

Unlocking future possibilities

Investec annual report 2022

Investec annual financial statements



**Alternative performance measures**

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

**Audited information**

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

**Page references**

Refers readers to information elsewhere in this report.

**Website**

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

**Group sustainability**

Refers readers to further information in the Investec Group's 2022 sustainability report which will be available on our website at the end of June 2022: www.investec.com

**Reporting standard**

Denotes our consideration of a reporting standard.

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Annual financial statements



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DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 18 to 38, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the UK Companies Act and South African Companies Act to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards which comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the EU. At 31 March 2022, UK adopted IAS are identical in all material respects to current IFRS applicable to the Group, with differences only in the effective dates of certain standards. The parent Company financial statements have been prepared in accordance with section 408 of the UK Companies Act 2006. Under Company law the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

Under the FCA's Disclosure Guidance and Transparency Rules (DTR), Group financial statements are required to be prepared in accordance with UK adopted international accounting standards which comply with IFRS as issued by the IASB and with IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the EU.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- Provide additional disclosures when compliance with the specific requirements in IFRSs, or in respect of the parent Company financial statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- In respect of the Group financial statements, state whether the accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

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

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

Directors' responsibility statement

The directors, whose names and functions are set out on pages 109 to 111 of Investec Group's 2022 integrated and strategic annual report, confirm to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards which comply with the IFRS as issued by the IASB, and with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- That the annual report, including the strategic report (as contained in the Investec Group's 2022 integrated and strategic report), includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

DIRECTORS RESPONSIBILITIES

CONTINUED

Chief Executive and Group Finance Director responsibility statement

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 39 to 156, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements. We have fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IVTM Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.



Fani Titi
Chief Executive
22 June 2022



Nishlan Samujh
Group Finance Director
22 June 2022

Financial results

The combined consolidated results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2022.

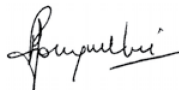
The preparation of these combined results was supervised by the Group Finance Director, Nishlan Samujh.

Approval of annual financial statements

The directors' report and the annual financial statements of the companies and the Group, which appear on pages 125 to 133 in Investec Group's 2022 integrated and strategic annual report, and pages 39 to 156 of the Investec Group's 2022 annual financial statements, respectively were approved by the Board of Directors on 22 June 2022.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the UK governing the preparation and dissemination of the annual financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Boards of Investec plc and Investec Limited



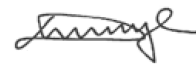
Philip Hourquebie
Chair
22 June 2022



Fani Titi
Chief Executive
22 June 2022

Declaration by the Company secretary

In terms of Section 88(2)(e) of the South African Companies Act, I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2022, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.



Niki van Wyk
Company secretary, Investec Limited
22 June 2022

DLC AUDIT COMMITTEE REPORT

Zarina Bassa

Chair of the DLC
Audit Committee

Members	Member since	Meetings attended	Eligible to attend
Zarina Bassa (Chair)	1 Nov 2014	7	7
Philip Hourquebie ¹	14 Aug 2017	5	5
Philisiwe Sibiyi	9 Aug 2019	7	7
David Friedland	5 Aug 2021	2	2

1. Philip Hourquebie stepped down as member of the Committee on 5 August 2021.

Four DLC Audit Committee meetings and three combined Investec Limited and Investec plc Audit Committee meetings were held during the year. Three audit quality meetings were held in April 2022, in respect of Ernst & Young, KPMG Inc and internal audit. Formal meetings were held to consider, discuss and conclude on internal and external audit quality.

Introduction

I am pleased to present the DLC Audit Committee's report for the financial year ended 31 March 2022 which provides details on how we accomplished our various statutory obligations, as well as on the Key Audit Matters (KAMs) we considered during the period. The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2021/22 annual report and financial statements.

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

Role of the Committee

We provide independent challenge and oversight across the Group's financial reporting and internal control procedures. The Board has delegated the following key functions to the Committee:

- Overseeing the Group's financial reporting process, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- Reviewing the Group's internal controls and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of the Group's internal audit functions
- Reviewing of the annual work plan, capacity, scope and staffing of internal audit

- Overseeing Group compliance functions
- Overseeing the Group's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the Group's external auditors, including scope, fees, quality control, effectiveness and independence of the External Audit function
- Managing the policy, fees and the nature of non-audit services provided by the external auditors
- Dealing with concerns, if any, from outside Investec regarding the application of accounting principles and external reporting.



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

Committee composition, skills, experience and operation

The Committee is comprised entirely of independent non-executive directors who meet predetermined skill, competency and experience requirements as determined by the DLC Nomdac.

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

Philip Hourquebie stepped down as a member of the Committee in August 2022, following his appointment as Chair of the Group. The DLC Nomdac and the Board reviewed and confirmed that it is satisfied that David Friedland possesses recent and relevant financial experience

and is independent and subsequently appointed him as a member of the Committee. David will step down from the Board at the AGM in August 2022. In May 2022 Vanessa Olver was appointed to the DLC Audit Committee on her appointment as a Non-Executive Director of the Board. The DLC Nomdac and the Board have commenced a process to appoint an additional member of the Committee. The DLC Nomdac assessed the independence, skill, competency and experience of the Committee and concluded that it had the appropriate balance of knowledge and skills to discharge its duties.



Further details of the experience of the members can be found in their biographies on pages 109 to 111 of the Investec Group's 2022 integrated and strategic report.

The Group Chief Executive (Group CEO), the Group Finance Director (Group FD), the Group Chief Operating Officer (Group COO), the Group Chief Risk Officer (Group CRO), Heads of Internal Audit, the Chief Compliance Officers and representatives from the joint external auditors are invited to attend all meetings. Other members of management, including business unit heads, are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the Group.

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

The internal and external auditors have direct access to the Chair, including closed sessions with the Committee, without management, during the year, on any matter that they regard as

DLC AUDIT COMMITTEE REPORT

CONTINUED

relevant to the fulfilment of the Committee's responsibilities.

Structure of the Investec Group Audit Committees

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

The Investec plc Board, The Investec Limited Board, Investec Wealth & Investments Boards, Investec Bank plc Board and Investec Bank Limited Board have mandated authority to their respective Audit Committees to be the Audit Committees for the respective companies and their subsidiaries.

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

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

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

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

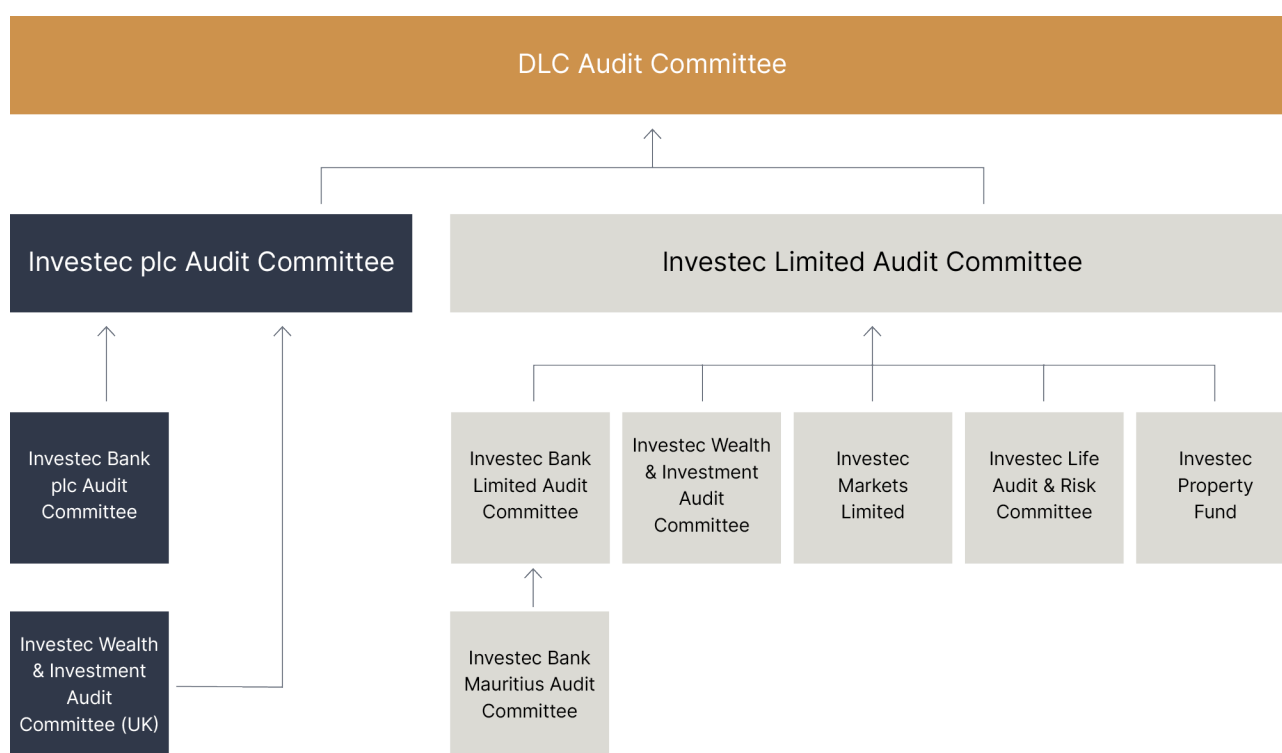
- Investec Bank plc
 - Investec Life
 - Investec Wealth and Investments UK
- The DLC Audit Committee Chair attends the following Committee meetings:
- Operational Risk Committee
 - DLC IT Risk and Governance Committee
 - Investec Limited Customer Market and Conduct Committee
 - Investec Wealth and Investments South Africa Audit Committee

DLC IT Risk and Governance Committee

The DLC IT Risk and Governance Committee is responsible for ensuring that technology risk management processes, investments, operations and governance support the mission, values and strategic goals of the Group. The DLC IT Risk and Governance Committee reports to both the DLC BRCC and the DLC Audit Committee and is attended by the DLC Audit Committee and DLC BRCC Chairs.

Investec Limited Customer Market and Conduct Committee (Investec Limited CMCC)

The Investec Limited CMCC ensures that the best standards of market conduct, in its broadest form, are applied and monitors reports thereon. The Committee is chaired by the Head of Compliance of Investec Limited and Investec Bank Limited. The Committee reports to both the DLC BRCC and the DLC Audit Committee. The Investec Limited CMCC is attended by the DLC Audit Committee and the DLC BRCC Chairs.



DLC AUDIT COMMITTEE REPORT

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Areas covered by the DLC Audit Committee

Key audit matters

Key audit matters are those matters that in the view of the Committee:

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

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

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

Key audit matters	What we did
Impact of COVID-19 and the indirect impact of the Russian invasion of Ukraine • COVID-19 impacted the global economy and businesses across all industries.	• Considered the known accounting and operational impact of COVID-19 and the Russian invasion of Ukraine on the economy and business, mitigating actions by management in both geographies together with the resulting impact on the macro-economic scenarios and the judgements and estimates used by management to prepare the annual financial statements • The areas most impacted by COVID-19 include: – Going concern and the Viability Statement, including liquidity – Expected Credit Losses (ECL) assessment (International Financial Reporting Standards (IFRS) 9 macro-economic scenarios, probabilities and staging, impact on specific sectors such as aviation, hospitality and retail) – Quality of earnings – Impact of work from home on the overall control environment and operational risk and resilience – The financial control environment.
Expected Credit Losses (ECL) assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental. The impact of COVID-19, the Russian-Ukraine war in the Ukraine and the resultant economic impacts have resulted in additional key judgements and assumptions being made during the current year.	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Group • Evaluated the impact of ECL on the interim results and annual results • Reviewed and monitored the Group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, Significant Increase in Credit Risk (SICR), and volatility • Assessed the appropriateness of the ECL model overlays raised for emerging risks for which there was not sufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays • Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate • Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS • Assessed the appropriateness of the ECL provision raised by the Group for large exposures in entities publicly perceived to be in financial distress • Reviewed the appropriateness of the ECL models and the forward-looking macro-economic scenarios applied in the UK and South Africa • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers • Considered the impact of easing of restrictions and levels of lockdown on impacted sectors and the consequent impact on ECL and overlays.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Key audit matters	What we did
Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement (IFRS 13) disclosure For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.	- Received presentations on the material investments across the Group, including an analysis of the key judgements and assumptions applied, and approved the valuation adjustments proposed by management for the year ended 31 March 2022 - Challenged and debated significant subjective exposures and assumptions including: - The valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 and the Russian invasion of Ukraine on these valuation principles - Fair value of instruments with higher characteristics and associated income - The appropriateness of the IFRS 13 disclosures regarding fair value.
Uncertain tax and other legal matters Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements, including in respect of historical German dividend tax arbitrage transactions.	- Received regular updates from the Group Executive, Group Tax, Group Finance and Group Legal on uncertain tax and legal matters to enable the Audit Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment - Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 - Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements - Considered Post Balance Sheet Events considerations, including external developments on the accounting and disclosures of historical German dividend arbitrage transactions taking note of correspondence received from the Federal Tax Office in Germany. Refer to note 53 in the annual financial statements.
Investments in associates - Evaluated the appropriateness of the carrying amount of investments in associates - Evaluated the appropriateness of the valuation and the accounting treatment of the investment in Ninety One at a DLC level, Investec Limited level and Investec plc level.	- Reviewed the technical accounting memorandum prepared by Group Finance regarding the accounting treatment of material investments of the Group. The memorandum addressed the carrying value of the investments and management's impairment assessment. This included an analysis of the key judgements and assumptions applied - Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, valuation methods and assumptions applied - Considered a detailed business analysis based on the results of the IEP Group. Valuation scenarios were calculated through evaluating the impact of the COVID-19 pandemic on the business - Assessed the appropriateness of the overall accounting treatment of investments transferred between entities within the Group.
Going concern and the Viability Statement	- Considered reports on the Group's budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any on both going concern and the three-year Viability Statement - Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Group to continue as a going concern - Recommended the approval of the going concern and the Group Viability Statement assumption underlying the annual financial statements to the DLC Board for approval - Noted the Investec Bank plc Viability Statement as recommended for approval by the IBP Audit Committee to the IBP Board.
Cyber, IT Security, IT systems and controls impacting financial reporting	- Received and reviewed reports in respect of IT security, cyber security, IT systems and controls impacting financial reporting - Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process - Considered broader IT and Governance matters, including security, IT strategy and operations through the Audit Committee Chair's attendance of the DLC IT Risk and Governance Committee.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Key audit matters	What we did
External Audit, audit quality and Mandatory Audit Firm Rotation (MAFR)	• Managed the relationship with the external auditors, Ernst & Young LLP, Ernst & Young Inc. and KPMG Inc., including their re-appointment • Monitored the rotation in lead Ernst & Young audit partners at an Investec Limited, Investec Bank Limited, Investec Life, Investec Bank plc and Private Bank level. Considered the credentials of and approved the KPMG Inc. partner to be rotated in during 2023 in respect of Investec Bank Limited and Investec Limited • Approved the external audit plan, audit fee and the main areas of focus • Considered the external auditors report on the progress of the review engagement being performed on the interim results. Reviewed the results announcements for both interim and final results • Monitored audit quality and audit partner accreditation as specified by the JSE. In line with the conditions set out in Section 94(8) of the Companies Act and based on its assessment using the criteria set out by the King IV™ Code and the JSE Listings Requirements, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners • Met with key members of Ernst & Young LLP and Ernst & Young Inc. (auditors of DLC), Ernst & Young LLP (auditors of Investec plc) and Ernst & Young Inc. and KPMG Inc. (auditors of Investec Limited) prior to every Audit Committee meeting to discuss the 2021/22 audit plan, key areas of focus, findings, scope and conclusions • Obtained feedback from the cross-reviews performed between the joint firms at an Investec Limited level, and by the DLC team across Investec Limited and Investec plc. Furthermore KPMG International conducted a cross-review of KPMG South Africa • Pre-approved all non-audit services provided by External Audit and confirmed the services to be within the approved non-audit services policy • Met separately with the leadership of Ernst & Young Inc., KPMG Inc., and Ernst & Young LLP to discuss JSE auditor accreditation, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners • Discussed external audit feedback on the Group's critical accounting estimates and judgements • Assessed the independence and objectivity of the external auditors • Noted the unqualified independent auditor's report in relation to the Group • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Group including the Summary of Audit Differences for the year ended 31 March 2022 • Recommended to the Board the re-appointment of Ernst & Young LLP as the External Auditors of Investec plc and Investec Bank plc and the re-appointment of Ernst & Young Inc. and KPMG Inc. as the external auditors of Investec Limited and Investec Bank Limited for the year ending 31 March 2023 • Considered the commencement of the shadow audit process by PwC Inc. for the audit of Investec Limited starting during the 2023 financial year • Concluded the comprehensive competitive tender process for the first joint audit firm rotation for Investec Limited which will take place on 1 April 2022 by PwC Inc. The second audit firm will be appointed to commence the audit for the financial year starting 1 April 2025, in accordance with the MAFR rules as published by the Independent Regulatory Board for Auditors (IRBA). The tender process to appoint the second firm for the audit starting 1 April 2025 will commence during the 2023 financial year. The first rotation will commence on 1 April 2023 by PwC Inc. after the one-year shadow period commencing 1 April 2022.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Other matters considered by the DLC Audit Committee:

