Out of the Ordinary since 1974

INVESTEC BANK
(CHANNEL ISLANDS) LIMITED

ANNUAL REPORT AND AUDITED
FINANCIAL STATEMENTS
31 MARCH 2024

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Company Summary

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Company Summary for the year ended 31 March 2024

Directors:	K McKenna (Chairman) F Carvill G Malcolm J Moore S Platts B Stewart (Resigned 29 September 2023) J Niles (Appointed 29 September 2023) N Leale (Resigned 1 February 2024)
Auditors:	Ernst & Young LLP Royal Chambers St Julian's Avenue St Peter Port Guernsey
Registered Office:	Glategny Court Glategny Esplanade St Peter Port Guernsey Telephone: (01481) 723506 Company Registration Number: 5845

Reports

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REPORT OF THE DIRECTORS

The Directors of Investec Bank (Channel Islands) Limited (the "Company") submit their report and the audited Financial Statements of the Company for the year ended 31 March 2024.

Principal activities
The Company carries on the business of banking and related financial services. The Company has assets under administration amounting to approximately £352m (2023: £327m) which are not included in the financial statements.

Accounting framework
The Company adopts FRS 101 Reduced Disclosure Framework.

Results
The results of the Company are shown in the Statement of Comprehensive Income on page 9.

Dividend
Dividends totalling £0m (2023: £23.5m) were paid during the year.

Directors
The Directors of the Company during the year and to the date of this report are as stated on page 3.

Statement of Directors' responsibilities
The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting practices.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. They also confirm that so far as they are aware, there is no material relevant audit information of which the Company's auditors are unaware, and they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Banking Supervision (Bailiwick of Guernsey) Law, 2020, The Banking Supervision (Accounts, Disclosure and Reporting) Rules and Guidance, 2021, and The Companies (Guernsey) Law, 2008. The Directors also have additional responsibilities as the Company is a Designated Person under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, and The Licences (Conduct of Business) Rules, 2021. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern
Following a review of the liquidity, capital position, profitability, the business model and operational risks facing the business, the Directors have a reasonable expectation that the Company will be a going concern for a period up until 30 June 2025. The results for the year ended 31 March 2024 has been prepared on a going concern basis.

Details of the company's liquidity and financial risk management procedures are set out in note 4 to the financial statements. After taking into account the results of the review set out above, the Directors consider that the company is adequately positioned to successfully manage the risks faced. The Directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

By order of the Board

DIRECTORS

Date: 27 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC BANK (CHANNEL ISLANDS) LIMITED

Opinion
We have audited the financial statements of Investec Bank (Channel Islands) Limited for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 41, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Standards including FRS 101 "The Financial Reporting Standards" applicable in UK and Ireland; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008, The Banking Supervision (Bailiwick of Guernsey) Law, 2020 and The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

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 company's ability to continue as a going concern for a period up until 30 June 2025.

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 company's ability to continue as a going concern.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC BANK (CHANNEL ISLANDS) LIMITED CONTINUED

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 company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework"), The Companies (Guernsey) Law, 2008, The Banking Supervision (Bailiwick of Guernsey) Law, 2020, The Banking Supervision (Accounts, Disclosure and Reporting) Rules and Guidance, 2021 and The Protection of Investors (Bailiwick of Guernsey) Law, 2020) and the relevant direct tax compliance regulation in the Bailiwick of Guernsey;
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for compliance matters and corroborated this by reviewing supporting documentation. We also reviewed correspondence between the company and the Guernsey Financial Services Commission, reviewed minutes of the Board and gained an understanding of the company's approach to governance demonstrated by the Board's approval of the company's Governance and the Board's review of the key risk profile and internal control processes;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming interest income relating to the effective interest rate method to be a fraud risk. We considered the controls of the company has established to address risks identified by the directors or that otherwise seek to prevent, deter or detect fraud. We also considered performance targets and their potential to influence management to manage earnings or influence the perceptions of stakeholders;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of Board minutes, complaints register, compliance reports, internal audit reports, inquiries of internal legal counsel, those charged with governance, executive management, compliance and performance of journal entry testing meeting our defined risk criteria and our understanding of the business; and
- The company operates in the regulated banking industry. As such the Audit Partner considered the experience and expertise of engagement team to ensure that the team had the appropriate competence and capabilities, which included 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.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008 and Paragraph 2.1.4 (1) of The Banking Supervision (Accounts, Disclosure and Reporting) Rules and Guidance, 2021 and Paragraph 4.2 of The Licensees (Conduct of Business) Rules and Guidance, 2021. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP,
Guernsey, Channel Islands

27 June 2024

Financial Statements

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	**2024 £**	2023 £
Interest receivable	5	167,421,060	98,883,570
Interest payable	6	(78,293,571)	(31,169,988)
Net interest income		**89,127,489**	**67 713 582**
Fees and commission receivable	7	6,422,803	6,831,437
Fees and commission payable	7	(448,113)	(421,163)
Net fees and commission income		**5,974,690**	**6,410,274**
Other operating (loss)/income	8	(1,712,361)	3,577,132
Expected credit impairment loss	9	(2,850,464)	(735,641)
Net gain (loss) from financial instruments at fair value through profit or loss		2,195,718	(3,407,756)
Net operating income		**92,735,072**	**73,557,591**
Administrative expenses	10	(28,191,813)	(24,373,730)
Depreciation and amortisation	20, 21	(1,084,049)	(1,220,963)
Profit on ordinary activities before taxation		**63,459,210**	**47,962,898**
Tax on profit on ordinary activities	11	(5,668,042)	(4,788,352)
Profit for the financial year		**57,791,168**	**43,174,546**
Other comprehensive income			
Items that will be reclassified to the income statement			
Fair value loss on debt instruments at fair value through other comprehensive income (FVOCI)		304,417	(374,857)
Share options exercised		6,024	232,448
Total comprehensive income for the year		**58,101,609**	**43,032,137**

All of the items in the above Statement of Comprehensive Income are derived from continuing operations.

The notes on pages 12 to 43 form an integral part of these financial statements.

BALANCE SHEET AT 31 MARCH 2024

	Notes	2024 £	2023 £
Assets			
Loans and advances to banks	12	612,719,211	658,208,055
Reverse repurchase agreements	13	150,195,215	153,075,976
Debt instruments	14	789,028,952	807,888,055
of which is pledged as collateral	13	*112,963,458*	*68,029,033*
Loans and advances to customers	15	1,055,972,229	1,110,932,081
Derivative financial instruments	16	4,468,360	7,523,334
Investment in subsidiary company	18	100,000	100,000
Intangible fixed assets	20	108,558	174,086
Tangible fixed assets and right of use assets	21	8,626,681	9,540,894
Prepayments and accrued income	22	1,636,476	1,303,855
Deferred taxation assets	11	507,888	308,605
Other assets	23	1,046,397	193,925
Total assets		**2,624,409,967**	**2,749,248,866**
Liabilities			
Deposits by banks	24	21,036,483	36,707,853
Customer accounts	25	2,349,109,361	2,499,151,224
Derivative financial instruments	16	232,345	1,171,932
Current taxation liabilities		6,675,946	4,665,233
Other liabilities	26	20,940,416	13,767,463
Subordinated liabilities	27	–	25,459,976
Total liabilities		**2,397,994,551**	**2,580,923,681**
Equity			
Called up share capital	28	14,652,339	14,652,339
Share premium account	29	20,347,661	20,347,661
Retained earnings		188,219,295	130,433,481
Share based payment reserve		3,961,083	3,961,083
Fair value reserve	29	(764,962)	(1,069,379)
Total equity		**226,415,416**	**168,325,185**
Total liabilities and equity		**2,624,409,967**	**2,749,248,866**

The financial statements on pages 9 to 43 were approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

(Director) (Director)

The notes on pages 12 to 43 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Share capital £	Share premium £	Share based payment reserve £	Fair value reserve £	Retained earnings £	Total £
Balance at 31 March 2022		14,652,339	20,347,661	3,961,083	(694,522)	110,565,817	148,832,378
Profit for the financial year		–	–	–	–	43,174,546	43,174,546
Net amount reclassified to the income statement on disposal of debt instruments at FVOCI		–	–	–	39,330	(39,330)	–
Movement in value of assets measured at FVOCI		–	–	–	(414,187)	–	(414,187)
Total comprehensive income for the year		–	–	–	(374,857)	43,135,216	42,760,359
Dividend paid	30	–	–	–	–	(23,500,000)	(23,500,000)
Share options exercised in the year		–	–	–	–	232,448	232,448
Balance at 31 March 2023		**14,652,339**	**20,347,661**	**3,961,083**	**(1,069,379)**	**130,433,481**	**168,325,185**
Profit for the financial year		–	–	–	–	57,791,168	57,791,168
Net amount reclassified to the income statement on disposal of debt instruments at FVOCI		–	–	–	11,379	(11,379)	–
Movement in value of assets measured at FVOCI		–	–	–	293,038	–	293,038
Total comprehensive income for the year		–	–	–	304,417	57,779,789	58,084,206
Dividend paid	30	–	–	–	–	–	–
Share options exercised in the year		–	–	–	–	6,024	6,024
Balance at 31 March 2024		**14,652,339**	**20,347,661**	**3,961,083**	**(764,962)**	**188,219,295**	**226,415,416**

The notes on pages 12 to 43 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Corporate information

Investec Bank (Channel Islands) Limited (the "Company") is a company incorporated and domiciled in Guernsey Channel Islands.

