, the Company acquired £200 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (AT1 securities) issued by Investec Bank plc. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment date, Investec Bank plc can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and the Company will lose their entire investment in the securities should the CET1 capital ratio of the Investec Bank plc Group, as defined in the PRA's rules, fall below 7%. The AT1 securities are redeemable at the option of Investec Bank plc on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA. On 22 January 2019, the Company acquired a further £50 million of AT1 securities issued by Investec Bank plc. On 1 March 2024, the company bought back £142 million of these securities. £108 million of these securities remain outstanding as of 31 March 2024.

On 4 October 2021, Investec Bank plc entered into a £350 000 000 subordinated loan with Investec plc at a fixed interest rate of 2.625% (2032 Loan). 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 will mature on 4 January 2032. The borrower may prepay the loan in full on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions.

On 6 December 2022 Investec Bank Plc entered into a £350 million loan with Investec plc at a fixed interest rate of 9.125% (2033 Loan). 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 will mature on 6 March 2033. The borrower may prepay the loan in full on any date in the period from 6 December 2027 to (and including) 6 March 2028.

On 13 February 2023 Investec Bank plc entered into a £200 million senior loan with Investec plc at a fixed interest rate of 1.875%. The loan matures on 16 July 2028 and pays interest at a fixed rate annually in arrears. The borrower may prepay the loan in full on 16 July 2027.

On 28 February 2024, Investec Bank plc issued £350 million of Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities which were purchased by the company. 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-

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 company will lose their entire investment in the securities should the Common Equity Tier 1 capital ratio of the Investec Bank plc group as defined in the PRA's rules fall below 7%. The securities are redeemable at the option of Investec Bank plc 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.

d. Debt securities in issue

On 16 July 2021, the company issued £350 million 1.875% Senior Unsecured Notes from its EMTN. The notes mature on 16 July 2028 and pay interest at a fixed rate annually in arrears. On 13 February 2023 the company issued a further £200 million of the 1.875% Senior Unsecured Notes due 2028, at a discount of 17.4070%, which has been consolidated with and formed a single series with the existing Notes. The issuer may redeem the notes at par on 16 July 2027.

e. Subordinated liabilities

On 4 October 2021, Investec plc issued £350 000 000 of 2.625% subordinated notes due 2032 at a discount (2032 Notes). 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 notes are listed on the London Stock Exchange. The notes will be redeemed at par on 4 January 2032. The issuer may redeem the notes at par on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions.

On 6 December 2022, Investec plc issued £350 000 000 of 9.125% subordinated notes due 2033 at a discount (2033 Notes). 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 notes are listed on the London Stock Exchange. The notes will be redeemed at par on 6 March 2033. The issuer may redeem the notes at par on any date in the period from 6 December 2027 to (and including) 6 March 2028 subject to conditions.

f. Audit fees

Details of the Company's audit fees are set out in note 7 of the Group financial statements.

g. Dividends

Details of the Company's dividends are set out in note 11 of the Group financial statements.

h. Share capital

Details of the company's ordinary share capital are set out in note 40 of the Group financial statements. Details of the perpetual preference shares are set out in note 41 of the Group financial statements. Details of the Other Additional Tier 1 securities are set out in note 44 of the Group financial statements.

i. Restatements

Amounts owed by Group undertakings were restated from Current assets to Fixed assets in accordance with guidance provided by IAS1 paragraph 66. There is no expectation that the amount will be realised within a twelve month period post the reporting date. The 31 March 2024 amount was £556.7 million (31 March 2023: £541.9 million and 31 March 2022: £523.3 million).

j. Audit opinion

The audit opinion on the financial statements of the Investec plc parent company is included within the independent auditor's report to the members of Investec plc within the Investec Group's integrated annual report for the year ended 31 March 2024.

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
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k. Subsidiaries

At 31 March 2024	Principal activity	Interest held
United Kingdom **Registered office: 30 Gresham Street, London, EC2V 7QP, UK**		
Investec 1 Limited*	Investment holding company	100%
Investec Holding Company Limited*	Investment holding company	100%
Investec (UK) Limited	Holding company	100%
Guinness Mahon Group Limited	Dormant	100%
Investec Bank plc	Banking institution	100%
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%
Investec Capital Solutions Limited	Lending company	100%
Diagonal Nominees Limited	Nominee	100%
GFT Holdings Limited	Dormant	100%
Investec Investment Trust plc	Debt issuer	100%
Investec Investments (UK) Limited	Investment holding company	100%
Inv-German Retail Ltd	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%
Kendals Regeneration Limited (formerly Nars Holdings Limited)	Property company	100%
Evolution Capital Investment Limited	Dormant	100%
Investec Investments Limited	Investment holding company	100%
PSV Marine Limited	Shipping holding company	100%
PSV Anjali Limited	Shipping holding company	100%
PSV Randeep Limited	Shipping holding company	100%
Investec India Holdco Limited	Investment holding company	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 plc.