The Committee considered the following matters during the year:

Key audit matters	What we did
Regulatory compliance and reporting	- Received regular reports from the Group Regulatory Compliance function and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the regulatory compliance universe, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the internal and external auditors or regulators - Requested specific updates or presentations from management on areas considered high risk or where exceptions had been identified - Received regular updates from the compliance function in respect of Regulatory Interactions, Risk Ratings and High-Risk exposures, Conduct, Financial Crime, Compliance Monitoring, Training, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) reviews conducted in respect of Group subsidiaries.
Post balance sheet disclosure	- Considered any post balance sheet disclosures that may require the AFS to be adjusted or require additional disclosure including in respect of the distribution of Ninety One shares and external developments on accounting and disclosures of dividend arbitrage transactions - Reviewed and approved the publication of a no-change statement.
Environmental, Social and Governance (ESG)	- Reviewed ESG reporting and disclosures - Considered the level of external assurance obtained on ESG reporting and disclosures - Considered the Task Force for Climate Related Disclosures (TFCD) reporting requirements.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Key audit matters

Internal controls

- The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans.

What we did

- Attended regular meetings of the DLC BRCC. Based on reports presented at the DLC BRCC, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment
- Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames
- Reviewed reports from the independent audit committees of the Group's subsidiaries
- Evaluated the impact of work from home on the overall control environment and operational risk
- Evaluated reports on the internal control environment from the Internal and external auditors with specific emphasis on culture and conduct elements in the internal audit reports
- Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the Group's IT controls. Considered updates on key internal and external audit findings with respect to the IT control environment
- Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage
- Attended and reviewed the reports of the Investec Limited Customer Market and Conduct Committee
- Evaluated reports on cyber security within the Group
- Reviewed the work performed by Group Finance to support the control attestation made by the Chief Executive and CFO as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Key audit matters	What we did
Fair, balanced and understandable reporting The Group is required by the UK Corporate Governance Code to assess and confirm that its external reporting is fair, balanced and understandable, and consider whether it provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy	- Undertook an assessment on behalf of the Board, to provide the Board with assurance that it can make the statement - Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate - Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure - Reviewed the accounting treatment of key judgements and the quality of earnings assessment - Assessed disclosure controls and procedures - Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made - Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences - Took note of the areas highlighted to the Audit Committee by the JSE through its Pro-active Monitoring Process of the AFS of listed companies. Ensured these were appropriately considered in the AFS. - Considered feedback from Group Finance in respect of a project launched to amend the annual integrated report in order to improve disclosures, improve financial control and reporting processes - Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2022 were appropriate in ensuring that those statements were fair, balanced and understandable - Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report - Reviewed the outcomes of the combined assurance coverage model as discussed below - Reviewed the process put in place to provide assurance on the Chief Executive and Chief Financial Officer attestation.
Combined assurance matrix	- Confirmed our satisfaction with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory Compliance, internal audit, external audit and other assurance providers - Confirmed our satisfaction with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks - Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year-end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes - Reviewed the year-end conclusions from internal audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year. - Reviewed the work performed by Group Finance to support the control attestation made by the Chief Executive and CFO as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix.

DLC AUDIT COMMITTEE REPORT

CONTINUED

Other matters	What we did
Business control environment The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans.	- Received regular reports from the subsidiary audit committees - Attended the audit committees of all significant subsidiaries - Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans - Received updates from senior management and scrutinised action plans following Internal Audit findings - Reviewed the process for reporting to the DLC Audit Committee key subsidiaries and associates and considered regular reports from such entities, for example, Investec Property Fund, IEP and Investec Life.
Finance function	- Considered a report from Group Finance on the interim results for the period ended 30 September 2021 and final results for the 31 March 2022 year end - In a closed session, discussed and concluded that the finance functions of both Investec plc and its subsidiaries and Investec Limited and its subsidiaries were adequately skilled, resourced and experienced to perform the financial reporting for the Group and that appropriate succession was in place for key roles - Concluded that the Group FD, Nishlan Samujh, had the appropriate expertise and experience to meet the responsibilities of the position - Reviewed the work performed by Group Finance to support the control attestation made by the Chief Executive and Financial Director as required by the JSE Listings Requirements 3.84(k). Considered the reports from internal audit on the effectiveness of the internal control environment and the combined assurance matrix in concluding on the attestation.
IFRS	- Reviewed various accounting papers prepared by Group Finance addressing subjective accounting treatment and significant accounting judgements - The Audit Committee chair discussed the key judgements and complex accounting treatments with both external audit and management in the weekly meetings leading up to the year-end sign off - Reviewed and obtained confirmation from Group Finance that the recommendations in the JSE proactive monitoring report and the FRC annual review had been implemented in the preparation of the annual financial statements - Concluded on the reasonableness of the significant accounting judgements.
Related party disclosures	- Considered and reviewed related party disclosures for the Group - DLC Nomdac reviewed key related party transactions during the year and ensured Investec related party policies are being complied with. This was supported by a governance audit carried out by internal audit.

DLC AUDIT COMMITTEE REPORT

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Other matters	What we did
Internal audit • The performance of Internal Audit and delivery of the Internal Audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the Internal Audit plan • The Committee is responsible for assessing audit quality and the effectiveness of the Internal Audit function.	• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan • Deliberated on and approved the revised Group internal audit charter • Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills development and automation of audit processes • Monitored and followed up internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management • Tracked high and moderate risk findings, and monitored related remediation plans • Met with the heads of internal audit prior to each Audit Committee meeting, without management being present, to discuss the remit of and reports of internal audit and any issues arising from the internal audits conducted • Monitored audit quality in relation to internal audit. The methodology, process and skills were presented to a separately convened Audit Committee to consider audit quality • Confirmed our satisfaction with the performance of the internal audit function • Reviewed the Investec Limited and Investec plc written assessment of the overall effectiveness of the organisation's governance, risk, and control framework, including an assessment of internal financial controls, the risk management framework, adherence to the risk appetite and the effectiveness of the overall assurance achieved relative to that planned for the year through the CAM • Discussed and considered the Internal Audit quality assurance programme. The Internal Audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics) • Discussed and considered the engagement quality assurance programme. The quality assurance programme is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the Global internal audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post-engagement quality assurance programme • Reviewed the results of the post-engagement quality assurance programme which inform any training interventions required within the team. The results are consolidated and presented to the Audit Committee on an annual basis • Internal Audit developed automated test scripts, allowing for more frequent testing of controls covering the full population. This full population testing will provide greater coverage than the current traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of the approach on the audit for the Group • Held a closed session with internal audit where the capacity, appropriate skill, independence and quality of the internal audit function was assessed • Considered succession and the skills matrix for internal audit • Reviewed the framework as prepared as part of the Continuous Improvement Programme, in respect of the general engagement with co-source providers and the utilisation and reliance on IT skills within the UK team.

DLC AUDIT COMMITTEE REPORT

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External Audit

Non-audit services

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

Total audit fees paid for the year ended 31 March 2022 amounted to £15.6 million (2021: £14.1 million), of which £0.9 million (2021: £1.0 million) related to the provision of non-audit services.

The non-audit services related to services required to be provided by the external auditor, for example, regulatory audits. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment. The Committee further required the policy to be applied to any external services provided by PwC Inc. to ensure the independence of the firm prior to its appointment as external auditor for the financial year starting 1 April 2023.

Based on the above-mentioned policy and reviews, the Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young LLP (Investec plc) and Ernst & Young Inc., KPMG Inc. (Investec Limited) and PwC Inc. (Investec Limited).

Audit quality, interdependencies and partner accreditation

The Committee held a closed meeting with the external auditors to discuss auditor accreditation, independence, firm quality control and results of internal and external regulator inspections of the firms and individual partners.

The closed meetings in respect of audit quality took place between the Committee and Ernst & Young Inc. (the Group and Investec Ltd), KPMG Inc. (Investec Limited) and Ernst & Young LLP (the Group and Investec plc) for the current year.

The following matters were covered during these discussions:

- Transparency reports and reviews by each of the firms covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
- Any reputational, legal or impending legal issues impacting the firm, including the implications of publicly observable information from regulatory investigations or the media

- The independence processes of the firm, including partner reward and remuneration criteria
- Interrogation of international and local firm audit quality control processes
- Detailed profiles of the partners, managers and technical support staff, including their relevant audit experience and specific Investec experience, especially where partners rotations were envisaged
- Details in relation to each firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process
- The results of the last firm-wide reviews carried out by the regulatory body, the IRBA in South Africa and the Financial Reporting Council (FRC) in the UK
- The results of the latest individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner.

Auditor independence and objectivity

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors have confirmed their independence and were requested to review and confirm the level of staff transactions with Investec, if any, to ensure that all auditors on the Group audit meet the independence criteria
- The key audit partners are required to rotate every five years. The tenure of each of the partners was reviewed and concluded to be aligned with this policy
- Manprit Dosanjh was appointed as lead engagement partner for Ernst & Young LLP and the Group on 1 April 2019
- Gail Moshoeshoe stepped down as lead Ernst & Young Inc. engagement partner for Investec Bank Limited, Investec Limited and the Group. Ranesh Hariparsad replaced Gail from 1 April 2021
- Tracy Middlemiss will step down as lead KPMG Inc. engagement partner for Investec Limited after the March 2022 audit. A new designated lead audit partner has been appointed for the financial year ending 31 March 2023 pending PA approval.

The following is a summary of the key audit partner changes for the Group:

- Jaco du Plessis from Ernst & Young Inc. was replaced by Shaun Jackson

as the signing partner of the Investec Private Bank

- Zaheer Wadee from Ernst & Young Inc. will replace Janneman Labuschagne for the March 2023 audit
- Chris Brouard from Ernst & Young LLP replaced Ken Eglinton as audit partner of Investec Bank plc.

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

- The extent of audit cross-reviews, both between the joint auditors of Investec Limited and the additional reviews by KPMG International
- The additional cross-reviews by the Investec Limited and Investec plc auditors across the Group supported by partner rotation
- Limitations on delivering non-audit services, including pre-approval on non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

Audit quality and independence

The Committee treated audit quality and independence as a Key Audit Matter (KAM) and accordingly critically evaluated audit quality, effectiveness, independence and audit rotation requirements. Regulator reviews were considered at a firm and individual partner level. Continuity, quality control on assignment as well as the independence of staff on the assignment were considered. The Committee was satisfied that in reviewing audit quality and independence, it had followed a comprehensive process during which detailed reports were received and evaluated.

Mandatory Audit Firm Rotation (MAFR)

Investec plc

The Company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors. The external auditors of Investec plc are Ernst & Young LLP. Ernst & Young LLP have been Investec plc's auditors since 2000 and are subject to a mandatory rotation by the

DLC AUDIT COMMITTEE REPORT

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end of March 2024 at the latest. A competitive tender process will commence during 2022 with the incoming audit firm to perform the first audit for the financial year starting 1 April 2024.

Investec Limited

Investec Limited is required to appoint joint auditors. The rule on MAFR as issued by the IRBA requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years. Thereafter, the audit firm will only be eligible for re-appointment as the auditor after the expiry of at least five financial years. The requirement is effective for financial years commencing on or after 1 April 2023. If, at the effective date, the entity has appointed joint auditors and both have had audit tenure of 10 years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.

The Investec Limited Audit Committee considered the implications of the MAFR rule as issued by IRBA, the requirements of the South African Companies Act and the state of the audit profession in South Africa including reputational or apparent audit failure perceptions. The views expressed by shareholders have been a key consideration balanced with the implications of having joint auditors and the risks inherent in an audit transition. Based on this assessment, following a comprehensive tender process PwC Inc. was nominated as one of the new joint external auditors for the financial year starting 1 April 2023.

The appointment of PwC Inc. in a shadow capacity, for the 2022 financial year, will be recommended to ordinary shareholders at the AGM to be held in August 2022. A formal transition process will commence during 2022, whereby PwC Inc. will shadow the full audit cycle performed by the incumbent joint external auditors. The purpose of the shadow period is for PwC Inc. to obtain sufficient information about the Group, the financial control environment and the audit process to ensure a smooth transition as external auditor in the following year i.e for the audit commencing 1 April 2023. Non-audit services provided by PwC Inc. will be reviewed and considered in advance of their appointment as external auditors to ensure their continued independence.

A competitive tender process for the second rotation will commence during 2022, with the second incoming audit firm to perform the first audit for the

financial year starting 1 April 2025, in accordance with the MAFR rules as published by the IRBA. The timing of the tender process was extended from 2021 to 2022 to provide the Committee with additional time to consider developments in respect of matters raised during the initial tender process and to give the Audit Committee time to assess how potential firms deal with actual or perceived audit quality challenges reflected in the media or IRBA or Financial Reporting Council (FRC) rankings. The Committee believes that the new timing will still allow for sufficient opportunity to facilitate a comprehensive shadow audit process.

Re-election of auditors

The Committee has considered the following in proposing the appointment of external auditors:

- The regulatory need for joint auditors
- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of Bank or financial services group which is of systemic importance
- The level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a financial services group and the consequent audit risks
- The independence of the external auditor
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation.