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies (Guernsey) Law, 2008, The Banking Supervision (Bailiwick of Guernsey) Law, 2020 and The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

The Company is a wholly owned subsidiary company and the consolidated financial statements of Investec Bank PLC ("the Group") in which the Company is included are publicly available. Further details can be found in Note 40.

3 Material accounting policy information

3.1 Basis of preparation

These accounts are prepared under UK Accounting Standards FRS 101 for all periods presented. The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IAS7 *Statement of Cash Flows*;
(b) the requirements of paragraphs 30 and 31 of IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose the nature and impact of IFRSs that have been issued but are not yet effective;
(c) the requirements of paragraph 17 of IAS24 *Related Party Disclosures* to disclose key management personnel compensation;
(d) the requirements in IAS24 *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;
(e) the requirement in paragraph 38 of IAS1 *Presentation of Financial Statements* to present comparative information in respect of:
  (i) paragraph 73(e) of IAS16 *Property, Plant and Equipment*;
  (ii) paragraph 118(e) of IAS38 *Intangible Assets*;
(f) the requirements of paragraphs 10(d) and 10(f) of IAS1 *Presentation of Financial Statements*.

3.1.1 Going Concern

These separate financial statements of the Company, which present information about the Company as an individual undertaking, are prepared under both the going concern basis and the historical cost basis, except for debt securities, derivative financial instruments and financial assets measured at fair value through profit or loss which are measured at fair value.

Following a review of the liquidity, capital position, profitability, the business model and operational risks facing the business, the Directors have a reasonable expectation that the Company will be a going concern for a period up until 30 June 2025. The results for the year ended 31 March 2024 has accordingly been prepared on a going concern basis. The Directors consider the use of the going concern basis of accounting as appropriate.

3.2 Changes in accounting policies and disclosures

3.2.1 New and amended standards and interpretations

In addition to the below, several amendments and interpretations apply for the first time to accounting periods beginning on or after 1 January 2023, but do not have an impact on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.2.2 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

3.3 Foreign currency transactions

The presentation and functional currency of the Company is Sterling.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Balance Sheet date. All differences are taken to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.4 Investment in subsidiary

Subsidiaries are held for the long term and are held at cost less any applicable provision for impairment. Impairment losses are recognised as an expense in the Statement of Comprehensive Income in the period in which they are identified.

Realised gains and losses on the sale of investments in subsidiaries are reflected in the Statement of Comprehensive Income.

3.5 Tangible fixed and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, and amortisation on intangible assets, on a straight-line basis over its expected useful life as stated below.

	Useful life years	Useful life %
Leasehold improvements	10	10%
Office equipment – furniture and fittings	5	20%
Office equipment – general	5	20%
Office equipment – computer equipment	3	33%
Intangible assets	3	33%

In the event that the remaining lease period when a leasehold improvement is made is less than 10 years, the useful life of the new asset is reduced to the lease period so that the leasehold improvement asset is fully depreciated by the end of the lease.

3.5.1 Right of use assets

The Company recognises right of use assets at the commencement date of the lease. Right of use assets are measured at cost, less any depreciation and impairment losses, and adjusted for a remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the lease term.

3.6 Share–based payments (Equity settled transactions)

The Company operates share option and share purchase schemes for employees, 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's performance and provide an incentive to maximise individual and group performance by allowing staff to share in the risks and rewards of the Company.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest or in the case of an instrument subject to market conditions, be treated as vesting as described above. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.6 Share–based payments (Equity settled transactions) (continued)

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

3.7 Revenue recognition

3.7.1 Interest income

Under IFRS9, interest income is recognised in the Statement of Comprehensive Income using the effective interest method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS9 are also recorded by using the EIR method.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 4.1) and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (as outlined in Note 4.1) and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

3.8 Financial Instruments – Initial Recognition

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

3.8.1 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The Company classifies and measures its derivative portfolio at FVPL. The Company may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

3.8.2 Financial assets and liabilities

3.8.2.1 Loans and advances to banks and Loans and advances to customers

The Company only measures Loans and advances to banks and Loans and advances to customers at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

Business model assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.8.2.1 Loans and advances to banks and Loans and advances to customers (continued)

The SPPI test
As a second step of its classification process the Company assesses the contractual terms of a financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Fixed rate loans
Where Loans and advances to customers have a fixed interest rate and the resulting interest rate risk has been hedged using an interest rate swap the loan has been measured at fair value through profit or loss since inception.

3.8.2.2 Derivatives financial instruments
Derivatives include forward foreign exchange contracts and interest rate swaps.

All derivative instruments of the Company are initially recorded and re-measured on Balance Sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

Forward foreign exchange contracts are valued using appropriate valuation techniques applying a comparison to similar instruments for which observable market prices exist. Gains and losses are recognised in the profit or loss account.

Changes in the fair value of derivatives held for trading are included in other operating income.

3.8.2.3 Debt instruments at FVOCI
The Company applies the category under IFRS9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

3.8.2.4 Debt instruments at amortised cost
Where the Company has purchased quoted debt securities with the intention to hold them to maturity, these debt securities are held at amortised cost using the effective interest method.

3.8.2.5 Reverse repurchase agreements
Securities purchased under agreements to resell at a future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Company. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR. If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

3.8.2.6 Securities lending and borrowing
Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties, in which case, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.8.2.7 Subordinated debt

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost (see Note 27).

3.8.2.8 Financial assets at fair value through profit or loss

Financial assets in this category are those that are not held for trading and are mandatorily required to be measured at fair value under IFRS9 as the assets contain one or more embedded derivatives or loans and advances to customers with a fixed interest rate where the interest rate risk has been hedged using an interest rate swap.

Financial assets at FVPL are recorded in the Balance Sheet at fair value.

Changes in fair value are recorded in profit or loss.

3.8.2.9 Financial guarantees and undrawn loan commitments

In the ordinary course of business, the Company gives financial guarantees. Financial guarantees are initially recognised in the financial statements at fair value in 'Other liabilities' being the premium received adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount recognised less cumulative amortisation and the best estimate of expenditure required to settle any present financial obligation arising as a result of the guarantee at the reporting date.

The premium received is recognised in the Statement of Comprehensive Income in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the Expected Credit Loss (ECL) requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments are not recorded on in the Balance Sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 31.

3.8.2.10 Financial Liabilities

Financial liabilities classified as non-trading include Deposits by banks and Customer accounts while those held for trading include derivative financial instruments.

Non-trading liabilities are recorded at amortised cost.

3.9 Derecognition of financial assets and liabilities

3.9.1 Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or originated credit impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition.

3.9.2 Derecognition other than for substantial modification

A financial asset or a portion thereof, is derecognised when the Company's rights to cash flows have expired; or when the Company has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all of the risks and rewards associated with financial assets or when control over the financial asset has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.10 Impairment of financial assets

3.10.1 Overview of the ECL principles

The Company records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1: (12mECL): IFRS9 requires that for financial assets where there has been no significant increase in credit risk since origination a loss allowance equivalent to 12 month expected credit losses should be held.
- Stage 2: (LTECL): IFRS9 requires financial assets that have experienced a significant increase in credit risk since initial recognition to carry a lifetime expected credit loss allowance.
- Stage 3: (LTECL; Multiple economic scenarios): This relates to additional impairment allowances required on Stage 3 exposures already in default or impaired. Under IFRS9, loss provisions are calculated using a range of forward-looking, probability weighted macro-economic scenarios and assets are individually assessed using multiple economic scenarios under IFRS9.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
- Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios (Note 3.10.2). The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- Financial guarantee contracts: The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios (Note 3.10.2).

3.10.2 The calculation of ECLs

The calculation of ECLs is 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 ECL should take into account the time value of money. IFRS9 will result in an increase in the total level of impairment allowances, since all financial assets if not measured at fair value through profit or loss (FVPL) will be assessed for at least 12 month ECL.

The key elements of the ECL calculations are as follows:

- PD *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD *The Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 Material accounting policy information (continued)

3.10.2 The calculation of ECLs (continued)

- LGD — The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.
- Four scenarios — Four macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, an upside case and two downside cases. The 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 scenario has been replaced with the downside 2 - cautious easing, severe recession scenario. This new scenario is a comparable in terms of GDP shock. It has also been designed to that it can act as a proxy for a number of evolving economic risks. The relative weightings of the 4 scenarios stand at; 10% upside; 60% base case; 15% downside 1 - inflation; and 15% downside 2 - cautious easing, severe recession scenario.