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

k. 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 Straße 16, 65193 Weisbaden, Germany**		
Capitalmind GmbH & Co. KG	Advisory services	60%

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

k. 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%
Registered office: Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH, Channel Islands		
Investec Captive Insurance Limited	Captive insurance company	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%

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

k. 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 office: 23 Avenue de France, CH – 1202, Geneva, Switzerland		
Reichmans Geneva SA	Trading company	100%
Registered offices: Löwenstrasse 29, CH-8001 Zurich, Switzerland		
Investec Bank (Switzerland) AG	Banking institution and wealth manager	100%
United States of America Registered office: 10 E. 53rd St., 22nd Floor, New York, NY 10022, USA		
US Multifamily GP LLC	Investment holding company	100%
Investec USA Holdings 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%

PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

k. 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%
Guernsey **Registered office: 1st Floor Tudor House Le Bordage, St Peter Port, Guernsey, GY1 1DB**		
Grovepoint Limited	Investment and advisory	41.9%
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 and stock broking	80.3%

ALTERNATIVE PERFORMANCE MEASURES

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

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

Adjusted operating profit	Refer to the calculation in the table below

£'000	31 March 2024	31 March 2023
Operating profit before goodwill, acquired intangibles and strategic actions	463 472	369 974
Less: Profit attributable to non-controlling interests	(1 204)	—
Adjusted operating profit^	**462 268**	**369 974**

Annuity income	Net interest income plus net annuity fees and commissions Refer to pages 94 and 95.
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

£'000	31 March 2024	31 March 2023
Operating costs (A)	656 599	598 966
Operating income	1 206 066	1 035 692
Less: Profit attributable to non-controlling interests	(1 204)	—
Total (B)	1 204 862	1 035 692
Cost to income ratio (A/B)^	**54.5%**	**57.8%**

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 94.
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 10.

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

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

Legacy, as separately disclosed from 2013 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

Net-zero

Balancing the amount of emitted greenhouse gases with equivalent emissions that are either offset or sequestered.

Ninety One and Ninety One group

All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries

Ongoing basis

Ongoing information, as separately disclosed from 2013 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business and financial impact of group restructures

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 187 for detail.

Subject to ECL

Includes financial assets held at amortised cost and FVOCI

GLOSSARY

The following abbreviations have been used throughout this report:

AGM	Annual general meeting
ALCO	Asset and Liability Committee
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
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CAM	Combined Assurance Matrix
CCB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CDO	Collateralised debt obligation
CDS	Credit default swap
CEO	Chief Executive
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CLO	Collateralised loan obligation
CLR	Credit Loss Ratio
COO	Chief Operating Officer
COVID	Corona Virus Disease
CPI	Consumer Price Index
CRD IV	Capital Requirements Directive IV
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRS	Common Reporting Standard
CSA	Credit Support Annex
CVA	Credit valuation adjustment
DCF	Discounted cash flow
DFM	Discretionary Fund Management
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EC	European Commission
ECL	Expected credit loss
EIR	Effective interest rate
EP	Equator Principles
EQAR	Engagement Quality Assurance Review
ERV	Expected rental value
ES	Expected shortfall
ESG	Environmental, social and governance
EU	European Union
EVT	Extreme value theory
FATCA	Foreign Account Tax Compliance Act
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FPC	Financial Policy Committee
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
GMRA	Global Master Repurchase Agreement
GMSLA	Global Master Securities Lending Agreement
Group ERC	Group Executive Risk Committee
GRRRMF	Group Risk Review and Reserves Matters Forum
HNW	High net worth
HR	Human resources
HQLA	High quality liquid assets
IAM	Investec Asset Management Limited
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBOR	Interbank offered rate
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IBP Review ERRF	IBP Review Executive Risk Review Forum
ICAAP	Internal Capital Adequacy Assessment Process
IFA	Independent Financial Adviser
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IIA	Institute of Internal Auditors
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Ratings Based
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IT	Information technology
IW&II Group	Investec Wealth & Investment International
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
LTI	Long-term incentive
LTV	Loan-to-value
MDR	Mandatory Disclosure Rules
MLRO	Money Laundering Reporting Officer
MREL	Minimum Requirements for Own Funds and Eligible Liabilities
MRT	Material Risk Taker
NCI	Non-controlling interests
NSFR	Net Stable Funding ratio
NSX	Namibian Stock Exchange
NZBA	Net-Zero Banking Alliance
OCI	Other comprehensive income
OD	Organisation development
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter

GLOSSARY
CONTINUED

PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PRA	Prudential Regulation Authority
RHS	Right hand side
ROU	Right of use asset
RPA technologies	Robotic Process Automation technologies
RRP	Recovery Resolution Plan
RWA	Risk weighted asset
RFR	Risk-free rate
SA-CCR	Standardised Approach for measuring Counterparty Credit Risk
S&P	Standard & Poor’s
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SICR	Significant increase in credit risk
SIPP	Self Invested Personal Pension
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
SPPI	Solely payments of principal and interest
SREP	The Supervisory Review and Evaluation Process
STI	Short-term incentive
sVaR	Stressed VaR
TCFD	Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of CO2 emissions
TFSME	Bank of England Term Funding Scheme for Small and Medium Enterprises
UN	United Nations
UN GISD	United Nations Global Investment for Sustainable Development
UK	United Kingdom
UKLA	United Kingdom Listing Authority
VaR	Value at Risk
YES	Youth Employment Service

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Directorate as at 24 June 2024

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Nishlan Samujh (Group Finance Director)

Non-Executive Directors

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Zarina Bassa (Senior Independent Director)
Henrietta Baldock
Stephen Koseff
Nicky Newton-King
Jasandra Nyker
Vanessa Olver
Diane Radley
Philisiwe Sibiya
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