In line with the conditions set out in Section 94(8) of the South African Companies Act, and based on its assessment, using the criteria set out by the King IVTM Code and the JSE, and considering the guidance provided in the FRC guide on audit committees, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

In making the recommendation for the re-election of Investec Limited's auditors, the Board and the DLC Audit Committee have taken into consideration the South African Companies Act and the South African PA requirements with respect to joint auditors and MAFR together with the results of the Audit Committee's extensive, formalised process to satisfy itself as to auditor independence and audit quality. The Board and the

Committee is recommending the re-election of KPMG Inc. and Ernst & Young Inc. as joint auditors of Investec Limited at the AGM in August 2022 for the financial year ending 31 March 2023. In addition, the Board and the Committee is recommending the re-election of Ernst & Young LLP as auditors of Investec plc at its AGM in August 2022 for the financial year ending 31 March 2023. The Board and the Committee will be recommending PwC Inc. to replace KPMG Inc. as joint auditor for the financial year ending 31 March 2024. A second firm to replace Ernst & Young Inc for the year ending 31 March 2025 will be considered during 2022/2023 in line with IRBA MAFR requirements.

Looking ahead

The role of the Committee will remain focused on:

- Ensuring the effective functioning of the Group's financial systems and processes, financial control environment, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS, legislation and other regulations impacting disclosure requirements
- The appointment of the second external audit firm as part of MAFR in South Africa
- The appointment of an external audit firm in the UK as part of the audit rotation cycle
- The implications of ESG risk in measuring the sustainability and societal impact of an investment in a Company or business together with ESG accounting disclosures and assurance processes
- Monitoring the impact of COVID-19 and the Russia-Ukraine war, on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the Group
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the amended JSE Listings Requirements, including the effectiveness of internal financial controls.



Zarina Bassa
Chair, DLC Audit Committee
22 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

Opinion

In our opinion:

- Investec plc's combined consolidated Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards which comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.
- the Parent Company financial statements have been properly prepared in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Under the contractual arrangements implementing the dual listed companies structure, Investec plc and Investec Limited and their subsidiaries effectively form a single economic enterprise (the 'Group'), in which the economic and voting rights of shareholders are equalised. We have audited the financial statements of Investec plc (the "Parent Company") and the Group for the year ended 31 March 2022 which comprise:

Group	Parent Company
Combined consolidated balance sheet as at 31 March 2022	Balance sheet as at 31 March 2022
Combined consolidated income statement for the year then ended	Statement of changes in shareholder's equity for the year then ended
Combined consolidated statement of total comprehensive income for the year then ended	Related notes a to i to the financial statements
Combined consolidated statement of changes in equity for the year then ended	
Combined consolidated cash flow statement for the year then ended	
Related notes 1 to 62 to the Annual financial statements, including accounting policies	
Information identified as 'audited' in the Investec Group's 2022 remuneration report	
Information identified as 'audited' in the Investec Group's 2022 risk and governance report	

The financial reporting framework that has been applied in the preparation of the combined consolidated Group financial statements is applicable law and UK adopted international accounting standards which comply with IFRS as issued by the IASB and with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Councils ('FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Due to the nature of the dual listed companies' structure and there being no cross-guarantees in place between Investec plc and Investec Limited, we assessed the going concern assumption for the Investec plc silo and for the Investec Limited silo as well as for the Group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding management's going concern assessment process, including the impact of the COVID-19 pandemic ('COVID-19') and the current macro-economic environment in which both silos and the Group operates;
- assessing the Board approved budgets, including the reasonableness and completeness of assumptions. In assessing these assumptions, we considered the impact of COVID-19 and the current macro-economic environment, the trading environment, current operating performance, principal risks and appropriate mitigating factors;
- assessing the information used in the going concern assessment for consistency with the information obtained through auditing other areas of the business, obtaining an understanding of the business planning process and challenging the central assumptions;
- involving specialists to assess the results of management's stress testing, including consideration of principal and emerging risks on funding, liquidity and regulatory capital. We performed independent stress testing of capital and liquidity ratios and evaluated the plausibility of the outcome under which regulatory minimum requirements would be breached. In addition, we evaluated the viability of management actions available to mitigate erosion of capital and liquidity;

- assessing the Group's compliance with external debt covenants;
- inspecting correspondence with the Prudential Regulatory Authority ('PRA'), Financial Conduct Authority ('FCA') and South African Prudential Authority ('PA') for matters that may impact the going concern assessment; and
- evaluating the appropriateness and conformity of the going concern disclosure included in the annual report with the reporting standards and management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of 12 month from when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further three components. • The components where we performed full or specific audit procedures accounted for 99% of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions, 99% of Revenue and 99% of Total assets.
Key audit matters	• Adequacy of the provision for expected credit losses on loans and advances to customers; • Valuation of fair value instruments with higher risk characteristics and associated income; • Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and related potential civil and tax claims; and • IT systems and controls impacting financial reporting.
Materiality	• We applied Group materiality of £36.4m which represents 5% of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ('operating profit').

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the combined consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, and changes in the business environment when assessing the level of work to be performed at each Company.

Of the seven components selected, we performed an audit of the complete financial information of four components ('full scope components') which were selected based on their size or risk characteristics. For the remaining three components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

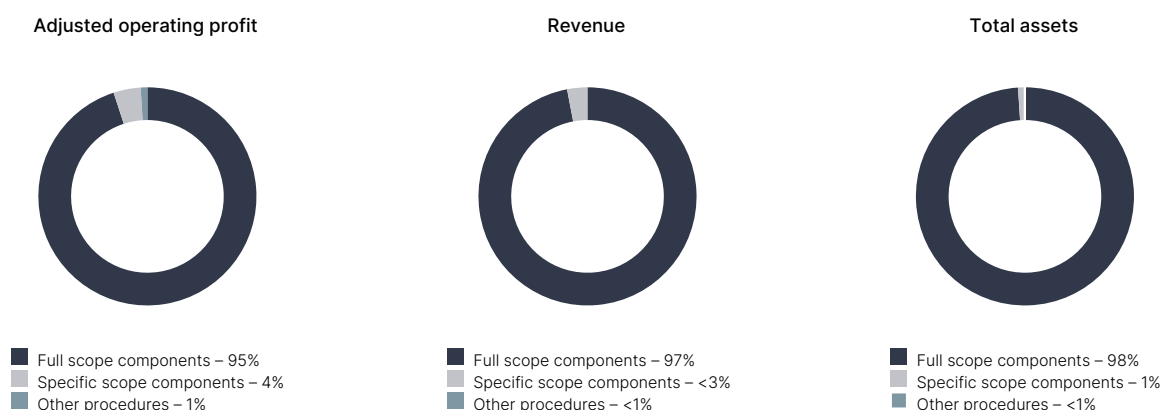
Component	Scoping
Investec Bank Limited	Full
Investec Bank plc	Full
Investec Limited (consolidation)*	Full
Investec Property Fund Limited	Full
Investec Markets Proprietary Limited	Specific
Investec Property Group Holding Proprietary Limited	Specific
Investec Wealth and Investment International Proprietary Limited (formerly Investec Securities Proprietary Limited)	Specific

* While not a legal entity, this component comprises of the consolidation adjustments and other material balances at Investec Limited level which relate to Investec Limited the Company.

The reporting components where we performed audit procedures accounted for 99% (2021: 99%) of the Group's operating profit, 99% (2021: 99%) of the Group's revenue and 99% (2021: 99%) of the Group's total assets. For the current year, the full scope components contributed 95% (2021: 97%) of the Group's operating profit, 97% (2021: 99%) of the Group's revenue and 98% (2021: 99%) of the Group's total assets. The specific scope component contributed 4% (2021: 3%) of the Group's operating profit, 3% (2021: 1%) of the Group's revenue and 1% (2021: 1%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The remaining components together represent 1% of the Group's operating profit. For these components, we performed other procedures, including analytical review and testing of journals to respond to potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Changes from the prior year

The scope of Investec Markets Proprietary Limited and Investec Wealth and Investment International Proprietary Limited changed from full in the prior year to specific in the current year. Investec Life Limited changed from specific in the prior year to being out of scope in the current year. The primary driver for these changes was the relative contribution of these components to the Group's operating profit.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms and other audit firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, the primary audit team followed a programme of in-person visits and virtual oversight reviews that has been designed to ensure that the Senior Statutory Auditor, visits all full scope and specific scope locations in the UK and South Africa. These in-person visits and virtual reviews involved discussing the audit approach with the component team and significant issues arising from their work. The primary audit engagement team interacted regularly with the component audit teams, where appropriate, throughout the course of the audit, which included attending planning meetings, maintaining regular communication on the status of the audits, attending closing meetings and reviewing relevant audit working papers on risk areas and taking responsibility for the scope and direction of the audit process. We also attended audit team meetings with component management and component Audit Committee meetings.

In response to developments in prior years we enhanced the oversight procedures performed over components audited by other firms in South Africa. These enhancements have continued in the current year including additional virtual and in person reviews of working papers, by the primary team and the independent review partner.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from credit risk, operational risk, conduct risk, regulatory risk and reputational risk. These are explained in the Climate-related disclosures overview section within the Annexures to the Investec Group's 2022 integrated and strategic annual report, and ESG (including climate) risk section within the Investec Group's 2022 risk and governance report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the Accounting policies note, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of (IFRS) as issued by the IASB and with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In the Accounting policies note, explanation of the impact of certain transition and physical risks were provided for the key assumptions and significant judgements and estimates.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of material climate risks disclosed in the Accounting policies note have been appropriately reflected in the asset and liability values and the nature and timing of future cash flows. Details of our procedures and results on the valuation of financial instruments with higher risk characteristics and expected credit losses are included in our key audit matters below. We also challenged the directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the Group have stated their commitment to the aspirations to achieve net zero emissions is aligned with the Paris Agreement, the Group is currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Risk	Our response to the risk
Adequacy of the provision for expected credit losses on loans and advances to customers → Refer to the DLC Audit Committee Report (page 8); Accounting policies (pages 57 and 58); Note 6 and 29 of the Consolidated Financial Statements (page 73 and 105). The determination of the provision for expected credit losses ('ECL') is highly subjective. The subjectivity relates to the path to recovery from COVID-19, the impact of the Russian invasion of Ukraine and the impacts of climate change. At year-end the Group reported gross loans and advances to customers subject to expected credit losses of £29,142 million (2021: £25,749 million); expected credit losses on loans and advances to customers at amortised cost and fair value through other comprehensive income ('FVOCI') of £270 million (2021: £297 million); and expected credit loss impairment charges of £23 million (2021: £89 million). Given the subjective nature of the calculation of ECL there is a heightened risk that the provisions could be misstated. We focused on the following: • Staging/assessment of significant increase in credit risk: Allocation of assets recognised in stages 1, 2 and 3, including the triggers for an asset moving between stages; • Multiple economic scenarios: The appropriateness of the economic scenarios determined by management, the probability weights assigned to each and the inputs and assumptions used to estimate their impact; • ECL models: The assumptions used in the models to calculate ECL, including: – The accounting interpretations, modelling assumptions and data used in the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models; – Key model assumptions and techniques, including in-model adjustments. • Post model adjustments: Adequacy and completeness of post model adjustments, including those in relation to the effect of COVID-19 and macro factors relating to the Russian invasion of Ukraine; • Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit value, timing of cash flows, the recovery strategies and discount rates. The level of risk has remained consistent with the prior year.	To address the risks we performed the following key procedures, amongst others: Staging/assessment of significant increase in credit risk We assessed the design and tested the operating effectiveness of key controls focusing on the following: • assessment and approval of a significant increase or reduction in credit risk and monitoring of asset in each stage; • assessment of manual overrides to staging outcomes; and • data accuracy and completeness. On a sample basis we analysed the assets in stages 1, 2 and 3 to assess if they were allocated to the appropriate stage and performed sensitivity analysis to assess the impact of different criteria on the ECL. Multiple economic scenarios We assessed the design and tested the operating effectiveness of key controls focusing on the following: • generation and approval of the base case scenario, the methodology and output of alternative scenarios, including the probability weights assigned; • production and approval of models used to calculate the ECL impact of the scenarios; and • the governance processes that the Group have put in place to review and approve the economic scenarios. We involved economists to assist us to assess the base case and alternative scenarios generated, including the probability weights applied to each scenario. This included independent analysis on management's economic forecasts, which incorporated the use of third-party data. This assessment included developments related to COVID-19 and the Russian invasion of Ukraine at 31 March 2022. We involved our modelling specialists to assess the correlation of the forecast macroeconomic factors to the ECL and to test the translation of the macroeconomic factors to the ECL. ECL model We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, build, testing, review, and approval of relevant models. As part of this we assessed the accounting interpretations made for compliance with IFRS 9. We involved modelling specialists to test assumptions used in the in-scope ECL models including the in-model adjustments. This included performing an assessment of: • the model design documentation against accepted industry principles; • the appropriateness of the methodology, considering alternative techniques including the in-model adjustments; and • the programming code to review its consistency with the design documentation. We also tested a sample of the reporting date data used in the models by tracing back to the source systems. Post model adjustments We obtained an understanding of the model limitations to evaluate the completeness and appropriateness of the related adjustments. We also independently recalculated these adjustments. We assessed the governance processes that the Group has put in place to review and approve the post model adjustments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

CONTINUED

Risk continued	Our response to the risk continued
	For the Investec plc silo COVID-19 and Management overlays, we assessed the adjustment made by management to reflect the impact from COVID-19 and the Russian invasion of Ukraine by considering the data, judgements, methodology and sensitivity analysis of these adjustments with our modelling specialists. For the Investec Limited silo, we assessed the COVID-19 overlay in relation to emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios. Individually assessed provisions We selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retail, hotel and leisure properties, and transport including aviation. For each sample selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered management's potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising. Disclosures We evaluated the adequacy of disclosures in the financial statements including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures. Overall stand-back assessment We performed a stand-back assessment of the ECL provisions and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group's portfolios, risk profile, and the impacts of the COVID-19 pandemic, climate change, from the cost of living crisis and geopolitical factors. We performed peer benchmarking where available to assess overall staging and provision coverage levels.
We performed full scope audit procedures over this risk area in three components. These three components covered 99% (2021: 99%) of the risk amount.	
Key observations communicated to the Audit Committee	
Based on the testing performed we concluded that the ECL provision made by management is within a reasonable range of outcomes and in compliance with IFRS 9. We highlighted the following matters to the Audit Committee: • Our stand-back assessment of the overall provision balance in light of the current economic environment and through peer benchmarking analysis of key indicators, such as coverage ratios, indicated the provision recorded as at year end was reasonable; • Where the design of key controls was effective, we tested those key controls and concluded they had operated effectively. We identified a limited number of design deficiencies that required us to perform compensating substantive procedures to conclude that the account was not materially misstated; • Our testing of models and model assumptions highlighted some design deficiencies resulting in judgemental differences that led to both over and under provision; however, these did not result in a material impact on the financial statements; • Overall, the in-model and post-model adjustments applied were reasonable and addressed model shortcomings identified; and • For individually assessed impairments and the COVID-19 and Management overlays, judgemental differences both increasing and decreasing impairment levels were identified; however, none of these individually or in aggregate were material to the financial statements.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