The calculation of the 12-month ECL is based on the 12-month PD and LGD along with the EAD and effective interest rate (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 have also been utilised for certain portfolios where the ECL is found to be minimal, either due to the portfolio's relative size or the highly-rated nature of these portfolios, such as cash and balances held at central banks.

Management adjustments are made to model output to account for situations where additional information and known or expected risk factors have not been captured in the modelling process.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

The measurement of ECL also requires the use of multiple economic scenarios to calculate an unbiased and 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. A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec specific stress scenarios) and IFRS9, including multiple scenarios.

3.11 Leases

3.11.1 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments.

At the commencement of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments or a rent review).

The Company's lease liabilities are included in other liabilities (Note 26).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

3 **Material accounting policy information** (continued)

3.12 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

3.12.1 Impairment losses on financial assets

The measurement of ECLs across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

3.12.2 Climate risk

The Company makes use of reasonable and supportable information to make accounting judgments and estimates. 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 judgments and estimates for the current period.

The following items represent the most significant effects:

- The measurement of expected credit loss 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 the Investec appetite to fund clients in the respective sectors.
- The assessment of asset impairment based on value in use and the ability to recognise deferred tax assets are based on future expected cashflows. The expected cashflows are based on management's best estimate of the operational results including the near-term impact of climate risk. The Company did not consider any additional adjustments to the cashflows to account for this risk given the timeframe of the cashflows 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.

3.12.3 Effective rate of Interest for loan fees

Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield. The effective interest yield calculation is based on the estimated cash flows of the underlying instrument. Where this is not readily available, the contractual cash flows is used.

3.13 Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

4 Review of the Company's risk profile

Risk management

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Company is exposed to credit risk, liquidity risk, financing and interest rate risk, foreign currency risk and operational risk. The Company's Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Management processes throughout the Company are audited by the internal audit function, that examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management and the Board of Directors. It also reports its findings to the Audit Committee of the Company's parent company. Internal Audit reviews occur on an 18 month rolling basis.

Monitoring and controlling risks is primarily performed based on limits established by the Company or allocated to the Company by its parent company. Reports are prepared daily to ensure that all agreed limits are adhered to. A daily summary is circulated to senior management to identify any breaches of market limits, foreign exchange exposures, interest rate risk and liquidity.

The Company's liquidity risk and exposure to interest rate and foreign exchange risks are managed by the Company's treasury department. Treasury seeks to reduce or eliminate financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. It operates within policies and procedures agreed by the Company's Board of Directors and the ultimate parent company, which include strict controls on the use of financial instruments in managing the Company's risk.

Although the Company does not actively trade, it is authorised to take small positions in currency within the overall limits imposed by the Company's Board of Directors.

4.1 Credit risk

Credit risk is the risk that a customer or counterparty will be unwilling or unable to meet a commitment that it has entered into with the Company. The Company continuously reviews the credit quality of counter-parties and limits individual aggregate exposures accordingly. The Company's Board of Directors receive regular reports on credit exposures. These include information on large credit exposures, asset concentration, levels of bad debt provisioning and country exposure limits.

Total credit exposures prior to expected credit loss allowance are summarised below:

	As at 31 March	
	2024 £m	2023 £m
Loans and advances to banks	613	658
Reverse repurchase agreements	150	153
Debt instruments at FVOCI	789	808
Loans and advances to customers	1,062	1,114
Derivative financial instruments	4	8
Other assets	12	12
Total on balance sheet credit exposures	**2,630**	**2,753**
Undrawn loans	63	83
Gross off-balance sheet exposure	**63**	**83**
Total credit exposures	**2,693**	**2,836**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

4 Review of the Company's risk profile (continued)

4.1 Credit risk (continued)

An analysis of the counterparty risk on loans and advances to banks is shown below:

Fitch Equivalent Rating	As at 31 March 2024		As at 31 March 2023	
	Limit £m	Exposure £m	Limit £m	Exposure £m
AAA	–	–	–	–
AA+	–	–	–	–
AA	–	–	80	24
AA–	20	–	200	49
A+	371	51	141	2
A	150	47	165	–
A–	233	97	268	190
BBB+ *	792	418	502	352
BBB	–	–	–	–
BBB–	–	–	–	–
BB+	–	–	–	–
BB	–	–	–	–
BB–	45	41	45	41
	1,611	**613**	**1,401**	**658**

*Of the total BBB+ rated exposure of £372m relates to the Company's parent, Investec Bank PLC. Of this exposure, £352m is secured (2023: £352m / £316m).

In addition to placing funds with the Company's parent, funds are also placed with other banks. The Company has limits on the maximum value of funds it can place with any counterparty. These limits are approved by Group Credit and allocated to the Company. These limits are monitored daily and any breaches of limits are reviewed by the Company's Board of Directors.

Credit risk classification and provisioning policy

The Company has incorporated IFRS9 requirements into its credit risk classification and provisioning process. A framework has been established that incorporates both quantitative and qualitative measures. Any decisions in relation to significant increase in credit risk will be management decisions subject to approval by the appropriate committees. The policies for financial assets at amortised cost, in accordance with IFRS9, have been developed as described below:

Definition of default

The Company has aligned the IFRS9 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.

Stage 1

All assets that are considered performing and have not had a significant increase in credit risk will be reported as Stage 1 assets. Under IFRS9 these Stage 1 financial assets have loss allowances measured at an amount equal to 12 month ECL.

Stage 2

Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. Under IFRS9 a loss allowance equivalent to a lifetime ECL is required to be held.

The Company'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. This comprises exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements or idiosyncratic financial distress, or private clients who have undergone a significant deterioration in financial circumstances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

4 Review of the Company's risk profile (continued)

4.1 Credit risk (continued)

Credit risk classification and provisioning policy (continued)
Assets that have been subject to 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 difficulties. These exposures are assessed on a case by case basis to determine whether the proposed modifications will be considered as forbearance. Where the credit committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable timeframe these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested as both a relative and absolute measure to further inform whether a significant deterioration in lifetime risk of default has occurred.

As a backstop, the Group does not rebut the presumption in IFRS9 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 will be included in Stage 3 when there is objective evidence of credit impairment. Under IFRS9, the Company 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 in receivership. Forborne loans that are considered non-performing, for example if a loan is not expected to return to fulfil the original contractual obligations in a reasonable timeframe, will be classified as Stage 3.

The Company's policy is not to rebut the presumption in IFRS9 that loans which are more than 90 days past due are in default.

Write–offs
A loan or advance is normally written off, in full, against the related allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. Any recoveries of amounts previously written off decrease the amount of impairment losses.

4.2 Financing and Interest Rate Risk

Exposure to interest rate risk is the risk that arises when there is an imbalance between rate and non rate-sensitive assets, liabilities and off balance sheet items. The Company's policy is to maintain the interest rate risk at a minimal level except that management may invest the shareholders' funds in fixed or floating rate instruments in response to market conditions.

Note 35 shows management's estimate of the interest rate sensitivity gap as at 31 March 2024. Assets and liabilities are included in the table at the earliest date at which the applicable interest rate can change.

Company policy dictates that interest rates should not, in general, be fixed for any period greater than one year. If circumstances arise which require rates to be fixed for greater than one year, the Company enters into interest rate swaps to manage that risk. The Company may choose not to swap exposures of greater than 1 year, provided that the risk arising does not exceed agreed interest risk limits. Details of contracts entered into as at 31 March 2024 are in Note 16 (further information in Note 35).

The Company monitors interest rate risk using MPM (Million Pound Months) analysis. Using this analysis, exposures are expressed on the basis of residual term to earliest interest re-pricing date (in months) nominal value of the exposure. Limits are set for each currency and are monitored daily.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

4 **Review of the Company's risk profile** (continued)

4.2 Financing and Interest Rate Risk (continued)

Summary of MPM Position:

	As at 31 March 2024			As at 31 March 2023		
Currency	**MPM**	**MPM Limit**	**%**	MPM	MPM Limit	%
GBP	175	1,500	12%	3,880	6,000	65%
USD	140	2,220	6%	1,354	2,400	56%
JPY	–	50	0%	–	50	0%
EUR	(48)	500	10%	(46)	500	9%
AUD	7	50	15%	4	50	8%
CHF	–	50	0%	–	50	0%
Others	31	50	62%	19	50	38%
Overall	**401**	**3,600**	**11%**	**5,303**	**8,400**	**63%**

The overall MPM Position represents the absolute exposure rather than the sum of individual currency positions. The overall MPM limit represents the maximum exposure permitted. It does not equate to the sum of the individual currency limits.

Our MPM position presumes equity and a proportion of 0% rate paying demand deposits are not interest rate sensitive.

4.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet commitments. The table in Note 34 shows the maturity analysis of the Balance Sheet of the Company.

To protect against potential shocks the Company holds a liquidity buffer in the form of government securities, money market instruments and bank deposits. Government securities held during the year comprise Treasury Bills. These portfolios are managed within board approved targets. The Company does not rely on overnight interbank deposits to fund term lending.

With the exception of some debt securities (see Note 14) the Company's Balance Sheet is fully unencumbered and the Company does not enter into commodities contracts.

Regulatory liquidity is measured by the Liquidity Coverage (LCR) ratio. The Company is required to maintain a minimum LCR ratio of 100%. The LCR reported to the Guernsey Financial Services Commission (GFSC) at 31 March 2024 was 311% (2023: 256%).

Regulatory liquidity is measured by the Net Stable Funding (NSFR) ratio. The Company is required to maintain a minimum NSFR ratio of 100%. The NSFR reported to the GFSC at 31 March 2024 was 153% (2023: 148%).

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cashflows indicated by the Company's deposit retention history.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

4 Review of the Company's risk profile (continued)

4.3 Liquidity risk (continued)

As at 31 March 2024	Up to 1 month £	More than 1 month but not more than 3 months £	More than 3 months but not more than 6 months £	More than 6 months but not more than 1 year £	Over 1 Year £	Total £
Liabilities						
Deposits by banks	11,698,883	5,886,085	3,578,586	–	–	21,163,554
Customer accounts	1,304,828,889	790,526,056	168,738,758	68,928,144	31,253,880	2,364,275,727
Derivative financial instruments	227,201	5,144	–	–	–	232,345
Subordinated debt	–	–	–	–	–	–
Loan commitments	62,992,624	–	–	–	–	62,992,624

As at 31 March 2023	Up to 1 month £	More than 1 month but not more than 3 months £	More than 3 months but not more than 6 months £	More than 6 months but not more than 1 year £	Over 1 Year £	Total £
Liabilities						
Deposits by banks	21,808,147	10,707,823	4,366,656	–	–	36,882,626
Customer accounts	1,603,192,956	735,677,226	88,592,833	57,617,282	23,779,774	2,508,860,071
Derivative financial instruments	1,168,436	3,496	–	–	–	1,171,932
Subordinated debt	–	–	–	25,459,976	–	25,459,976
Loan commitments	82,523,127	–	–	–	–	82,523,127

4.4 Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's foreign currency exposure arises from providing services to customers. The Company's policy is to hedge against foreign exchange risk by matching currency liabilities with currency assets. The Company's Board of Directors receive regular reports on foreign currency exposures.

The table in Note 33 shows the Company's exposure to major currencies as at 31 March 2024.

Fluctuations in exchange rates can have an effect on profit and equity. The table below summarises the effect on profit and equity of a 5% increase of exchange rates against sterling, assuming the net positions in each currency remain unchanged. The table shows the main exposures of the Company. A negative value indicates a decrease in profit. Due to the policy of matching currency liabilities with currency assets, the effect of exchange rate movements on profit and equity is minimal.

Currency	Increase in FX Rate against GBP	31 March 2024 Effect on Profit and Equity £	31 March 2023 Effect on Profit and Equity £
USD	5%	57,604	71,874
EUR	5%	14,216	19,533
ZAR	5%	1,823	N/A

4.5 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company does not expect to eliminate all operational risks, but through effective control procedures and by monitoring and responding to potential risks, the Company is able to manage the risks. All anticipated risks are identified and monitored, using the Group approved operational risk software. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff training, and assessment processes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

5 Interest and similar income

	2024 **£**	2023 £
In respect of:		
Cash and short term funds	356,527	281,947
Due from banks	46,036,063	19,792,686
Loans and advances to customers	82,066,875	57,991,141
Negative interest received on customer deposits	–	427,344
Debt instruments	38,961,595	20,390,452
	167,421,060	**98,883,570**

6 Interest and similar expense

	2024 **£**	2023 £
In respect of:		
Deposits by banks	(2,353,781)	(722,997)
Customer accounts	(73,339,381)	(28,226,351)
Unwinding of lease liabilities	(205,480)	(157,319)
Subordinated debt	(2,394,929)	(2,063,321)
	(78,293,571)	**(31,169,988)**

7 Net fees and commission income

	2024 **£**	2023 £
Foreign exchange	3,141,099	3,304,441
Credit related fees and commissions	483,309	720,317
Bank charges and commissions	2,010,524	2,033,863
Custody and safekeeping charges	787,871	772,816
Total fees and commission income	**6,422,803**	**6,831,437**
Brokerage and commissions paid	–	–
Other fees paid	(448,113)	(421,163)
Total fees and commission expense	**(448,113)**	**(421,163)**
Net fees and commission income	**5,974,690**	**6,410,274**

Fee and commission income includes fees earned from foreign exchange, credit related fees, bank charges and custodian services. All such commissions and fees are recognised as revenue when the related services are performed.

Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but exclude those fees earned for a separately identifiable significant act, which are recognised upon completion of the act.

The effective interest yield calculation is based on the estimated cash flows of the underlying instrument. Where this is not readily available, the contractual cash flows is used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

8 Other operating income

	2024 £	2023 £
Net trading income		
Foreign exchange trading income	355,247	492,734
Net change in fair value of Foreign Exchange contracts and Interest Rate Swaps	(2,216,364)	2,930,664
	(1,861,117)	**3,423,398**
Other		
Rental income received	148,756	153,734
	148,756	**153,734**
Total other operating income	**(1,712,361)**	**3,577,132**

9 Expected credit losses impairment release

	2024 £	2023 £
Expected credit losses impairment charges has arisen on the following line items:		
Movement in ECL on loans and advances to customers	(2,915,223)	804,182
Movement in ECL on other balance sheet assets	(269)	141
Movement in ECL on off–balance sheet commitments	55,164	(72,496)
Loans and advances to customers recovered/(written off)	9,864	(1,467,468)
Total expected credit impairment loss	**(2,850,464)**	**(735,641)**

10 Administrative expenses

	2024 £	2023 £
Staff costs	16,155,638	15,609,322
Recharges of group central costs	6,613,238	4,744,766
IT and office services	3,074,334	1,968,030
Marketing, travel and entertainment	601,464	582,571
Accommodation	490,950	395,190
Rental expense	67,184	60,699
Auditor's remuneration – current year audit fees	212,608	196,313
Auditor's remuneration – other services	121,392	42,549
Directors' fees	80,000	80,000
Legal and consulting fees	275,444	183,362
Other professional fees including GFSC fees	288,724	277,028
Operating losses	128,880	158,337
Other costs	81,957	75,563
	28,191,813	**24,373,730**

Group Central Costs relate to expenses recharged by Investec Bank PLC for HR, Risk, Compliance, Operations, Regulatory Reporting and IT Support. These services are provided at group level on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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11 Taxation

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised in the Statement of Comprehensive Income.

	2024 **£**	2023 £
Income tax based on profits for the year	5,887,002	4,352,906
Deferred tax charge	(199,283)	101,643
(Over)/under accrual in prior year	(19,677)	333,803
Tax charge reported in the statement of comprehensive income	**5,668,042**	**4,788,352**

The tax assessed for the year is lower than the intermediate rate of income tax of 10% applicable to banking activities. The differences are explained below.

	2024 **£**	2023 £
Profit on ordinary activities	63,459,210	47,962,898
	63,459,210	**47,962,898**

	2024 **£**	2023 £
Profit on ordinary activities at intermediate rate of tax at 10%	6,345,921	4,796,290
Add tax effect of disallowable items:	364,925	116,854
Less tax effect of allowable deductions:		
– Capital allowances	(21,318)	(28,622)
– Income taxable at 0%	(802,526)	(531,616)
Current tax charge for the year	**5,887,002**	**4,352,906**

The Standard rate of income tax payable by Investec Bank (Channel Islands) Limited is 10% on its Banking business profits.

Deferred Taxation

	2024 **£**	2023 £
Deferred taxation assets	**507,888**	**308,605**

Deferred tax assets are recognised to the extent it is likely that profits will arise in future periods.

The deferred taxation assets arises from the timing difference as a result of the closing ECL balance recognised at the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

12 Loans and advances to banks

	2024 £	2023 £
Due from Investec Bank PLC – secured	352,009,209	321,662,120
Due from Investec Bank PLC – unsecured	20,097,057	35,483,264
Due from other group companies	12,779,208	36,022,237
Due from banks	227,833,918	265,040,622
Loans and advances to banks	**612,719,392**	**658,208,243**
Less: Expected Credit Loss Allowance	(181)	(188)
	612,719,211	**658,208,055**

Of the total 'Loans and advances to banks', £372m (60.73%) was due from the Company's parent company Investec Bank plc (2023: £357m).