CONTINUED

Risk	Our response to the risk
Valuation of fair value instruments with higher risk characteristics and associated income → Refer to the DLC Audit Committee Report (page 9); Accounting policies (page 57); Note 17 and 35 of the Consolidated Financial Statements (page 90 and 111). As at 31 March 2022, the Group held financial instruments assets of £12,956 million and liabilities of £6,231 million (2021: assets £12,342 million and liabilities £4,499 million) and Investment properties of £821 million (2021: £832 million). This included certain level 2 and level 3 assets and liabilities with higher risk characteristics whose values are dependent upon unobservable inputs, where management's significant judgement is applied. There are also interests in associated undertakings and joint venture holdings with underlying investments held at fair value that have the same higher risk characteristics and are valued using the same techniques as the Group's unlisted investment portfolio. The valuation of those financial instruments with higher risk characteristics can include significant judgement and therefore the risk of inappropriate revenue recognition through incorrect valuation as outlined below exists. The judgement in estimating the fair value of these instruments can involve complex valuation models or techniques, or significant fair value adjustments. Both of which may be reliant on inputs where there is limited market observability or liquidity. Management's estimates which required significant judgement included: • Complex models – complex model-dependent derivatives and debt securities, which include structured equity derivatives with exotic features; • Valuation techniques – illiquid investments in, and fair valued loans to, unquoted private companies valued using different valuation techniques (e.g. price-earnings multiples, discounted cashflow, net asset valuations); • Illiquid inputs – pricing inputs, calibrations and discounts for illiquid instruments, which include securities, unlisted equity investments and profit shares, and fair valued loans referencing the corporate, aviation and property sectors. The level of risk has remained consistent with the prior year.	We obtained an understanding of management's processes and tested the design and operating effectiveness of controls relating to financial instrument valuation and related income statement measurement. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values on a sample basis. In addition, we assessed whether there were any indicators of aggregate bias in financial instrument valuation pricing sources and methodology assumptions. We considered the impact of, and economic recovery from, the COVID-19 pandemic as well as the impact of the Russian invasion of Ukraine throughout the procedures performed on the higher risk characteristic financial instruments by challenging whether the valuation methodologies and assumptions used remained appropriate. Throughout our audit procedures, we considered the appropriateness of modelling changes in relation to IBOR reform and impact of climate change on the valuation of financial instruments. Complex models We involved valuation and modelling specialists where appropriate to assist in testing complex model-dependent valuations for derivatives, fair value loans and debt securities by performing independent revaluation, on a sample basis, to assess the appropriateness of models and the adequacy of assumptions and inputs used. We performed back-testing analysis of recent trade activity to evaluate the drivers of significant differences between book value and trade value and to assess the impact on the fair value of similar instruments within the portfolio. Valuation techniques We performed procedures on key judgements made by management in the calculation of fair value on illiquid unlisted investments (including those held within interests in associated undertakings), fair value loans and profit sharing arrangements, including: • assessing the suitability, applicability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations, and obtained supporting evidence and explanation for any adjustments made to the multiples; • performing calculations to assess the appropriateness of discount rates used in discounted cash flow valuations, with reference to relevant industry and market data; • assessing external valuation reports received by management, where an external valuer has been engaged, and assessed their competence and objectivity in valuations which reference a net asset valuation; and • confirming that the accuracy of information provided by management was free from manipulation or amendment, including management accounts and reporting, unaudited financial information, and market pricing sources. Illiquid inputs We performed procedures on key judgements made by management on inputs used in the valuation of equity investments, illiquid securities, fair value corporate, aviation and property loans and unlisted investment portfolios and investment properties, including: • for equity investments and illiquid securities, independently re-pricing instruments that had been valued using illiquid pricing inputs, using alternative pricing sources where available, to evaluate management's valuation; • for the fair value corporate, aviation and property loans and unlisted investment portfolios: we involved aircraft, real estate, and business valuation specialists to independently assess the valuations of a sample of positions undertaken by management. We derived a range of acceptable fair values through our analysis including taking account of other qualitative risk factors, such as company specific risk factors; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

CONTINUED

Risk continued	Our response to the risk continued
	for investment properties which involve real estate valuations, we assessed capitalisation rates to derive rental income yields and involved our valuation specialists to independently assess the valuations for a sample of positions. For all positions, we compared our determined ranges and estimates to management's fair values.
We performed full audit procedures over this risk area for five components, which covered 100% (2021: 99%) of the risk amount.	
Key observations communicated to the Audit Committee	
We are satisfied that the assumptions used by management to reflect the fair value of financial instruments with higher risk characteristics and the recognition of related income are reasonable and in accordance with IFRS. We highlighted the following matters to the Audit Committee: - Complex-model dependent valuations and techniques were appropriate based on the output of our independent re-valuations, including the analysis of any trade activity during the year, peer benchmarking; sales and/or exits; - The fair value estimates of higher risk characteristic financial instruments appropriately reflected pricing information available at 31 March 2022.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Risk	Our response to the risk
Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and related potential civil and tax claims → Refer to the DLC Audit Committee Report (page 9); Accounting policies (page 58); and Note 53 of the Consolidated Financial Statements (page 131). There are ongoing investigations into historical German dividend tax arbitrage transactions where the outcome is dependent on the resolution of the investigation by the Office of the Public Prosecutor in Cologne. Additional enquiries have also been made, subsequent to year end, by the German Federal Tax Office related to reclaims of tax related to the dividend tax arbitrage transactions. Further, whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. Consequently, management made judgements about the adequacy of provisions which are subject to change in future periods as more information becomes available. Management have also assessed the need to disclose these matters as contingent liabilities. The level of risk has increased compared to the prior year, as a result of the recent enquiries made by the German Federal Tax Office.	We examined the latest court rulings and analysis performed by management which set out the basis for the judgements in relation to the historical German dividend tax arbitrage transactions and related provision. We also inspected the correspondence between the Group and its external advisors, between the Group and Office of the Public Prosecutor in Cologne, and between the Group and the German Federal Tax Office. In addition, we obtained legal confirmations from, and spoke directly with, the Group's external legal counsels to confirm the current status of the matters. We have obtained and evaluated the minutes of internal committees overseeing management's response to the matters. With the assistance of Tax specialists, we have considered the matters in dispute and compared with externally available information to challenge management's assessment. We also evaluated the appropriateness of management's accounting treatment and disclosure in relation to the investigation by the Office of the Public Prosecutor in Cologne, the German Federal Tax Office enquiries, and the potential related civil claims.
We performed full scope audit procedures over this risk area in the component impacted by the risk.	
Key observations communicated to the Audit Committee	
Based on the information that is currently available we are satisfied with management's assessment, calculation and recognition of the provision in relation to the investigation by the Office of the Public Prosecutor in Cologne. Based on the information currently available we are satisfied with management's conclusions in relation to the German Federal Tax Office enquiries and the potential related civil claims arising from the investigation by the office of the Public prosecutor in Cologne. We are also satisfied with the adequacy of the disclosure presented in the financial statements for these matters.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Risk	Our response to the risk
IT systems and controls impacting financial reporting The IT environment is complex and pervasive to the operations of the Group due to the large volume of transactions processed in numerous locations on a daily basis with extensive reliance on automated controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. As part of our audit we rely upon the IT control environment, in particular in relation to: • User access management across application, database and operating systems; • Controls over changes to the IT environment, including transformation that changes the IT landscape; • IT operational controls; and • IT application or IT-dependent controls. These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data. While the Group have implemented a series of remediation programmes during the year to address previously identified control deficiencies, the risk of inappropriate access and unauthorised changes to in-scope applications and production environments remains. The level of risk has remained consistent with the prior year.	We evaluated the design and tested the operating effectiveness of IT general controls in the access management and change management IT processes for key applications, operating systems and databases that are material to financial reporting. We tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations and, the completeness and accuracy of system and data feeds. Certain systems are outsourced to third party service providers. For these systems, we tested IT general controls through evaluating the relevant Service Organisation Controls reports (where available). This included assessing the timing of the reporting, the controls tested by the service auditor and whether they address relevant IT risks. In response to control deficiencies identified during the year, where we could not rely on compensating IT controls we performed substantive testing procedures to address the resulting risk to the financial statements. Where these IT substantive procedures were not possible, we performed the following additional testing procedures to mitigate the risks identified: • we understood the nature of the deficiency and, where possible, obtained further evidence to support the appropriateness of any activities performed using the impacted IT application; • tested downstream compensating business controls; and • performed incremental substantive testing in relation to external confirmations and key year-end reconciliations.
We have considered the impact of IT systems and controls impacting financial reporting throughout the audit.	
Key observations communicated to the Audit Committee	
We identified certain control deficiencies predominately in relation to user access controls and the segregation of IT duties in the change management process. However, based on the initial and additional testing outlined above, we concluded that the findings identified in relation to the IT control environment relevant to the financial statements did not give rise to a material misstatement.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £36.4 million (2021: £23.1 million), which is 5% (2021: 5%) of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ('operating profit') (£727.5 million). We believe that operating profit provides us with the most appropriate measure to reflect the performance of the Group, as this is also the level at which management considers the financial performance of the Group when reporting externally in profit announcements and pre-close meetings with market analysts and shareholders.

During the course of our audit, we reassessed initial materiality and determined no significant changes were required to our materiality calculations.

We determined materiality for the Parent Company to be £5.7 million (2021: £6.7 million), which is 1% (2021: 1%) of distributable equity.

There has been no change in the basis from the prior year. We believe this reflects the most useful measure for users of the financial statements as the Parent Company's primary purpose is to act as a holding Company with investments in the Group's subsidiaries.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £18.2 million (2021: £11.6 million). We have set performance materiality at this percentage based on our understanding of the entity and past experience with the audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £3.6 million to £10.0 million (2021: £2.3 million to £6.4 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.8 million (2021: £1.1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report and accounts, including the Directors' Report (set out on pages 125 to 133 of Investec Group's 2022 integrated and strategic report), Strategic Report (set out on pages 24 to 37 of Investec Group's 2022 integrated and strategic report), Sustainability (set out on pages 94 to 105 of Investec Group's 2022 integrated and strategic report), Risk disclosures (set out on pages 4 to 92 of Investec Group's 2022 risk and governance 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 which includes reporting based on the Task Force on Climate-related Financial Disclosure ('TCFD') recommendations (set out on pages 148 to 150 of Investec Group's 2022 integrated and strategic report).

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 129, Directors' report in the Investec Group's 2022 integrated and strategic report);
- Directors' explanation as to its assessment of the Group and Company's prospects, the period this assessment covers and why the period is appropriate (set out on page 129 Directors report in the Investec Group's 2022 integrated and strategic report);
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities (set out on page 129, Directors report in the Investec Group's 2022 integrated and strategic report);

- Directors' statement on fair, balanced and understandable (set out on page 13);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 8 Principal Risk in the Investec Group's 2022 risk and governance report);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on page 12); and
- The section describing the work of the Audit Committee (set out on page 6).

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on pages 4 to 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 Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted IAS and IFRS), the Companies Act 2006 and the UK Corporate Governance Code, the FCA Listing Rules, regulations and supervisory

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

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requirements of the PRA, FRC, FCA, PA and other overseas regulatory requirements, including but not limited to regulations in markets such as South Africa, Switzerland, Ireland, Guernsey, Australia, India, Singapore, the United States of America, and the relevant tax compliance regulations in the jurisdictions in which the Group operates.

- We understood how Group and parent are complying with these legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and Parent Company and UK and South African regulatory bodies; reviewed minutes of the Board, Audit Committee and Risk and Capital Committee; and gained an understanding of the Group and Parent Company's approach to governance, demonstrated by the Board's approval of the Group and Parent Company's governance framework and the Board's review of the Group's risk management framework and internal control processes.
- For laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Group and Parent Company's methods of enforcing and monitoring compliance with such policies and inspecting correspondence with the PRA, FCA and PA.
- The Group and Parent Company operate in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group and Parent Company has established to address risks identified by the Group and Parent Company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved inquiries of management, internal audit and those responsible for legal and compliance matters; as well as focused testing referred to in the Key Audit Matters section above. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Parent Company on 27 November 2000 to audit the financial statements for the year ending 31 March 2001 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 22 years, covering the years ending 31 March 2001 to 31 March 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Group and Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG LLP

Manprit Dosanjh (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London
22 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

To the Shareholders of Investec Limited**Report on the Audit of the Combined Consolidated Financial Statements****Opinion**

We have audited the accompanying combined consolidated financial statements of Investec Limited, incorporating Investec plc, ('the Group') which comprise:

Combined consolidated financial statements	Reference
Combined consolidated income statement for the year ended	Page 39
Combined consolidated statement of total comprehensive income for the year	Page 40
Combined consolidated balance sheet as at 31 March 2022	Page 41
Combined consolidated statement of changes in equity for the year then ended	Pages 42 – 45
Combined consolidated cash flow statement for the year then ended	Page 46
Related notes 1 to 63 to the Annual financial statements, including accounting policies	Pages 47 – 146
Information identified as 'audited' in the Investec Group's 2022 remuneration report	2022 remuneration report
Information identified as 'audited' in the Investec Group's 2022 risk and governance Report	2022 risk and governance Report

In our opinion, the combined consolidated financial statements present fairly, in all material respects, the combined consolidated balance sheet of the Group as at 31 March 2022, and its combined consolidated income statement and combined consolidated statement of comprehensive income and combined consolidated cash flow statement for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the combined consolidated financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the combined consolidated financial statements of the current period. These matters were addressed in the context of our audit of the combined consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the combined consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the combined consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying combined consolidated financial statements.