The decrease in the ECL allowance of £7 during the year ended 31 March 2024 (2023: reduction of £141) was recognised in the Statement of Comprehensive Income.

13 Securities lending and repurchase agreements and assets held or pledged as collateral

During its normal course of business, the Company borrows and lends securities and may also sell securities under agreements to repurchase ("repos") and purchase securities under agreements to resell ("reverse repos").

13.1 Securities borrowed and reverse repo arrangements

The following table provides an analysis of the consideration paid, including accrued interest, recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements:

	2024 £	2023 £
Reverse repurchase agreements	**150,195,215**	**153,075,976**

13.2 Assets pledged and held as collateral

	2024 £	2023 £
Assets pledged as collateral		
Debt instruments at FVOCI pledged as collateral under collateral swap agreement	112,963,458	68,029,033
Assets held as collateral against assets we have extended		
Debt instruments at FVOCI held as collateral under reverse repo agreement	149,790,326	151,977,080
Debt instruments at FVOCI held as collateral under collateral swap agreement	114,594,675	73,425,685
	264,385,001	**225,402,765**

14 Debt securities

	2024 £	2023 £
Debt instruments at FVOCI	703,988,055	798,069,588
Debt instruments held at amortised cost	85,040,897	9,818,467
Total Debt Securities	**789,028,952**	**807,888,055**

Debt instruments held at amortised cost includes an ECL allowance £276 (2023: £Nil). The increase in the ECL allowance of £276 during the year ended 31 March 2024 (2023: £nil) was recognised in the Statement of Comprehensive Income.

As at 31 March 2024 the Company had pledged £112,963,458 of debt instruments measured at FVOCI as collateral under a collateral swap agreement (2023: £68,029,033). Further information in Note 13.2.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Balance Sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets. At 31 March 2024 there was no ECL allowance on debt instruments at fair value through other comprehensive income (2023: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

15 Loans and advances to customers

	2024 £	2023 £
Commercial property	339,989,779	292,863,413
Other – secured	91,931,919	124,312,306
Residential mortgages	629,867,014	696,810,624
Unsecured	274,057	122,572
Gross loans and advances to customers	**1,062,062,769**	**1,114,108,915**
Less: Expected Credit Loss Allowance (IFRS9)	(6,090,540)	(3,176,834)
	1,055,972,229	**1,110,932,081**

By Accounting Classification:

Loans and advances to customers held at Amortised Cost	991,644,772	1,023,810,242
Loans and advances to customers held at Fair Value through profit or loss	70,417,997	90,298,673
Gross loans and advances to customers	**1,062,062,769**	**1,114,108,915**
Less: Expected Credit Loss Allowance (IFRS9)	(6,090,540)	(3,176,834)
	1,055,972,229	**1,110,932,081**

Loans and advances to customers are typically contractually repayable on demand but it is not the Company's intention to call loans before the anticipated term of the loan.

Of the total 'Loans and advances to customers', 98.4% (£1,039m) was fully secured by collateral (2023: 98.3%, £1,092m). The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral are residential property, commercial property, cash and investment portfolios.

An analysis of loans and advances to customers held at Amortised Cost and asset quality is shown in the table below:

	31 March 2024 £000s	31 March 2023 £000s
Gross core loans and advances to customers held at Amortised Cost under IFRS9	**991,645**	**1,023,810**
Gross exposure subject to ECL (£000)	**991,645**	**1,023,810**
Stage 1	911,031	968,915
Stage 2	51,503	28,449
Stage 3	29,111	26,446
Gross exposure (%)		
Stage 1	91.9%	94.6%
Stage 2	5.2%	2.8%
Stage 3	2.9%	2.6%
IFRS9 ECL (£000)	**6,091**	**3,177**
Stage 1	2,420	1,575
Stage 2	390	612
Stage 3	3,281	990
ECL coverage ratio (%)	**0.6%**	**0.3%**
Stage 1	0.3%	0.2%
Stage 2	0.8%	2.2%
Stage 3	11.3%	3.7%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

15 Loans and advances to customers (continued)

An analysis of the changes in gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers held at Amortised Cost under IFRS9 is shown in the tables below:

Changes in Gross Carrying Amount (£000s):

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2023	**968,915**	**28,449**	**26,446**	**1,023,810**
New assets originated	134,872	-	–	134,872
Assets repaid (excluding write-offs)	(142,990)	(16,163)	(7,332)	(166,485)
Transfers to Stage 1	6,679	(6,679)	–	–
Transfers to Stage 2	(50,070)	50,070	–	–
Transfers to Stage 3	(24,746)	-	24,746	–
Other movements	18,371	(4,174)	(14,749)	(552)
Amounts written-off	–	–	–	–
Gross carrying amount as at 31 March 2024	**911,031**	**51,503**	**29,111**	**991,645**

Changes in ECL Allowance (£000s):

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 April 2023	**1,575**	**612**	**990**	**3,177**
New assets originated	437	–	–	437
Assets repaid (excluding write-offs)	(183)	(11)	(250)	(444)
Transfers to Stage 1	17	(103)	–	(86)
Transfers to Stage 2	(172)	120	–	(52)
Transfers to Stage 3	(27)	–	797	770
Other movements	773	(228)	1,744	2,289
Amounts written-off	–	–	–	–
ECL allowance as at 31 March 2024	**2,420**	**390**	**3,281**	**6,091**

Changes in Gross Carrying Amount (£000s):

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2022	**993,906**	**19,411**	**17,291**	**1,030,608**
New assets originated	128,473	–	–	128,473
Assets repaid (excluding write–offs)	(121,350)	(3,418)	(6,819)	(131,587)
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(23,015)	23,015	–	–
Transfers to Stage 3	(7,579)	(10,389)	17,968	–
Other movements	(1,520)	(170)	(527)	(2,217)
Amounts written–off	–	–	(1,467)	(1,467)
Gross carrying amount as at 31 March 2023	**968,915**	**28,449**	**26,446**	**1,023,810**

Changes in ECL Allowance (£000s):

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 April 2022	**980**	**1,791**	**1,206**	**3,977**
New assets originated	170	–	–	170
Assets repaid (excluding write–offs)	(119)	(2)	(126)	(247)
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(34)	113	–	79
Transfers to Stage 3	(10)	(802)	980	168
Other movements	588	(488)	5	105
Amounts written–off	–	–	(1,075)	(1,075)
ECL allowance as at 31 March 2023	**1,575**	**612**	**990**	**3,177**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 CONTINUED

15 Loans and advances to customers (continued)

Analysis of Loans and advances to customers by risk category:

As at 31 March 2024	Stage 1		Stage 2		Stage 3		FVTPL	Total	
£000s	Exposure	ECL	Exposure	ECL	Exposure	ECL	Exposure	Exposure	ECL
Commercial Property	**277,546**	**(1,156)**	**37,105**	**(370)**	**4,747**	**(2,163)**	**20,592**	**339,990**	**(3,689)**
Investment	200,196	(1,040)	21,696	(59)	4,002	(2,163)	20,592	246,486	(3,262)
Development	19,381	(14)	-	-	-	-	-	19,381	(14)
Planning	-	-	5,607	(270)	-	-	-	5,607	(270)
Other	57,969	(102)	9,802	(41)	745	-	-	68,516	(143)
Residential Property	**545,266**	**(1,159)**	**13,412**	**(19)**	**24,364**	**(1,118)**	**46,825**	**629,867**	**(2,296)**
Mortgages	114,444	(28)	-	-	1,810	-	2,306	118,560	(28)
Investment	400,259	(1,057)	13,412	(19)	22,554	(1,118)	44,519	480,744	(2,194)
Development	11,482	(16)	-	-	-	-	-	11,482	(16)
Other	19,081	(58)	-	-	-	-	-	19,081	(58)
Other Secured Loans	**87,945**	**(105)**	**986**	**(1)**	**-**	**-**	**3,001**	**91,932**	**(106)**
Growth & Acquisition Finance	3,590	(3)	-	-	-	-	-	3,590	(3)
Non Property Structured Lending	72,465	(99)	986	(1)	-	-	-	73,451	(100)
Other corporate lending	245	-	-	-	-	-	3,001	3,246	-
Other	11,645	(3)	-	-	-	-	-	11,645	(3)
Unsecured Loans	**274**	**-**	**-**	**-**	**-**	**-**	**-**	**274**	**-**
Unsecured Loans	274	-	-	-	-	-	-	274	-
Total	**911,031**	**(2,420)**	**51,503**	**(390)**	**29,111**	**(3,281)**	**70,418**	**1,062,063**	**(6,091)**