The following Key Audit Matters apply equally to the audit of the consolidated financial statements:

- Adequacy of the provision for expected credit losses on loans and advances to customers;
- Valuation of fair value instruments with higher risk characteristics and associated income;
- Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil and tax claims (Investec plc); and
- IT systems and controls impacting financial reporting (Investec plc).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

CONTINUED

Risk	Our response to the risk
Adequacy of the provision for expected credit losses on loans and advances to customers → Refer to the DLC Audit Committee Report (page 8); Accounting policies (pages 57 and 58); Note 6 and 29 of the Consolidated Financial Statements (page 73 and 105). The determination of the allowance for expected credit losses ('ECL') is highly subjective. The subjectivity relates to the path to recovery from COVID-19, the impact of the Russian invasion of Ukraine and the impacts of climate change. At year-end the Group reported gross loans and advances to customers subject to expected credit losses of £29,142 million (2021: £25,749 million); expected credit losses on loans and advances to customers at amortised cost and fair value through other comprehensive income ('FVOCI') of £270 million (2021: £297 million); and expected credit loss impairment charges of £23 million (2021: £89 million). Given the subjective nature of the calculation of ECL there is a heightened risk that the provisions could be misstated. We focused on the following: • Staging/assessment of significant increase in credit risk: Allocation of assets recognised in stages 1, 2 and 3, including the triggers for an asset moving between stages; • Multiple economic scenarios: The appropriateness of the economic scenarios determined by management, the probability weights assigned to each and the inputs and assumptions used to estimate their impact; • ECL models: The assumptions used in the models to calculate ECL, including: – the accounting interpretations, modelling assumptions and data used in the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models; – Key model assumptions and techniques, including in-model adjustments. • Post model adjustments: Adequacy and completeness of post model adjustments, including those in relation to the effect of COVID-19 and macro factors relating to the Russian invasion of Ukraine; • Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit value, timing of cash flows, the recovery strategies and discount rates.	To address the risks we performed the following key procedures, amongst others: Staging/assessment of significant increase in credit risk We assessed the design and tested the operating effectiveness of key controls focusing on the following: • assessment and approval of a significant increase or reduction in credit risk and monitoring of asset in each stage; • assessment of manual overrides to staging outcomes; and • data accuracy and completeness. On a sample basis we analysed the assets in stages 1, 2 and 3 to assess if they were allocated to the appropriate stage and performed sensitivity analysis to assess the impact of different criteria on the ECL. Multiple economic scenarios We assessed the design and tested operating effectiveness of key controls focusing on the following: • generation and approval of the base case scenario, the methodology and output of alternative scenarios, including the probability weights assigned; • production and approval of models used to calculate the ECL impact of the scenarios; and • the governance processes that the Group have put in place to review and approve the economic scenarios. We involved economists to assist us to assess the base case and alternative scenarios generated, including the probability weights applied to each scenario. This included independent analysis on management's economic forecasts, which incorporated the use of third-party data. This assessment included developments related to COVID-19 and the Russian invasion of Ukraine at 31 March 2022. We involved our modelling specialists to assess the correlation of the forecast macroeconomic factors to the ECL and to test the translation of the macroeconomic factors to the ECL. ECL models We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, build, testing, review, and approval of relevant models. As part of this we assessed the accounting interpretations made for compliance with IFRS 9. We involved modelling specialists to test assumptions used in the in-scope ECL models including the in-model adjustments. This included performing an assessment of: • the model design documentation against accepted industry principles; • the appropriateness of the methodology, considering alternative techniques including the in-model adjustments; and • the programming code to review its consistency with the design documentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

CONTINUED

Risk continued	Our response to the risk continued
	We also tested a sample of the reporting date data used in the models by tracing back to the source systems. Post model adjustments We obtained an understanding of the model limitations to evaluate the completeness and appropriateness of the related adjustments. We also independently recalculated these adjustments. We assessed the governance processes that the Group has put in place to review and approve the post model adjustments. For the Investec plc silo COVID-19 and Management overlays, we assessed the adjustment made by management to reflect the impact from COVID-19 and the Russian invasion of Ukraine by considering the data, judgements, methodology and sensitivity analysis of these adjustments with our modelling specialists. For the Investec Limited silo, we assessed the COVID-19 overlay in relation to emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios. Individually assessed provisions We selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retail, hotel and leisure properties, and transport including aviation. For each sample selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered management's potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising. Disclosures We evaluated the adequacy of disclosures in the financial statements including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures. Overall stand-back assessment We performed a stand-back assessment of the ECL provisions and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group's portfolios, risk profile, and the impacts of the COVID-19 pandemic, climate change, from the cost-of-living crisis and geopolitical factors. We performed peer benchmarking where available to assess

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

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Risk	Our response to the risk
Valuation of fair value instruments with higher risk characteristics and associated income → Refer to the DLC Audit Committee Report (page 9); Accounting policies (page 57); Note 17 and 35 of the Consolidated Financial Statements (page 90 and 111). As at 31 March 2022, the Group held financial instruments assets of £12,956 million and liabilities of £6,231 million (2021: assets £12,342 million and liabilities £4,499 million) and Investment properties of £821 million (2021: £832 million). This included certain level 2 and level 3 assets and liabilities with higher risk characteristics whose values are dependent upon unobservable inputs, where management's significant judgement is applied. There are also interests in associated undertakings and joint venture holdings with underlying investments held at fair value that have the same higher risk characteristics and are valued using the same techniques as the Group's unlisted investment portfolio. The valuation of those financial instruments with higher risk characteristics can include significant judgement and therefore the risk of inappropriate revenue recognition through incorrect valuation as outlined below. The judgement in estimating the fair value of these instruments can involve complex valuation models or techniques, or significant fair value adjustments, both of which may be reliant on inputs where there is limited market observability or liquidity. Management's estimates which required significant judgement included: • Complex models – complex model-dependent derivatives and debt securities, which include structured equity derivatives with exotic features; • Valuation techniques – illiquid investments in, and fair valued loans to, unquoted private companies valued using different valuation techniques (e.g. price-earnings multiples, discounted cash flow, net asset valuations); • Illiquid inputs – pricing inputs, calibrations and discounts for illiquid instruments, which include securities, unlisted equity investments and profit shares, and fair valued loans referencing the corporate, aviation and property sectors.	We obtained an understanding of management's processes and tested the design and operating effectiveness of controls relating to financial instrument valuation and related income statement measurement. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values on a sample basis. In addition, we assessed whether there were any indicators of aggregate bias in financial instrument valuation pricing sources and methodology assumptions. We considered the impact of, and economic recovery from, the COVID-19 pandemic as well as the impact of the Russian invasion of Ukraine throughout the procedures performed on the higher risk characteristic financial instruments by challenging whether the valuation methodologies and assumptions used remained appropriate. Throughout our audit procedures, we considered the appropriateness of modelling changes in relation to IBOR transition and impact of climate change on the valuation of financial instruments. Complex models We involved valuation and modelling specialists to assist in testing complex model-dependent valuations for derivatives, fair valued loans and debt securities by performing independent revaluation, on a sample basis, to assess the appropriateness of models and the adequacy of assumptions and inputs used. We performed back-testing analysis of recent trade activity to evaluate the drivers of significant differences between book value and trade value and to assess the impact on the fair value of similar instruments within the portfolio. Valuation techniques We performed procedures on key judgements made by management in the calculation of fair value on illiquid unlisted investments (including those held within interests in associated undertakings), fair value loans and profit sharing arrangements, including: • assessing the suitability, applicability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations, and obtained supporting evidence and explanation for any adjustments made to the multiples; • performing calculations to assess the appropriateness of discount rates used in discounted cash flow valuations, with reference to relevant industry and market data; • assessing external valuation reports received by management, where an external valuer has been engaged, and assessed their competence and objectivity in valuations which reference a net asset valuation; and • confirming the accuracy of information provided by management was free from manipulation or amendment, including management accounts and reporting, unaudited financial information, and market pricing sources.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

CONTINUED

Risk continued	Our response to the risk continued
	Illiquid inputs We performed procedures on key judgements made by management on inputs used in the valuation of equity investments, illiquid securities, fair value corporate, aviation and property loans and unlisted investment portfolios and investment properties, including: • for equity investments and illiquid securities, independently re-pricing instruments that had been valued using illiquid pricing inputs, using alternative pricing sources where available, to evaluate management's valuation; • for the fair value corporate, aviation and property loans and unlisted investment portfolios: we involved aircraft, real estate, and business valuation specialists to independently assess the valuations of a sample of positions undertaken by management. We derived a range of acceptable fair values through our analysis including taking account of other qualitative risk factors, such as Company specific risk factors; and • for investment properties which involve real estate valuations, we assessed capitalisation rates to derive rental income yields and involved our valuation specialists to independently assess the valuations for a sample of positions. For all positions, we compared our determined ranges and estimates to management's fair values.
Risk	Our response to the risk
Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and related potential civil and tax claims (Investec Plc) → Refer to the DLC Audit Committee Report (page 9); Accounting policies (page 58); and Note 53 of the Consolidated Financial Statements (page 131). There are ongoing investigations into historical German dividend tax arbitrage transactions where the outcome is dependent on the resolution of the investigation by the Office of the Public Prosecutor in Cologne. Additional enquiries have also been made, subsequent to year end, by the German Federal Tax Office related to reclaims of tax related to the dividend tax arbitrage transactions. Further, whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. Consequently, management made judgements about the adequacy of provisions which are subject to change in future periods as more information becomes available. Management have also assessed the need to disclose these matters as contingent liabilities. The level of risk has increased compared to the prior year, as a result of the recent enquiries made by the German Federal Tax Office.	We examined the latest court rulings and analysis performed by management which set out the basis for the judgements in relation to the historical German dividend tax arbitrage transactions and related provision. We also inspected the correspondence between the Group and its external advisors, between the Group and Office of the Public Prosecutor in Cologne, and between the Group and the German Federal Tax Office. In addition, we obtained legal confirmations from, and spoke directly with, the Group's external legal counsels to confirm the current status of the matters. We have obtained and evaluated the minutes of internal committees overseeing management's response to the matters. With the assistance of specialists, we have considered the matters in dispute and compared with externally available information to challenge management's assessment. We also evaluated the appropriateness of management's accounting treatment and disclosure in relation to the investigation by the Office of the Public Prosecutor in Cologne, the German Federal Tax Office enquiries, and the potential related civil claims.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

CONTINUED

Risk	Our response to the risk
IT systems and controls impacting financial reporting (Investec Plc) The IT environment is complex and pervasive to the operations of the Group due to the large volume of transactions processed in numerous locations on a daily basis with extensive reliance on automated controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. As part of our audit we rely upon the IT control environment, in particular in relation to: • User access management across application, database and operating systems; • Controls over changes to the IT environment, including transformation that changes the IT landscape; • IT operational controls; and • IT application or IT-dependent controls. These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data. While the Group have implemented a series of remediation programmes during the year to address previously identified control deficiencies, the risk of inappropriate access and unauthorised changes to in-scope applications and production environments remains.	We evaluated the design and tested the operating effectiveness of IT general controls in the access management and change management IT processes for key applications, operating systems and databases that are relevant to financial reporting. We tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations and, the completeness and accuracy of system and data feeds. Certain systems are outsourced to third party service providers. For these systems, we tested IT general controls through evaluating the relevant Service Organisation Controls reports (where available). This included assessing the timing of the reporting, the controls tested by the service auditor and whether they address relevant IT risks. In response to control deficiencies identified during the year, where we could not rely on compensating IT controls we performed substantive testing procedures. to address the resulting risk to the financial statement. Where these IT substantive procedures were not possible, we performed the following additional testing procedures to mitigate the risks identified: • We understood the nature of the deficiency and, where possible, obtained further evidence to support the appropriateness of any activities performed using the impacted IT application; • Tested downstream compensating business controls; and • Performed incremental substantive testing in relation to external confirmations and key year-end reconciliations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

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Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Directors' Responsibility Statement, the DLC Audit Committee Report and the Declaration by the Company secretary as required by the Companies Act of South Africa, and all other information included in the report that is not marked as audited. The other information does not include the combined consolidated financial statements, the sections marked as audited in the report and our auditor's report thereon.

Our opinion on the combined consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the combined consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Combined Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the combined consolidated financial statements in accordance with the basis of presentation described in the accounting policies to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined consolidated financial statements, including the disclosures, and whether the combined consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined consolidated financial statements.
- We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

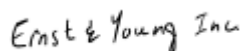
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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the combined consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Investec Limited for 47 years.



Ernst & Young Inc.

Registered Auditor
Per Ranesh P Hariparsad
Chartered Accountant (SA)
Registered Auditor
Director

22 June 2022

COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March				
£'000	Notes	2022	2021	
Interest income	2	1 951 209	1 922 299	
Interest income calculated using the effective interest method		1 717 776	1 695 812	
Other interest income		233 433	226 487	
Interest expense	2	(1 005 939)	(1 144 193)	
Net interest income	2	945 270	778 106	
Fee and commission income	3	864 639	791 153	
Fee and commission expense	3	(46 423)	(42 275)	
Investment income	4	27 974	32 002	
Share of post-taxation profit of associates and joint venture holdings		79 556	42 459	
Trading income/(loss) arising from				
– customer flow		128 277	35 566	
– balance sheet management and other trading activities		(21 128)	(18 903)	
Other operating income	5	12 190	22 953	
Total operating income before expected credit loss impairment charges		1 990 355	1 641 061	
Expected credit loss impairment charges	6	(28 828)	(99 438)	
Operating income		1 961 527	1 541 623	
Operating costs	7	(1 233 948)	(1 164 513)	
Operating profit before goodwill, acquired intangibles and strategic actions		727 579	377 110	
Impairment of goodwill	36	(1 962)	(11 599)	
Impairment of associates and joint venture holdings	31	—	(16 773)	
Amortisation of acquired intangibles	37	(15 477)	(15 287)	
Amortisation of acquired intangibles of associates	31	(9 249)	(9 268)	
Closure and rundown of the Hong Kong direct investments business	13	(1 203)	7 386	
Operating profit		699 688	331 569	
Implementation costs on distribution of associate to shareholders	13	(2 427)	—	
Profit before taxation		697 261	331 569	
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	10	(143 309)	(74 539)	
Taxation on acquired intangibles and strategic actions	10	2 422	1 712	
Profit after taxation		556 374	258 742	
(Profit)/loss attributable to non-controlling interests	49	(40 170)	472	
Loss attributable to other non-controlling interests relating to impairments of associates	49	—	9 126	
Earnings attributable to shareholders		516 204	268 340	
Earnings attributable to ordinary shareholders		475 469	231 153	
Earnings attributable to perpetual preferred securities and other Additional Tier 1 security holders		40 735	37 187	

COMBINED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March			
£'000	Notes	2022	2021
Profit after taxation		556 374	258 742
Other comprehensive income:			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income	10	(4 311)	242
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	10	(301)	152 355
Gain on realisation of debt instruments at FVOCI recycled through the income statement	10	(2 010)	(717)
Foreign currency adjustments on translating foreign operations		173 160	111 779
Items that will not be reclassified to the income statement:			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9		617	380
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	10	3 420	1 778
Remeasurement of net defined benefit pension liability		40	(39)
Net gain/(loss) attributable to own credit risk	10	11 095	(850)
Total comprehensive income		738 084	523 670
Total comprehensive income attributable to ordinary shareholders		629 300	448 637
Total comprehensive income attributable to non-controlling interests		68 049	37 846
Total comprehensive income attributable to perpetual preferred securities		40 735	37 187
Total comprehensive income		738 084	523 670

COMBINED CONSOLIDATED BALANCE SHEET

At 31 March £'000	Notes	2022	2021 [^]
Assets			
Cash and balances at central banks	20	5 998 270	3 517 100
Loans and advances to banks	21	2 552 061	2 637 436
Non-sovereign and non-bank cash placements		684 983	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	22	4 609 778	3 575 713
Sovereign debt securities	23	4 148 867	3 711 623
Bank debt securities	24	1 515 210	1 121 730
Other debt securities	25	1 229 287	1 364 235
Derivative financial instruments	26	1 617 240	1 714 743
Securities arising from trading activities	27	683 329	1 024 671
Investment portfolio	28	912 872	909 050
Loans and advances to customers	29	29 561 088	26 041 087
Own originated loans and advances to customers securitised	30	375 763	401 912
Other loans and advances	29	128 284	102 135
Other securitised assets	30	123 888	140 087
Interests in associated undertakings and joint venture holdings	31	734 434	679 157
Current taxation assets		33 653	60 325
Deferred taxation assets	32	259 370	246 622
Other assets	33	2 068 615	2 165 438
Property and equipment	34	335 420	329 972
Investment properties	35	820 555	832 061
Goodwill	36	258 404	259 805
Software	37	9 443	12 574
Other acquired intangible assets	37	44 152	58 968
Non-current assets classified as held for sale		79 229	51 783
		58 784 195	51 398 068
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	39	59 549	52 405
		58 843 744	51 450 473
Liabilities			
Deposits by banks		3 178 668	2 403 712
Derivative financial instruments	26	2 537 303	2 190 487
Other trading liabilities	40	275 589	326 189
Repurchase agreements and cash collateral on securities lent	22	863 285	1 003 312
Customer accounts (deposits)		40 118 412	34 449 430
Debt securities in issue	41	2 043 640	1 892 319
Liabilities arising on securitisation of own originated loans and advances	30	238 370	160 646
Liabilities arising on securitisation of other assets	30	95 885	108 281
Current taxation liabilities		41 631	78 790
Deferred taxation liabilities	32	19 624	40 333
Other liabilities	42	2 315 841	1 951 122
		51 728 248	44 604 621
Liabilities to customers under investment contracts	39	56 475	49 798
Insurance liabilities, including unit-linked liabilities	39	3 074	2 607
		51 787 797	44 657 026
Subordinated liabilities	43	1 316 191	1 480 951
		53 103 988	46 137 977
Equity			
Ordinary share capital	44	247	247
Ordinary share premium	46	1 516 024	1 517 852
Treasury shares	47	(318 987)	(267 508)
Other reserves		(650 228)	(788 222)
Retained income		4 069 776	3 772 628
		4 616 832	4 234 997
Ordinary shareholders' equity			
Perpetual preference share capital and premium	45	174 869	174 053
		4 791 701	4 409 050
Shareholders' equity excluding non-controlling interests			
Other Additional Tier 1 securities in issue	48	411 683	335 111
Non-controlling interests	49	536 372	568 335
– Perpetual preferred securities issued by subsidiaries		—	72 750
– Non-controlling interests in partially held subsidiaries		536 372	495 585
		5 739 756	5 312 496
Total equity		5 739 756	5 312 496
Total liabilities and equity		58 843 744	51 450 473