As at 31 March 2023	Stage 1		Stage 2		Stage 3		FVTPL	Total	
£000s	Exposure	ECL	Exposure	ECL	Exposure	ECL	Exposure	Exposure	ECL
Commercial Property	**247,581**	**(533)**	**11,480**	**(558)**	**7,046**	**(350)**	**26,756**	**292,863**	**(1,441)**
Investment	190,046	(369)	4,799	(56)	7,046	(350)	26,756	228,647	(775)
Development	6,921	(7)	–	–	–	–	–	6,921	(7)
Planning	–	–	5,606	(499)	–	–	–	5,606	(499)
Other	50,614	(157)	1,075	(3)	–	–	–	51,689	(160)
Residential Property	**601,206**	**(933)**	**16,969**	**(54)**	**19,400**	**(640)**	**59,236**	**696,811**	**(1,627)**
Mortgages	112,409	(20)	–	–	–	–	2,243	114,652	(20)
Investment	468,608	(857)	16,969	(54)	19,400	(640)	56,993	561,970	(1,551)
Development	12,280	(47)	–	–	–	–	–	12,280	(47)
Other	7,909	(9)	–	–	–	–	–	7,909	(9)
Other Secured Loans	**120,005**	**(109)**	**–**	**–**	**–**	**–**	**4,307**	**124,312**	**(109)**
Growth & Acquisition Finance	6,253	(14)	–	–	–	–	–	6,253	(14)
Non Property Structured Lending	91,198	(90)	–	–	–	–	–	91,198	(90)
Other corporate lending	7,338	(1)	–	–	–	–	4,307	11,645	(1)
Other	15,216	(4)	–	–	–	–	–	15,216	(4)
Unsecured Loans	**123**	**–**	**–**	**–**	**–**	**–**	**–**	**123**	**–**
Unsecured Loans	123	–	–	–	–	–	–	123	–
Total	**968,915**	**(1,575)**	**28,449**	**(612)**	**26,446**	**(990)**	**90,299**	**1,114,109**	**(3,177)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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16 Derivative financial instruments

The Company enters into various contracts for derivatives for the purpose of hedging foreign exchange and interest rate exposures.

In the table below, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent either the market risk or the credit risk. The fair value of a derivative financial instrument represents the positive or negative cashflows which would have been incurred had the rights and obligations arising from that instrument been closed out by the Company in an orderly market transaction at the Balance Sheet date.

	Assets 2024 £	Liabilities 2024 £	Notional 2024 £
Derivatives held for trading			
Forward foreign exchange contracts	244,981	(232,345)	209,565,136
Interest rate swaps	4,223,379	–	76,575,000
	4,468,360	**(232,345)**	**286,140,136**

	Assets 2023 £	Liabilities 2023 £	Notional 2023 £
Derivatives held for trading			
Forward foreign exchange contracts	1,171,385	(1,171,932)	368,556,732
Interest rate swaps	6,351,949	–	95,265,500
	7,523,334	**(1,171,932)**	**463,822,232**

Forward foreign exchange contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Interest rate swaps relate to contracts taken out by the Company with other financial institutions in which the Company either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

17 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Treasury Bills

When fair values of publicly traded financial instruments are based on quoted market prices, or binding deal price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Company values these investments at bid price for long positions and ask price for short positions.

Over-the-counter derivatives

The Company uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including any adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

17 Fair value hierarchy (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss is comprised of derivatives and loans to customers which contain one or more embedded derivatives and loans and advances to customers with a fixed interest rate where the resulting interest rate risk has been hedged using an interest rate swap.

Level 2 Loans and advances to customers comprises a portfolio of fixed rate loans. The valuation of these loans is calculated using a present value model incorporating forward rate interest curves.

	31 March 2024 £	Level 1 £	Level 2 £	Level 3 £
Assets classified as fair value through profit or loss				
Forward foreign exchange contracts	244,981	–	244,981	–
Interest rate swap contracts	4,223,379	–	4,223,379	–
Loans to customers at fair value	70,417,997	–	70,417,997	–
Assets classified as fair value through other comprehensive income				
Treasury Bills	703,988,055	703,988,055	–	–
Liabilities classified as fair value through profit or loss				
Forward foreign exchange contracts	(232,345)	–	(232,345)	–

	31 March 2023 £	Level 1 £	Level 2 £	Level 3 £
Assets classified as fair value through profit or loss				
Forward foreign exchange contracts	1,171,385	–	1,171,385	–
Interest rate swap contracts	6,351,949	–	6,351,949	–
Loans to customers at fair value	90,298,673	–	90,298,673	–
Assets classified as fair value through other comprehensive income				
Treasury Bills	798,069,588	798,069,588	–	–
Liabilities classified as fair value through profit or loss				
Forward foreign exchange contracts	(1,171,932)	–	(1,171,932)	–
Interest rate swap contracts	–	–	–	–

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the reporting period ended 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Reconciliation of financial assets at fair value through profit or loss (Level 3)

	2024 £	2023 £
Financial assets at fair value through profit or loss at 1 April	–	708,000
Advances	–	23,727
Settlements	–	(732,472)
Fair value movement	–	745
Financial assets at fair value through profit or loss at 31 March	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

18 Investment in subsidiary company

Name of subsidiary	Nature of business	Issued Capital (£)	% held	Country of incorporation
Investec Bank (Channel Islands)	Nominee company	100 000	100%	Guernsey

The Company bears the cost of administering Investec Bank (Channel Islands) Nominees Limited.

19 Interest Rate Swaps

The Company uses derivatives for 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.

Interest rate swaps are entered into mainly to hedge the exposure of changes in fair value of fixed rate loans attributable to interest rates.

Description of financial instrument	FV of interest rate swaps	Cumulative gains/(losses) on interest rate swaps	Current year gains/(losses) on interest rate swaps	Cumulative gains/(losses) on fixed rate loans	Current year gains/(losses) on fixed rate loans
2024	**£**	**£**	**£**	**£**	**£**
Interest Rate Swap	4,223,379	4,223,379	(2,128,570)	(3,707,933)	2,195,718
2023	**£**	**£**	**£**	**£**	**£**
Interest Rate Swap	6,351,949	6,351,949	2,936,455	(5,903,651)	(3,408,501)

20 Intangible fixed assets

	Computer Software £
Cost	
As at 31 March 2023	4,924,511
Additions	50,700
Disposals	–
As at 31 March 2024	**4,975,211**
Amortisation and impairment	
As at 31 March 2023	4,750,425
Charge for the year	116,228
Disposals	–
As at 31 March 2024	**4,866,653**
Net book value	
As at 31 March 2023	174,086
As at 31 March 2024	**108,558**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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21 Tangible fixed assets and right of use assets

	Right of Use Assets – Buildings £	Leasehold Improvements £	Office Equipment £	Total £
Cost				
As at 31 March 2023	10,665,916	2,518,847	1,613,395	14,798,158
Additions	–	6,844	46,764	53,608
Disposals	–	–	(135,958)	(135,958)
As at 31 March 2024	**10,665,916**	**2,525,691**	**1,524,201**	**14,715,808**
Depreciation				
As at 31 March 2023	2,563,462	1,226,772	1,467,030	5,257,264
Charge for the year	712,778	162,960	92,083	967,821
On Disposals	–	–	(135,958)	(135,958)
As at 31 March 2024	**3,276,240**	**1,389,732**	**1,423,155**	**6,089,127**
Net book value				
As at 31 March 2023	8,102,454	1,292,075	146,365	9,540,894
As at 31 March 2024	**7,389,676**	**1,135,959**	**101,046**	**8,626,681**

Set out below are the carrying amounts of lease liabilities (included under other liabilities in Note 26) and the movements during the year:

	2024 £	2023 £
As at 1 April	8,476,069	8,193,107
Accretion of interest	205,480	157,319
New leases entered into in year	–	958,741
Remeasurement at rent review	–	(37,353)
Payments	(582,210)	(795,745)
As at 31 March	**8,099,339**	**8,476,069**

The maturity analysis of lease liabilities is disclosed in Note 34.

The Company had total cash outflows for leases of £836,278 (2023: £795,745).

22 Prepayments and accrued income

	2024 £	2023 £
Prepaid expenses	1,563,141	1,222,655
Loan Fees due from Clients	73,335	81,200
	1,636,476	**1,303,855**

23 Other Assets

	2024 £	2023 £
Transaction clearing	380,175	119,158
Other assets	666,222	74,767
	1,046,397	**193,925**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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24 Deposits by banks

	2024 £	2023 £
Due to fellow subsidiaries	17,073,189	27,795,107
Due to parent company	3,963,294	8,660,155
Due to other banks	–	252,591
	21,036,483	**36,707,853**

25 Customer accounts

	2024 £	2023 £
Current accounts	1,042,777,431	1,272,899,247
Notice and fixed accounts	1,306,331,930	1,226,251,977
	2,349,109,361	**2,499,151,224**

26 Other liabilities

	2024 £	2023 £
Staff expenses accrued	3,486,517	3,161,683
Due to holding company	7,662,049	506,998
ECL allowance on undrawn loans	48,620	103,784
Lease liabilities (Note 21)	8,099,339	8,476,069
Other liabilities	1,643,891	1,518,929
	20,940,416	**13,767,463**

Other liabilities includes £48,620 in respect of stage 1 ECL allowances on undrawn loans (2023: £103,784). The decrease in the stage 1 ECL allowance of £55,164 during the year ended 31 March 2024 was recognised in the Statement of comprehensive income (2023: increase of £72,496).