[^] Restated as detailed in note 61.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 1 April 2020	247	1 517 852	(272 881)
Movement in reserves 1 April 2020 – 31 March 2021			
Profit after taxation	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Net loss attributable to own credit risk	—	—	—
Total comprehensive income for the year	—	—	—
Issue of Other Additional Tier 1 Security instruments	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	4 323
Share-based payments adjustments	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	1 050
Transfer from regulatory risk reserve	—	—	—
Transfer to foreign currency reserve	—	—	—
Repurchase of perpetual preference share capital	—	—	—
Net equity impact of non-controlling interest movement	—	—	—
Transfer from capital reserve	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 31 March 2021	247	1 517 852	(267 508)

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Other reserves							Ordinary shareholders' equity	Perpetual preference share capital	Shareholders' equity excluding non- controlling interests	Other Additional Tier 1 securities in issue	Non- controlling interests	Total equity
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income						
(6 797)	(152 882)	41 346	(99 144)	(748 225)	(10 595)	3 593 384	3 862 305	168 518	4 030 823	295 593	571 216	4 897 632
—	—	—	—	—	—	268 340	268 340	—	268 340	—	(9 598)	258 742
—	—	—	242	—	—	—	242	—	242	—	—	242
—	152 355	—	—	—	—	—	152 355	—	152 355	—	—	152 355
—	(717)	—	—	—	—	—	(717)	—	(717)	—	—	(717)
—	—	—	—	47 687	—	—	47 687	12 638	60 325	4 010	47 444	111 779
—	(19)	—	—	—	399	—	380	—	380	—	—	380
—	1 778	—	—	—	—	—	1 778	—	1 778	—	—	1 778
—	—	—	—	—	—	(39)	(39)	—	(39)	—	—	(39)
—	—	—	—	—	(850)	—	(850)	—	(850)	—	—	(850)
—	153 397	—	242	47 687	(451)	268 301	469 176	12 638	481 814	4 010	37 846	523 670
—	—	—	—	—	—	—	—	—	—	35 508	—	35 508
—	—	—	—	—	—	(17 954)	(17 954)	—	(17 954)	—	—	(17 954)
(14 484)	—	—	—	—	—	—	(10 161)	—	(10 161)	—	—	(10 161)
—	—	—	—	—	—	19 121	19 121	—	19 121	—	—	19 121
—	—	—	—	—	—	(1 050)	—	—	—	—	—	—
—	—	786	—	—	—	(786)	—	—	—	—	—	—
—	—	—	—	980	—	(980)	—	—	—	—	—	—
—	—	—	—	—	—	3 311	3 311	(7 103)	(3 792)	—	(2 482)	(6 274)
—	—	—	—	—	—	(268)	(268)	—	(268)	—	(5 860)	(6 128)
(82)	—	—	—	—	—	82	—	—	—	—	—	—
—	—	—	—	—	—	(37 187)	(37 187)	10 603	(26 584)	21 299	5 285	—
—	—	—	—	—	—	—	—	(10 603)	(10 603)	(21 299)	(5 285)	(37 187)
—	—	—	—	—	—	(53 346)	(53 346)	—	(53 346)	—	—	(53 346)
—	—	—	—	—	—	—	—	—	—	—	(32 385)	(32 385)
(21 363)	515	42 132	(98 902)	(699 558)	(11 046)	3 772 628	4 234 997	174 053	4 409 050	335 111	568 335	5 312 496

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 31 March 2021	247	1 517 852	(267 508)
Movement in reserves 1 April 2021 – 31 March 2022			
Profit after taxation	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Net gain attributable to own credit risk	—	—	—
Total comprehensive income for the year	—	—	—
Issue of other Additional Tier 1 security instruments	—	—	—
Repurchase of perpetual preference share capital	—	—	—
Share-buyback of ordinary share capital	—	(1 828)	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(51 479)
Share-based payments adjustments	—	—	—
Transfer to regulatory general risk reserve	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 31 March 2022	247	1 516 024	(318 987)

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Other reserves							Ordinary shareholders' equity	Perpetual preference share capital	Shareholders' equity excluding non- controlling interests	Other Additional Tier 1 securities in issue	Non- controlling interests	Total equity
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income						
(21 363)	515	42 132	(98 902)	(699 558)	(11 046)	3 772 628	4 234 997	174 053	4 409 050	335 111	568 335	5 312 496
—	—	—	—	—	—	516 204	516 204	—	516 204	—	40 170	556 374
—	—	—	(4 311)	—	—	—	(4 311)	—	(4 311)	—	—	(4 311)
—	(301)	—	—	—	—	—	(301)	—	(301)	—	—	(301)
—	(2 010)	—	—	—	—	—	(2 010)	—	(2 010)	—	—	(2 010)
—	—	—	—	127 523	—	—	127 523	8 738	136 261	9 020	27 879	173 160
—	(47)	—	—	—	664	—	617	—	617	—	—	617
—	3 420	—	—	—	—	—	3 420	—	3 420	—	—	3 420
—	—	—	—	—	—	40	40	—	40	—	—	40
—	—	—	—	—	11 095	—	11 095	—	11 095	—	—	11 095
—	1 062	—	(4 311)	127 523	11 759	516 244	652 277	8 738	661 015	9 020	68 049	738 084
—	—	—	—	—	—	—	—	—	—	67 552	—	67 552
—	—	—	—	—	—	1 255	1 255	(7 922)	(6 667)	—	(71 168)	(77 835)
—	—	—	—	—	—	(34 322)	(36 150)	—	(36 150)	—	—	(36 150)
—	—	—	—	—	—	6 788	6 788	—	6 788	—	—	6 788
4 365	—	—	—	—	—	—	(47 114)	—	(47 114)	—	—	(47 114)
—	—	—	—	—	—	23 932	23 932	—	23 932	—	—	23 932
—	—	(2 404)	—	—	—	2 404	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	443	443
—	—	—	—	—	—	(40 735)	(40 735)	8 606	(32 129)	26 757	5 372	—
—	—	—	—	—	—	—	—	(8 606)	(8 606)	(26 757)	(5 372)	(40 735)
—	—	—	—	—	—	(178 418)	(178 418)	—	(178 418)	—	—	(178 418)
—	—	—	—	—	—	—	—	—	—	—	(29 287)	(29 287)
(16 998)	1 577	39 728	(103 213)	(572 035)	713	4 069 776	4 616 832	174 869	4 791 701	411 683	536 372	5 739 756

COMBINED CONSOLIDATED CASH FLOW STATEMENT

£'000	Notes	Year to 31 March 2022	Year to 31 March 2021*
Cash inflow from operating activities			
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	51	816 404	519 452
Taxation paid		(152 140)	(108 395)
(Increase)/decrease in operating assets	51	(3 318 637)	423 376
Increase/(decrease) in operating liabilities	51	5 725 913	(1 454 151)
Net cash inflow/(outflow) from operating activities		3 071 540	(619 718)
Cash flows from investing activities			
Cash inflow on disposal of Group operations		14 274	20 388
Derecognition of cash on disposal of subsidiaries		(4 152)	(7 799)
Cash outflow on acquisition of associates and joint venture holdings	31	(8 780)	—
Cash flow on disposal of associates and joint venture holdings	31	39 222	—
Cash flow on acquisition of property, equipment, software and other intangible assets	34/35	(9 323)	(13 338)
Cash flow on disposal of property, equipment, software and other intangible assets	34/35	4 324	2 163
Net cash inflow from investing activities		35 565	1 414
Cash flows from financing activities			
Dividends paid to ordinary shareholders	12	(178 418)	(53 346)
Dividends paid to other equity holders		(83 524)	(56 249)
Acquisition of non-controlling interest		443	(245)
Repurchase of perpetual preference shares		(77 835)	(6 274)
Proceeds on issue of other Additional Tier 1 securities in issue	48	67 552	35 508
Cash flow on acquisition of treasury shares, net of related costs		(71 836)	(33 803)
Share buyback of ordinary share capital		(36 150)	—
Proceeds on subordinated liabilities raised	43	421 506	76 684
Repayment of subordinated liabilities	43	(583 918)	(41 482)
Lease liabilities paid	42	(45 743)	(55 419)
Net cash outflow from financing activities		(587 923)	(134 626)
Effects of exchange rates on cash and cash equivalents		90 928	146 030
Net increase/(decrease) in cash and cash equivalents		2 610 110	(606 900)
Cash and cash equivalents at the beginning of the year		6 489 630	7 096 530
Cash and cash equivalents at the end of the year		9 099 740	6 489 630
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		5 998 270	3 517 100
On demand loans and advances to banks		2 414 562	2 530 027
Non-sovereign and non-bank cash placements		684 983	439 841
Expected credit loss on cash and cash equivalents		1 925	2 662
Cash and cash equivalents at the end of the year		9 099 740	6 489 630

^ Restated as detailed in note 61.

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

The Group is required to maintain reserve deposits with central banks and other regulatory authorities and these amounted to £530.2 million (31 March 2021: £483.8 million).

ACCOUNTING POLICIES

Basis of presentation

The Group annual financial statements are prepared in accordance with UK adopted international accounting standards which comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. At 31 March 2022, UK adopted IAS are identical in all material respects to current IFRS applicable to the Group, with differences only in the effective dates of certain standards.

As stated on page 4, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The accounting policies adopted by the Group are consistent with the prior year.

The Group annual financial statements have been prepared on a historical cost basis, except otherwise indicated.

Presentation of information

Capital disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report on pages 84 to 92 of the Investec Group's 2022 risk and governance report.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the Investec Group's 2022 remuneration report on pages 23 to 38.

Basis of consolidation

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

All subsidiaries or structured entities are consolidated when the Group controls an investee. The Group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the Group from the date on which control is obtained until the date the Group can no longer demonstrate control.

The Group performs a reassessment of control whenever there is a change in the substance of the relationship between the Group and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group also holds investments in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether the Group controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the Group exercises significant influence or joint control over operating and financial policies, are treated as interests in associated undertakings and joint venture holdings. Interests in associated undertakings and joint venture holdings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings and joint venture holdings arise in which the Group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates and joint venture holdings, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The Group's interests in associated undertakings and joint venture holdings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the Group's share of the net assets of the associated undertakings and joint venture holdings.

After application of the equity method, management evaluates if there is objective evidence that its net investment in the associate or joint venture is impaired.

Because goodwill forms part of the carrying amount of the net investments in an associate or a joint venture, it is not separately recognised, therefore it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount whenever there is objective evidence that the net investment may be impaired.

The consolidated balance sheet reflects the associated undertakings and joint venture holdings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains or losses within the Group that do not reflect an impairment to the asset are eliminated in full regarding subsidiaries and to the extent of the interest in associated undertakings and joint venture holdings.

Segmental reporting

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

The Group's segmental reporting is presented in the form of a business analysis. The business analysis is presented in terms of the Group's four principal business divisions namely, Wealth & Investment, Private Banking, Corporate and Investment Banking, and Other and Group Investments. Group costs that are disclosed separately largely relate to Group brand and marketing costs and a portion of executive and support functions which are associated with Group-level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the Group.

ACCOUNTING POLICIES

CONTINUED

A geographical analysis is also presented in terms of the main geographies in which the Group operates representing the Group's exposure to various economic environments.

For further detail on the Group's segmental reporting basis refer to pages 46 to 72 of the divisional review section of the Investec Group's 2022 integrated and strategic annual report.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, at the acquisition date fair value and the amount of any prior non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and the designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date through the income statement.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9, either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration and amount recognised for non-controlling interest is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement as a gain in the year of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Group tests goodwill acquired in a business combination for impairment annually, irrespective of whether an indication of impairment exists and in accordance with IAS 36.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating units retained.

Share-based payments to employees

The Group engages in equity-settled and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met, with the amount changing according to the number of awards expected to vest. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and share prices at grant date.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The liability, in respect of cash-settled share-based payments, is recognised at the current fair value taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered the service to date. The change in fair value is recognised in the income statement. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

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

Employee benefits

The Group operates various defined contribution schemes.

In respect of the defined contribution schemes, all employer contributions are charged to the income statement as incurred, in accordance with the rules of the scheme, and included under staff costs.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The long-term employment benefits liability relates to the obligation of the Investec Group to deliver ordinary shares of Ninety One plc and Ninety One Limited to employees over a predetermined vesting period. The fair value of this liability is calculated by applying the Black-Scholes option pricing model at each reporting date. The changes in fair value will be

ACCOUNTING POLICIES

CONTINUED

recognised as an employee benefit expense. The liability is included in other liabilities on the balance sheet.

Foreign currency transactions and foreign operations

The presentation currency of the Group is Pound Sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

Foreign operations are subsidiaries, interests in associated undertakings and joint venture holdings or branches of the Group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of Group entities is determined based on the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the entity in which the transactions arise, based on rates of exchange ruling at the date of the transactions.

At each balance sheet date foreign currency items are translated as follows:

- Monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains or losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation and is reclassified to the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date of the valuation, with movements due to changes in foreign currency being presented in terms of the accounting policy for changes in the fair value movement of the respective item.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the Group, as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transactions.

On loss of control or disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss and included in the profit on loss of control.

Revenue recognition

Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management and other trading activities, share of post-taxation profit of associates and joint venture holdings and other operating income.

Interest income on debt instruments at amortised cost and FVOCI is recognised in the income statement using the effective interest method. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs.

The effective interest method is based on the estimated life of the underlying instrument and, where this estimate is not readily available, the contractual life. Interest on instruments at fair value through profit or loss is recognised based on the contractual rates.

Fee and commission income includes revenue from contracts with customers earned from providing advisory services as well as portfolio management and includes rental income from investment properties.

Revenue from contracts with customers is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Investment advisory and management fees are earned over the period in which the services are provided. Performance fees can be variable and recognition is constrained until such time as it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the services related to the transactions have been completed under the terms of the contract.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Customer flow trading income includes income from trading activities arising from making and facilitating client activities.

Trading income arising from balance sheet management and other trading activities consists of proprietary trading income and other gains or losses arising from balance sheet management.

Trading profit includes the unrealised profit on trading portfolios, which are marked-to-market daily. Equity investments received in lieu of corporate finance fees are included in investment portfolio and valued accordingly.

Dividend income is recognised when the Group's right to receive payment is established.

Included in other operating income is incidental rental income, gains on realisation of properties (other than investment properties which is included in investment income), operating lease income, income from assurance activities and revenue from other investments. Operating costs associated with these investments are included in operating costs in the income statement.

ACCOUNTING POLICIES

CONTINUED

Rewards programme

The Group has a Rewards programme whereby account cardholders are awarded Rewards points in proportion to eligible transactions. Rewards points may be redeemed at a later stage for goods or services at a variety of lifestyle, shopping, travel and financial partners. Rewards points earned are valid for three years from allocation date. Client rewards are considered to be a cost of the interchange service fee revenue stream, where the cardholder is not considered to be the customer but rather that the associated rewards are incentives paid to cardholders in respect of this stream. As a result, the costs to provide cardholders with these rewards are considered to be expenses and recognised in fee and commission expenses as the related income is earned, with the obligation to settle these points reflected in other liabilities until such time as they are redeemed.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of an asset or a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group classifies disclosed fair values according to a hierarchy that reflects the significance of observable market inputs.

A transfer is made between the hierarchy levels when the inputs have changed or there has been a change in the valuation method. Transfers are deemed to occur at the end of each semi-annual reporting period.

Financial instruments

Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time-frame established by market convention are recorded at trade date.

Business model assessment

For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the Group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business models:

- **Hold to collect:** it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI
- **Hold to sell/managed on a fair value basis:** the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- Elect to present subsequent changes in fair value of an equity investment that is neither held-for-trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI
- A debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the Group's business model for managing the assets and the contractual cash flow characteristics of the assets.

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

ACCOUNTING POLICIES

CONTINUED

Financial assets and liabilities measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The Group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost, the undrawn commitment is also considered to be and is included in the impairment calculation.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

Impairment of financial assets held at amortised cost or FVOCI

At each balance sheet date, each financial asset or portfolio of advances categorised at amortised cost or at FVOCI, issued financial guarantee and loan commitment is measured for ECL impairment.

The costs of loss allowances on assets held at amortised cost and at FVOCI are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances, except where the asset has been wholly or partially written off.

Stage 1

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

In line with regulatory and accounting bodies' guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. Where relief measures are granted, there is no change in expectation of the total amount due. Should the expected recoverability of the loan remain the same, these exposures will remain reported in Stage 1 for the foreseeable future, and will not be required to hold a lifetime ECL.

Stage 2

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

The Group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty. These exposures are assessed on a case-by-case basis to determine whether the proposed modifications will be considered as forbearance. Where the Credit Committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable time-frame these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred. Currently in the UK, there is a common definition across the Bank's exposures regarding what constitutes a significant PD movement. The test involves both an absolute and relative movement threshold. An asset is considered to have been subjected to a significant increase in credit risk if the appropriate PD has doubled relative to the value at origination and on an absolute basis has increased by more than 1%. Any asset with an original rating that is classified as investment grade will be judged to have had a significant movement if the new PD would classify it as sub-investment grade and the equivalent rating has moved by more than three notches. In South Africa, the change in the lifetime PD from deal origination to the reporting date is monitored monthly. The absolute and relative changes in lifetime PDs are tested against predefined trigger levels. When the change in lifetime PDs exceeds the trigger levels, it is considered a significant increase in credit risk and the exposure is migrated to Stage 2. The trigger levels have been defined for each asset class and are a function of the internal credit rating and the remaining maturity of the exposure.

The Group adopts the view that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forbore exposures) are met.

ACCOUNTING POLICIES

CONTINUED

Stage 3

Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The Group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable time-frame, the loan will be classified as Stage 3. Loans which are 90 days or more past due are considered to be in default.

The Group calculates the credit adjusted effective interest rate on Stage 3 assets, which is calculated based on the amortised cost of the financial asset (i.e. gross carrying amount less ECL allowance) instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cash flows.

Definition of default

The Group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

ECL

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking and therefore, potentially volatile.

Write-offs

The Group has developed specific guidelines on write-off aimed at granting full compliance with IFRS 9 and the document 'Guidance to banks on non-performing loans' issued by the European Central Bank.

A loan or advance is normally written off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is assessed on a case-by-case basis with considerations to indicators such as whether the exposure has been restructured or the given financial position of the borrower and guarantors. Any recoveries of amounts previously written off decrease the amount of impairment losses.

Process to determine ECL

ECLs are calculated using three main components:

- A probability of default (PD)
- A loss given default (LGD)
- The exposure at default (EAD).

The 12-month and lifetime PDs represent the probability of a default occurring over the next 12 months or the lifetime of the financial exposures, respectively, based on conditions existing at the balance sheet date and future forecast macro-economic conditions that affect credit risk.

The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward-looking probability weighted macro-economic scenarios.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a committed facility.

The calculation of the 12-month ECL is based on the 12-month PD and LGD along with the EAD and EIR for the asset. Lifetime ECL is calculated using the lifetime PD curve, and the appropriate LGDs and EADs and discount rates derived from the EIR based on the remaining life of the financial asset.

Expert judgement models are also utilised for certain portfolios where the ECL is found to be minimal, either due to the portfolio's small relative size or the low default nature of these portfolios, such as cash and balances held at central banks.

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

Financial assets and liabilities held at fair value through profit and loss

Financial instruments held at fair value through profit or loss include all instruments classified as held-for-trading, those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments are classified as held-for-trading when they are held with the intention of short-term disposal, held with the intention of generating short-term profit, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A Group of financial liabilities or both financial assets and financial liabilities is managed and its performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the Group's key management personnel; or
- A financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the Group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

ACCOUNTING POLICIES

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Changes in fair value of financial liabilities designated at fair value that is attributable to changes in own credit is recognised in other comprehensive income. Any other changes in fair value are recognised in the income statement.

Equity instruments measured at FVOCI

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

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

Securitisation/credit investment and trading activities exposures

The Group makes use of securitisation vehicles as a source of finance, as a means of risk transfer and to leverage returns through the retention of equity tranches in low default rate portfolios. The Group predominantly focuses on the securitisation of residential and commercial mortgages and lease receivables. The Group also trades in structured credit investments.

The structured entities are consolidated under IFRS 10 Consolidated Financial Statements when the Group has exposure to or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Loans and advances that are originated are transferred to structured entities, and the structured entities issue debt securities to external investors to fund the purchase of the securitised assets. When the Group consolidates the structured entity, the Group recognises the assets and liabilities on a gross basis. When the Group does not consolidate the structured entity, the securitised assets are derecognised and only any position still held by the Group in the structured entity is reflected.

Day-one profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the Group's rights to cash flows have expired or when the Group has transferred its rights to cash flows relating to the financial assets and either (a) the Group has transferred substantially all the risks and rewards associated with the financial assets or (b) the Group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower. Where such modifications are solely due to IBOR reform and result in an interest rate which is

economically equivalent, they are treated as a change to the floating rate of interest and so do not result in any adjustment to the carrying value of the asset.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Reclassification of financial instruments

Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative instruments

All derivative instruments of the Group are recorded on the balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities, respectively.

Derivative positions are entered into either for trading purposes or as part of the Group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed in the hedge accounting section below).

Derivative instruments entered into as economic hedges which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held-for-trading.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through the income statement, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment (CVA).

Hedge accounting

When the Group first implemented IFRS 9, it made an election to continue to apply the hedge accounting requirements of IAS 39 as an accounting policy.

The Group applies either fair value or cash flow hedge or hedge of net investments in foreign operations accounting when the transactions meet the specified hedge accounting criteria.

To qualify for hedge accounting treatment, the Group ensures that all of the following conditions are met:

- At inception of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%

ACCOUNTING POLICIES

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- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the income statement
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument relating to the effective portion is initially recognised directly in other comprehensive income in the cash flow hedge reserve and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in trading income from balance sheet management and other trading activities.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in other comprehensive income and is reclassified to the income statement in the same period during which the relevant financial asset or liability affects the income statement. Any ineffective portion of the hedge is immediately recognised in the income statement.

For qualifying hedges of a net investment in a foreign operation including a hedge of a monetary item that is accounted for as part of the net investment are accounted for in a way similar to cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gain or loss recorded in other comprehensive income is reclassified to the income statement.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; when the derivative expires, or is sold, terminated or exercised; when the hedged item matures or is sold or repaid; when a forecasted transaction is no longer deemed highly probable or when the designation as a hedge is revoked.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-fair value, and notional and timing differences between the zero hedged items and hedging instruments.

The Group applied the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the year ended 31 March 2020. A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and/or

amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

IBOR reform Phase 1 required that for hedging relationships affected by IBOR reform, the Group must assume that for the purpose of assessing expected future hedge effectiveness, the interest rate is not altered as a result of IBOR reform. Also, the Group is not required to discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness fall outside the range of 80% to 125%, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

The Group early adopted the IBOR reform Phase 2 in the prior period. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend the hedge designations and hedge documentation and are set out above.

Refer to pages 72 to 74 of the Investec Group's 2022 risk and governance report for more detail on the impact of IBOR reform.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the Group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Financial instruments issued by the Group are classified as equity where they confer on the holder a residual interest in the Group, and the Group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as non-controlling interests on the balance sheet.

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

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

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

ACCOUNTING POLICIES

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Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on-balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

Where sovereign debt securities have been purchased at the same time as derivatives with the same counterparty, such that the combined position has the economic substance similar to secured lending, an asset is recognised under 'reverse repurchase agreements and cash collateral on securities borrowed'.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

The cash collateral from agency-based scrip lending transactions are disclosed on a net basis, in accordance with master netting agreements and the intention to settle net.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount recognised less cumulative amortisation and the expected credit loss. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the expected useful life of the asset.

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current and comparative annual depreciation rates for each class of property and equipment are as follows:

- Equipment 10% – 33%
- Furniture and vehicles 10% – 25%
- Freehold buildings 2% – 4%
- Leasehold property and improvements*
- Right of use assets*

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease. Leasehold property and right of use asset depreciation rates are determined by reference to the period of the lease.

No depreciation is provided on freehold land. However, similar to other property-related assets, it is subject to impairment testing when an indication of impairment exists.

Routine maintenance and service costs for Group assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Group.

Investment properties

Properties held for capital appreciation or rental yield are classified as investment properties. Investment properties are initially measured at cost plus transaction costs and subsequently carried at fair value, with fair value gains or losses recognised in the income statement in investment income.

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and are supported by market evidence.

Leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, or, where that is not available, at the Group's incremental borrowing rate.

The lease liability will increase for the accrual of interest, and will result in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the

ACCOUNTING POLICIES

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lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for low value assets and short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

For the balance sheet, the ROU assets are included within property and equipment, finance lease receivables are included within loans and advances to customers and other assets and the lease liabilities are included within other liabilities.

Where the Group has a head lease and sublease arrangement with external partners, the finance lease receivable is recognised in other assets on the balance sheet.

Trading properties

Trading properties are carried at the lower of cost and net realisable value.

Software and other acquired intangible assets

Software and other acquired intangible assets are recorded at cost less accumulated amortisation and impairments. Software and intangible assets with a finite life are amortised over the useful economic life on a straight-line basis. Amortisation of each asset starts when it becomes available for use. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

The current and comparative annual amortisation rates for each class of intangible assets are as follows:

- | | |
|---------------------------------|---------------|
| • Client relationships | 8 to 20 years |
| • Acquired software | 3 to 7 years |
| • Internally generated software | 5 years |

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying value of non-financial assets, other than investment property, for indication of impairment. The recoverable amount, being the higher of fair value less cost of disposal and value-in-use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversals of impairment losses are recognised in income in the period in which the reversals are identified, to the extent that the carrying value of the asset does not exceed the amount that would have been calculated without impairment.

Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Assets in the measurement scope of IFRS 5 are carried at the lower of their carrying amount and fair value less costs to sell.

Trust and fiduciary activities

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients. As these are not assets of the Group, they are not recognised on the balance sheet but are included at market value as part of third party assets under management.

Taxation and deferred taxation

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

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

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit
- Temporary differences associated with the investments in subsidiaries and interests in associated undertakings and joint venture holdings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets or liabilities are measured using the taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred taxation asset can be utilised. Items recognised directly in other comprehensive income are net of related current and deferred taxation.

ACCOUNTING POLICIES

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Insurance contracts

Insurance contracts are those contracts in which the Group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in the period in which the Group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the Group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet. Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Insurance income is included in other operating income.

Borrowing costs

Borrowing costs that are directly attributable to property developments which take a substantial period of time to develop are capitalised to qualifying properties.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the income statement net of any reimbursement. Contingent assets and contingent liabilities are not recognised on the balance sheet.

Standards and interpretations issued but not yet effective

The following significant standards and interpretations, which have been issued but are not yet effective, are applicable to the Group. These standards and interpretations have not been applied in these annual financial statements. The Group intends to comply with these standards from the effective dates.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts was issued in May 2017 and sets out the requirements that an entity should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. It applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 is effective from 1 January 2023 and the Group is considering its impact.

All other standards and interpretations issued but not yet effective are not expected to have a material impact on the Group.

Key management assumptions

In preparation of the annual financial statements, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement is applied include:

- The impact of COVID-19 and the Russian invasion of Ukraine required management to apply significant judgements and estimates to quantify the impact on the annual financial statements. The assumptions can specifically be viewed on page 75 of the Investec Group's 2022 integrated and strategic annual report and page 48 of Investec Group's 2022 risk and governance report and throughout the annual financial statements.
- In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 are determined using valuation techniques including discounted cash flow analysis and valuation models. The valuation techniques for level 3 financial instruments involve management judgement and estimates the extent of which depends on the complexity of the instrument and the availability of market observable information. In particular, significant uncertainty exists in the valuation of unlisted investments and fair value loans in the private equity and direct investments portfolios. Key valuation inputs are based on the most relevant observable market information and can include expected cash flows, discount rates, earnings multiples and the underlying assets within a business, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility. Further details of the Group's level 3 financial instruments and the sensitivity of the valuation including the effect of applying reasonably possible alternative assumptions in determining their fair value are also set out in note 17.

Details of unlisted investments can be found in note 28 with further analysis contained in the risk management section on pages 54 and 55 in the Investec Group's 2022 risk and governance report.

- Valuation of investment properties is performed twice annually by qualified internal valuers and at least half of the portfolio is valued by independent external valuers annually. The valuation is performed by capitalising the budget net income of the property at the market-related yield applicable at the time. Properties in Investec Property Fund are valued according to the JSE Listings Requirements.

The carrying value of investment property can be found in note 35 with further analysis contained on pages 54 and 55 in the Investec Group's 2022 risk and governance report.

- The measurement of ECL has reliance on expert credit judgement. Key judgemental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:
 - The assessment of a significant increase in credit risk;
 - A range of forward-looking probability weighted macro-economic scenarios; and
 - Estimations of probabilities of default, loss given default and exposures at default using models.