27 Subordinated debt

	2024 £	2023 £
Subordinated debt	**–**	**25,459,976**

In September 2018 the Company issued £25m of debt. The debt has a 10 year term, with a call option after 5 years.

The debt was purchased by Investec Bank (Switzerland) AG, a fellow subsidiary of Investec Bank PLC and repaid on 17 October 2023.

28 Share capital

	2024 £	2023 £
Authorised:		
23,250,000 ordinary shares of £1 each	**23,250,000**	**23,250,000**
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**14,652,339**	**14,652,339**

Each ordinary share entitles the holder to one vote at a meeting of shareholders and to an equal share of any dividends or residual net assets on wind up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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29 Reserves and share premium account

Share premium
This reserve relates to the excess proceeds over par value received on the issue of the Company's equity share capital, comprising £1 ordinary shares.

Share based payment reserve
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 37 for further details of these plans.

Fair value reserve
This reserve records fair value changes on debt securities.

30 Dividends

	2024 £	2023 £
Dividend declared and paid during the year	–	23,500,000
Dividend per share	£0.00	£1.60

31 Commitments and contingent liabilities

In the normal course of business there are various outstanding commitments and contingent liabilities.

	2024 £	2023 £
(i) Forward Foreign Exchange Contracts (Nominal Value)		
Falling due:		
Within one year	209,565,136	368,556,732
(ii) Undrawn loans		
Falling due:		
Within one year	62,992,624	82,523,127

Included in other liabilities in Note 26 is an amount of £48,620 in respect of stage 1 ECL allowances on undrawn loans (2023: £103,784). The decrease in the stage 1 ECL allowance of £55,164 during the year ended 31 March 2024 was recognised in the Statement of comprehensive income (2023: increase of £72,496).

32 Geographical analysis

	Assets £ 2024	Liabilities & Shareholders' Funds £ 2024	Assets £ 2023	Liabilities & Shareholders' Funds £ 2023
Channel Islands	470,120,082	1,527,431,387	573,267,854	1,712,899,246
United Kingdom	1,246,690,518	358,891,188	1,238,063,387	319,132,457
EU Member States	158,793,290	39,815,885	171,661,171	32,778,353
United States	472,192,331	11,401,451	488,190,997	12,663,596
Other	276,613,746	686,870,056	278,065,457	671,775,214
	2,624,409,967	2,624,409,967	2,749,248,866	2,749,248,866

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

33 Currency exposure

The currency exposure is stated in the Sterling equivalent, including the impact of currency hedging transactions with Investec Bank PLC.

31 March 2024	Sterling £	%	US Dollar £	%	Euro £	%	Other Currencies £	%	Total £
Assets	1,594,640,399	61%	871,930,596	33%	111,524,022	4%	46,314,950	2%	2,624,409,967
Liabilities including shareholders' funds	(1,594,599,815)	61%	(871,956,061)	33%	(111,565,476)	4%	(46,288,615)	2%	(2,624,409,967)
Net assets/ (liabilities)	**40,584**		**(25,465)**		**(41,454)**		**26,335**		**–**
Off balance sheet									
Assets	38,351,379	18%	68,558,481	33%	34,251,177	16%	68,404,099	33%	209,565,136
Liabilities	(34,518,766)	18%	(71,724,645)	34%	(34,756,732)	17%	(68,553,501)	33%	(209,553,644)
Net off balance sheet assets/ (liabilities)	**3,832,613**		**(3,166,164)**		**(505,555)**		**(149,402)**		**11,492**

31 March 2023	Sterling £	%	US Dollar £	%	Euro £	%	Other Currencies £	%	Total £
Assets	1,681,346,541	61%	886,063,946	32%	128,602,513	5%	53,235,866	2%	2,749,248,866
Liabilities including shareholders' funds	(1,681,242,439)	61%	(886,123,204)	32%	(128,669,485)	5%	(53,213,738)	2%	(2,749,248,866)
Net assets/ (liabilities)	**104,102**		**(59,258)**		**(66,972)**		**22,128**		**–**
Off balance sheet									
Assets	125,395,195	34%	105,540,005	29%	61,655,354	17%	75,965,721	21%	368,556,275
Liabilities	(121,963,120)	33%	(107,537,424)	29%	(61,828,976)	17%	(77,227,211)	21%	(368,556,731)
Net off balance sheet assets/ (liabilities)	**3,432,075**		**(1,997,419)**		**(173,622)**		**(1,261,490)**		**(456)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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34 Contractual maturity analysis

The table below shows client assets and liabilities, debt securities and subordinated debt analysing when they are expected to be recovered or settled, based on contractual repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cashflows indicated by the Company's deposit retention history.

As at 31 March 2024	Up to 1 month £	More than 1 month but not more than 3 months £	More than 3 months but not more than 6 months £	More than 6 months but not more than 1 year £	More than 1 year but not more than 5 years £	More than 5 years £	Total £
Assets							
Loans and advances to banks	243,894,951	222,689,252	42,062,802	15,697,892	88,374,314	–	612,719,211
Cash collateral on reverse repurchase agreements	(161,000)	150,356,215	–	–	–	–	150,195,215
Loans and advances to customers	17,206,411	64,491,343	21,353,807	142,276,314	795,089,955	15,554,399	1,055,972,229
Debt securities	139,860,426	236,383,478	271,613,918	37,835,006	91,584,127	11,751,997	789,028,952
Liabilities							
Deposits by banks	(11,698,417)	(5,858,157)	(3,479,909)	–	–	–	(21,036,483)
Customer accounts	(1,304,362,817)	(784,472,468)	(164,893,052)	(66,181,985)	(29,199,039)	–	(2,349,109,361)
Lease liabilities	(265,113)	(112,362)	(169,470)	(342,325)	(2,912,991)	(4,297,078)	(8,099,339)
Subordinated debt	–	–	–	–	–	–	–
Net position	**(915,525,559)**	**(116,522,699)**	**166,488,096**	**129,284,902**	**942,936,366**	**23,009,318**	**229,670,424**

As at 31 March 2023	Up to 1 month £	More than 1 month but not more than 3 months £	More than 3 months but not more than 6 months £	More than 6 months but not more than 1 year £	More than 1 year but not more than 5 years £	More than 5 years £	Total £
Assets							
Loans and advances to banks	307,169,528	238,140,436	32,338,912	10,096,647	70,426,382	36,150	658,208,055
Cash collateral on reverse repurchase agreements	3,075,973	150,000,003	–	–	–	–	153,075,976
Loans and advances to customers	24,968,696	36,228,948	25,765,151	88,507,151	896,633,243	38,828,892	1,110,932,081
Debt securities	112,613,253	211,367,195	330,427,363	78,804,393	49,696,204	24,979,647	807,888,055
Liabilities							
Deposits by banks	(21,808,085)	(10,633,058)	(4,266,710)	–	–	–	(36,707,853)
Customer accounts	(1,602,858,550)	(731,018,750)	(86,760,295)	(55,636,242)	(22,861,990)	(15,397)	(2,499,151,224)
Lease liabilities	(40,808)	(81,707)	(129,903)	(333,426)	(2,834,281)	(5,055,942)	(8,476,067)
Subordinated debt	–	–	–	(25,459,976)	–	–	(25,459,976)
Net position	**(1,176,879,993)**	**(105,996,933)**	**297,374,518**	**95,978,547**	**991,059,558**	**58,773,350**	**160,309,047**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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35 Interest rate sensitivity analysis

Part of the Company's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The table below summarises these repricing mismatches on the Company's non-trading book as at 31 March 2024. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date, taking into account the effect of derivative financial instruments whose effect is to alter the interest basis of an asset or liability.

	Not more than 3 months £	More than 3 months but not more than 6 months £	More than 6 months but not more than 1 year £	More than 1 year but not more than 5 years £	More than 5 years £	Non–interest bearing £	Total £
Assets							
Fixed rate – up to 4%	84,949,331	10,802,131	31,733,952	134,966,206	301,030	–	262,752,650
Fixed rate – above 4%	542,916,693	271,613,642	38,011,157	183,880,972	–	–	1,036,422,464
Floating rate – up to 4%	72,435,118	–	1,116,955	7,235,321	–	–	80,787,394
Floating rate – above 4%	1,234,053,799	–	–	–	–	–	1,234,053,799
Non–interest bearing	–	–	–	–	–	10,393,660	10,393,660
Total Assets	**1,934,354,941**	**282,415,773**	**70,862,064**	**326,082,499**	**301,030**	**10,393,660**	**2,624,409,967**
Liabilities							
Fixed rate – up to 4%	393,685,872	17,970,025	20,853,486	3,049,192	4,297,078	–	439,855,653
Fixed rate – above 4%	55,093,794	74,341,092	44,854,931	9,378,685	–	–	183,668,502
Floating rate – up to 4%	1,214,914,225	–	–	–	–	–	1,214,914,225
Floating rate – above 4%	539,808,900	–	–	–	–	–	539,808,900
Non–interest bearing	–	–	–	–	–	19,747,271	19,747,271
Total Liabilities	**2,203,502,791**	**92,311,117**	**65,708,417**	**12,427,877**	**4,297,078**	**19,747,271**	**2,397,994,551**
Equity	**–**	**–**	**–**	**–**	**–**	**226,415,416**	**226,415,416**
Interest rate sensitivity gap before Interest Rate Swaps	**(269,147,850)**	**190,104,656**	**5,153,647**	**313,654,622**	**(3,996,048)**	**(235,769,027)**	**–**
Interest Rate Swaps	**69,600,000**	**–**	**(20,000,000)**	**(49,600,000)**	**–**	**–**	**–**
Interest rate sensitivity gap after Interest Rate Swaps	**(199,547,850)**	**190,104,656**	**(14,846,353)**	**264,054,622**	**(3,996,048)**	**(235,769,027)**	**–**
Cumulative interest rate sensitivity gap as at 31 March 2024	**(199,547,850)**	**(9,443,194)**	**(24,289,547)**	**239,765,075**	**235,769,027**	**–**	**–**
Cumulative interest rate sensitivity gap as at 31 March 2023	**(254,765,636)**	**49,504,190**	**64,114,576**	**172,701,976**	**172,253,687**	**–**	**–**

36 Credit quality of loans and advances to customers

The credit quality of loans and advances to customers is managed by the Company using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Companies' internal credit rating system. The amount presented are gross of impairment and ECL allowances.

Loans and advances to customers	**2024 £'000**	**2024 %**	2023 £'000	2023 %
Satisfactory	**966,041**	**91%**	1,063,200	95%
Medium risk	**3,736**	**0%**	3,781	0%
Forborne	**–**	**0%**	–	0%
Watchlist - special mention	**–**	**0%**	–	0%
Watchlist – management review	**61,983**	**6%**	35,258	3%
Watchlist – sub–standard	**–**	**0%**	–	0%
Watchlist – default	**30,303**	**3%**	11,870	1%
	1,062,063		**1,114,109**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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37 Share based payments

The share incentive plans are granted in the following award types, each of which vest in line with the specified parameters.

- 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 conditions have been met.

Forfeitable and Conditional awards are awarded to employees for no consideration. These are settled by grants from the Group's Share Scheme Trusts, which acquire shares through the purchase of shares at market.

Awards under the UK share schemes are settled in Investec Plc (INVP) shares.

The Investec 1 Share Incentive Plan
Under the terms of the plans forfeitable awards of shares or nil cost options are made to select employees. A third of the forfeitable share awards vest on the third, fourth and fifth anniversary, whilst the nil cost options seventy five percent vest on the fourth anniversary and twenty five percent vest on the fifth anniversary.

In terms of the options, participants have no rights in respect of these options until they vest and are exercised.

In terms of the forfeitable shares the participants have voting rights, including the right to dividends, until the vesting dates, however the shares cannot be disposed of until the vest.

In terms of conditional forfeitable shares the participants have no dividend or voting rights until vesting.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

INVP options & shares	2024 Number of share options	2024 Weighted average exercise price	2023 Number of share options	2023 Weighted average exercise price
Outstanding at the beginning of the year	**796,038**	**£0.00**	796,854	£0.09
Re-location of employees during the year	**–**	**£0.00**	(16,247)	£0.00
Granted during the year	**242,066**	**£0.00**	185,769	£0.00
Exercised during the year	**(137,419)**	**£0.00**	(167,070)	£0.41
Lapsed during the year	**(153,245)**	**£0.00**	(3,268)	£0.00
Outstanding at the end of the year	**747,440**	**£0.00**	**796,038**	**£0.00**
Exercisable at the end of the year	**3,059**	**£0.00**	**7,250**	**£0.00**

At 31 March 2024 and 31 March 2023 all of the INVP options issued by the Company had an exercise price of £nil.

N91 options & shares	2024 Number of share options	2024 Weighted average exercise price	2023 Number of share options	2023 Weighted average exercise price
Outstanding at the beginning of the year	**35,510**	**£0.00**	117,967	£0.27
Re-location of employees during the year	**–**	**£0.00**	(3,126)	£0.00
Distributed during the year	**–**	**£0.00**	110,276	£0.00
Exercised during the year	**(17,737)**	**£0.00**	(179,667)	£0.03
Lapsed during the year	**(14,237)**	**£0.00**	(9,940)	£3.20
Outstanding at the end of the year	**3,536**	**£0.00**	**35,510**	**£0.00**
Exercisable at the end of the year	**–**	**£0.00**	**14,049**	**£0.00**

At 31 March 2024 and 31 March 2023 all of the INVP options issued by the Company had an exercise price of £Nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
CONTINUED

37 Share based payments (continued)

The exercise price range and weighted average remaining contractual life for INVP options outstanding at 31 March 2024, were as follows:

	2024	2023
Exercise price range	**–**	-
Weighted average remaining contractual life	**–**	-

The exercise price range and weighted average remaining contractual life for INVP LTIPs & LTSAs outstanding at 31 March 2024, were as follows:

	2024	2023
Exercise price range	**£Nil**	£Nil
Weighted average remaining contractual life	**1.90 years**	1.91 years

The exercise price range and weighted average remaining contractual life for N91 options outstanding at 31 March 2024, were as follows:

	2024	2023
Exercise price range	**n/a**	£Nil
Weighted average remaining contractual life	**n/a**	-

The exercise price range and weighted average remaining contractual life for N91 LTIPs & LTSAs outstanding at 31 March 2024, were as follows:

	2024	2023
Exercise price range	**£Nil**	£Nil
Weighted average remaining contractual life	**1.64 years**	1.54 years

38 Capital

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves.

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Guernsey Financial Services Commission, ("Regulator") in supervising the Company.

During the year, no breaches of externally imposed capital requirement were reported to the Regulator by the Company (2023: the same).

The primary objectives of the Company's capital management are:

- to comply with the requirements set by the regulators of the markets where the Company operates;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholders;
- to maintain a strong capital base to support the development of its business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may return capital to shareholders or issue capital securities. No changes yet have been made in the objectives, policies and processes from the previous years however, it is under constant scrutiny of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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38 **Capital** (continued)

Regulatory capital - Unaudited	**2024 Actual £000s**	**2024 Required £000s**	2023 Actual £000s	2023 Required £000s
Common Equity Tier 1 capital	**168,420**	**111,038**	148,184	109,549
Additional Tier 1 capital	**–**	**–**	–	–
Tier 1 capital	**168,420**	**111,038**	148,184	109,549
Tier 2 capital	**–**	**n/a**	25 000	n/a
Total regulatory capital	**168,420**	**138,713**	**173,184**	**136,854**
Risk weighted assets	**1,120,464**		**1,105,442**	
Common Equity Tier 1 capital	**15.03%**		13.40%	
Tier 1 capital ratio	**15.03%**		13.40%	
Total capital ratio	**15.03%**		15.67%	

The numbers above are sourced from the unaudited 31 March 2024 GFSC Regulatory Return.

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium and retained earnings and Tier 2 capital in the form of subordinated debt purchased by Investec Bank (Switzerland) AG, a fellow subsidiary of Investec Bank PLC.

Leverage ratio	**2024 £000s**	2023 £000s
Tier 1 capital	**168,420**	148,184
Total Exposures	**2,653,195**	2,783,657
Leverage ratio	**6.35%**	**5.32%**

39 **Pension costs**

The pension cost for the year was £896,089 (2023: £860,276). There were no outstanding or prepaid contributions as at 31 March 2024.

The Company operates a money purchase pension scheme. Contributions of the Company were 10%, 13%, 20% or 27% of staff salaries, depending on age and length of service. Contributions are recorded as an expense under 'Administrative Expenses'. Any unpaid contributions are recorded as a liability.

40 **Parent company, ultimate parent company and controlling party**

INVESTEC BANK (CHANNEL ISLANDS) LIMITED is a wholly owned subsidiary of Investec Bank PLC which is incorporated in the United Kingdom and registered in England and Wales. The company's ultimate parent undertaking and controlling party is Investec PLC, a company incorporated in the United Kingdom, registered in England and Wales and listed on the London Stock Exchange. The company is included within these consolidated group accounts which are publicly available. The registered address of both Investec Bank PLC and Investec PLC is 30 Gresham Street, London, EC2V 7QP.

41 **Post Balance Sheet Events**

There are no post Balance Sheet events to report.