In addition to these drivers, some initial judgements and assumptions were required in the design and build of the

ACCOUNTING POLICIES

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Group's ECL methodology, which are not considered to have a material impact. These include the use of income recognition effective interest rates (EIRs), in accordance with accounting standards, as the discount factor in the ECL calculation as well as the use of contractual maturity to assess behavioural lives. In addition, where we have experienced limitations on the availability of probability of default origination data for the historic book, a portfolio average has been used in some instances.

Following a detailed review of the outcome of the ECL models, management maintained an overlay provision in SA and the UK. Detail of the approach followed and management's assumptions are set out on page 48 of the Investec Group's 2022 risk and governance report.

- The Group's income tax charge and balance sheet provision are judgemental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The Group has recognised in its current tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority and whether the proposed tax treatment will be accepted by the authorities. The carrying amount of this provision is sensitive to the resolution of issues, which is often dependent on the timetable and progress of discussion and negotiations with the relevant tax authorities, arbitration process and legal proceedings in the relevant tax jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the Group in order to determine if an exposure should be measured based on the most likely amount or expected value.
- In making any estimates, management's judgement has been based on various factors, including:
 - The current status of tax audits and enquiries;
 - The current status of discussions and negotiations with the relevant tax authorities;
 - The results of any previous claims; and
 - Any changes to the relevant tax environments.
- Management critically evaluated the equity accounted value of the Group's investment in IEP. The recoverable amount of the investment in IEP was determined to be the value-in-use. This was calculated by determining Investec's stake of the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. No impairment was recognised in the current year.
- The Group has designated micro hedge relationships as fair value hedges. The Group applies temporary reliefs which enable its hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. The Group has early adopted IBOR reform Phase 2 in the prior period, which provided temporary reliefs to enable the Group's hedge accounting to continue upon the replacement of an IBOR with a Risk-free rate (RFR). Under one of the reliefs, the Group may elect for individual RFRs designated as hedging the fair value of the hedged item for changes due to a non-contractually specified component of interest rate risk, to be deemed as meeting the IAS 39 requirement to be separately identifiable. For each RFR to which the relief has been applied, the Group judges that both the volume and market liquidity of financial instruments that reference the RFR and are priced using the RFR will increase during the 24-month period with the result that the hedged RFR risk component will become separately identifiable in the change in fair value of the hedged item.
- As explained in the hedge accounting policy, the Group derecognises financial assets and financial liabilities if there has been a substantial modification of their terms and conditions. In the context of IBOR reform, many financial instruments have already been amended or will be amended as they transition from IBORs to RFRs. In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group first applies the practical expedient as described in the hedge accounting policy, to reflect the change in the referenced interest rate from an IBOR to a RFR. Secondly, for any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognised and a new financial instrument is recognised. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.
- The effective interest method as applied by the Group, as explained in the hedge accounting policy, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to the base rate and other fee income/expense that are integral parts of the instrument. The Group has early adopted IBOR reform Phase 2 in the prior period which required as a practical expedient for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform, to be treated as a change to a floating rate of interest provided the transition from IBOR to RFR takes place on a basis that is economically equivalent. For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognised or adjust its carrying value as described in the hedge accounting policy. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgement to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors.
- The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

ACCOUNTING POLICIES

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- The Group makes use of reasonable and supportable information to make accounting judgments and estimates related to climate change. This includes information about the observable impact of climate change on the current credit risk of clients and the valuation of assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting 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 Investec's 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 cash flows. The expected cash flows is based on management's best estimate of the operational results including the near-term impact of climate risk. The Group did not consider any additional adjustments to the cash flows to account for this risk given the 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Combined consolidated segmental analysis

For the year to 31 March 2022	UK and Other	Southern Africa	Total
£'000			
Segmental geographic analysis – income statement			
Net interest income	482 719	462 551	945 270
Net fee and commission income	495 315	322 901	818 216
Investment income	10 847	17 127	27 974
Share of post-taxation profit of associates and joint venture holdings	47 266	32 290	79 556
Trading income/(loss) arising from			
– customer flow	60 372	67 905	128 277
– balance sheet management and other trading activities	(7 104)	(14 024)	(21 128)
Other operating income	11 533	657	12 190
Total operating income before expected credit loss impairment charges	1 100 948	889 407	1 990 355
Expected credit loss impairment charges	(25 180)	(3 648)	(28 828)
Operating income	1 075 768	885 759	1 961 527
Operating costs	(775 866)	(458 082)	(1 233 948)
Operating profit before goodwill, acquired intangibles and strategic actions	299 902	427 677	727 579
Profit attributable to non-controlling interests	—	(40 170)	(40 170)
Adjusted operating profit	299 902	387 507	687 409
Impairment of goodwill	—	(1 962)	(1 962)
Amortisation of acquired intangibles	(12 936)	(2 541)	(15 477)
Amortisation of acquired intangibles of associates	(6 017)	(3 232)	(9 249)
Closure and rundown of the Hong Kong direct investments business	(1 203)	—	(1 203)
Implementation costs on distribution of associate to shareholders	(1 016)	(1 411)	(2 427)
Earnings attributable to shareholders before taxation	278 730	378 361	657 091
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(37 612)	(105 697)	(143 309)
Taxation on acquired intangibles and strategic actions	1 678	744	2 422
Earnings attributable to shareholders	242 796	273 408	516 204
Selected returns and key statistics			
ROE (post-taxation)*	11.2%	11.7%	11.4%
Return on tangible equity (post-taxation)*	12.9%	11.7%	12.3%
Cost to income ratio	70.5%	53.9%	63.3%
Staff compensation to operating income	51.3%	39.0%	45.8%
Adjusted operating profit per employee (£'000)	87.4	87.5	87.4
Effective operational tax rate	14.9%	26.7%	22.1%
Total assets (£'million)	27 805	31 039	58 844

* Refer to calculation on page 61 in Investec Group's 2022 year-end results booklet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1. Combined consolidated segmental analysis *continued*

For the year to 31 March 2021	UK and Other	Southern Africa	Total
£'000			
Segmental geographic analysis – income statement			
Net interest income	399 714	378 392	778 106
Net fee and commission income	488 523	260 355	748 878
Investment income	22 414	9 588	32 002
Share of post-taxation profit of associates and joint venture holdings	35 972	6 487	42 459
Trading income/(loss) arising from			
– customer flow	(11 025)	46 591	35 566
– balance sheet management and other trading activities	11 262	(30 165)	(18 903)
Other operating income	15 831	7 122	22 953
Total operating income before expected credit loss impairment charges	962 691	678 370	1 641 061
Expected credit loss impairment charges	(71 202)	(28 236)	(99 438)
Operating income	891 489	650 134	1 541 623
Operating costs	(766 367)	(398 146)	(1 164 513)
Operating profit before goodwill, acquired intangibles and strategic actions	125 122	251 988	377 110
Loss/(profit) attributable to other non-controlling interests	861	(389)	472
Adjusted operating profit	125 983	251 599	377 582
Impairment of goodwill	(11 248)	(351)	(11 599)
Impairment of associates and joint venture holdings	—	(16 773)	(16 773)
Loss attributable to non-controlling interests relating to impairments of associates	—	9 126	9 126
Amortisation of acquired intangibles	(12 851)	(2 436)	(15 287)
Amortisation of acquired intangibles of associates	(6 017)	(3 251)	(9 268)
Closure and rundown of the Hong Kong direct investments business	7 386	—	7 386
Earnings attributable to shareholders before taxation	103 253	237 914	341 167
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(24 243)	(50 296)	(74 539)
Taxation on acquired intangibles and strategic actions	1 029	683	1 712
Earnings attributable to shareholders	80 039	188 301	268 340
Selected returns and key statistics			
ROE (post-taxation)*	4.0%	9.4%	6.6%
Return on tangible equity (post-taxation)*	4.8%	9.5%	7.2%
Cost to income ratio	79.5%	58.7%	70.9%
Staff compensation to operating income	59.0%	44.1%	52.8%
Adjusted operating profit per employee (£'000)	33.8	56.7	46.2
Effective operational tax rate	27.2%	20.5%	22.3%
Total assets (£'million)	24 604	26 846	51 450

* Refer to calculation on page 61 in Investec Group's 2022 year-end results booklet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1. Combined consolidated segmental analysis *continued*

For the year to 31 March 2022	UK and Other						Total
	Private Client		Corporate, Investment Banking and Other	Total Specialist Banking	Group Investments	Group Costs	
	Wealth & Investment	Private Banking					
£'000							
Net interest income/(expense)	2 268	70 692	409 759	480 451	—	—	482 719
Net fee and commission income	344 029	1 556	149 730	151 286	—	—	495 315
Investment income/(loss)	(2)	816	10 033	10 849	—	—	10 847
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	13 879	13 879	33 387	—	47 266
Trading income/(loss) arising from							
– customer flow	1 194	2 228	56 950	59 178	—	—	60 372
– balance sheet management and other trading activities	(307)	2	(6 799)	(6 797)	—	—	(7 104)
Other operating income	—	—	11 533	11 533	—	—	11 533
Total operating income before expected credit loss impairment charges	347 182	75 294	645 085	720 379	33 387	—	1 100 948
Expected credit loss impairment charges	(5)	(2 432)	(22 743)	(25 175)	—	—	(25 180)
Operating income	347 177	72 862	622 342	695 204	33 387	—	1 075 768
Operating costs	(259 496)	(42 034)	(459 517)	(501 551)	—	(14 819)	(775 866)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	87 681	30 828	162 825	193 653	33 387	(14 819)	299 902
Profit attributable to non-controlling interests	—	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	87 681	30 828	162 825	193 653	33 387	(14 819)	299 902
Selected returns and key statistics							
ROE (post-taxation)*	30.0%	3.8%	12.6%	9.7%	14.9%	n/a	11.2%
Return on tangible equity (post-tax)*	64.4%	3.8%	12.8%	9.8%	14.9%	n/a	12.9%
Cost to income ratio	74.7%	55.8%	71.2%	69.6%	n/a	n/a	70.5%
Total assets (£'million)	1 062	4 528	21 985	26 513	230	n/a	27 805

* Refer to calculation on pages 62 and 63 in Investec Group's 2022 year-end results booklet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Southern Africa							
Private Client							
		Specialist Banking					
Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Total Specialist Banking	Group Investments	Group Costs	Total	Total Group
4 372	274 895	221 456	496 351	(38 172)	—	462 551	945 270
101 286	56 194	115 361	171 555	50 060	—	322 901	818 216
622	15 967	(11 164)	4 803	11 702	—	17 127	27 974
—	117	254	371	31 919	—	32 290	79 556
(271)	—	47 945	47 945	20 231	—	67 905	128 277
611	(145)	135	(10)	(14 625)	—	(14 024)	(21 128)
10	3	644	647	—	—	657	12 190
106 630	347 031	374 631	721 662	61 115	—	889 407	1 990 355
—	17 843	(20 910)	(3 067)	(581)	—	(3 648)	(28 828)
106 630	364 874	353 721	718 595	60 534	—	885 759	1 961 527
(71 176)	(166 047)	(202 920)	(368 967)	(1 946)	(15 993)	(458 082)	(1 233 948)
35 454	198 827	150 801	349 628	58 588	(15 993)	427 677	727 579
—	—	(252)	(252)	(39 918)	—	(40 170)	(40 170)
35 454	198 827	150 549	349 376	18 670	(15 993)	387 507	687 409
73.6%	16.7%	8.2%	12.1%	6.2%	n/a	11.7%	11.4%
75.5%	16.7%	8.3%	12.1%	6.2%	n/a	11.7%	12.3%
66.8%	47.8%	54.2%	51.1%	n/a	n/a	53.9%	63.3%
205	11 629	17 533	29 162	1 672	n/a	31 039	58 844

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1. Combined consolidated segmental analysis *continued*

For the year to 31 March 2021	UK and Other						Total
	Private Client		Specialist Banking				
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Total Specialist Banking	Group Investments	Group Costs	
£'000							
Net interest income/(expense)	2 296	34 664	362 754	397 418	—	—	399 714
Net fee and commission income	316 040	644	171 839	172 483	—	—	488 523
Investment income/(loss)	272	19	22 123	22 142	—	—	22 414
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	10 830	10 830	25 142	—	35 972
Trading income/(loss) arising from							
– customer flow	920	1 196	(13 141)	(11 945)	—	—	(11 025)
– balance sheet management and other trading activities	(9)	13	11 258	11 271	—	—	11 262
Other operating income	—	—	15 831	15 831	—	—	15 831
Total operating income before expected credit loss impairment charges	319 519	36 536	581 494	618 030	25 142	—	962 691
Expected credit loss impairment charges	(4)	(1 515)	(69 683)	(71 198)	—	—	(71 202)
Operating income	319 515	35 021	511 811	546 832	25 142	—	891 489
Operating costs	(245 175)	(38 033)	(464 873)	(502 906)	—	(18 286)	(766 367)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	74 340	(3 012)	46 938	43 926	25 142	(18 286)	125 122
Loss/(profit) attributable to non-controlling interests	—	—	861	861	—	—	861
Operating profit before goodwill, acquired intangibles and after non-controlling interests	74 340	(3 012)	47 799	44 787	25 142	(18 286)	125 983
Selected returns and key statistics							
ROE (post-taxation)*	23.8%	(0.7%)	1.9%	15.5%	n/a	4%	4.0%
Return on tangible equity (post-tax)*	56.6%	(0.7%)	1.9%	15.5%	n/a	5%	4.8%
Cost to income ratio	76.7%	104.1%	79.8%	81.3%	n/a	80%	79.5%
Total assets (£'million)	959	3 338	20 070	23 408	237	n/a	24 604

* Refer to calculation on pages 62 and 63 in Investec Group's 2022 year-end results booklet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

Southern Africa							
Private Client		Specialist Banking				Total	Total Group
Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Total Specialist Banking	Group Investments	Group Costs		
3 552	218 806	199 329	418 135	(43 295)	—	378 392	778 106
78 589	45 377	91 049	136 426	45 340	—	260 355	748 878
1 461	933	(9 761)	(8 828)	16 955	—	9 588	32 002
—	(372)	(1 097)	(1 469)	7 956	—	6 487	42 459
7	(43)	36 659	36 616	9 968	—	46 591	35 566
39	32	(7 728)	(7 696)	(22 508)	—	(30 165)	(18 903)
1	7	7 114	7 121	—	—	7 122	22 953
83 649	264 740	315 565	580 305	14 416	—	678 370	1 641 061
—	(915)	(24 942)	(25 857)	(2 379)	—	(28 236)	(99 438)
83 649	263 825	290 623	554 448	12 037	—	650 134	1 541 623
(57 530)	(140 391)	(182 883)	(323 274)	(2 096)	(15 246)	(398 146)	(1 164 513)
26 119	123 434	107 740	231 174	9 941	(15 246)	251 988	377 110
—	—	309	309	(698)	—	(389)	472
26 119	123 434	108 049	231 483	9 243	(15 246)	251 599	377 582
64.1%	12.9%	8.0%	2.9%	n/a	9.4%	9.4%	6.6%
67.9%	12.9%	8.1%	2.9%	n/a	9.5%	9.5%	7.2%
68.8%	53.0%	57.9%	55.7%	n/a	58.7%	58.7%	70.9%
312	10 335	14 575	24 910	1 624	n/a	26 846	51 450

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1. Combined consolidated segmental analysis *continued*

At 31 March 2022

£'000

	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	5 379 994	618 276	5 998 270
Loans and advances to banks	1 459 590	1 092 471	2 552 061
Non-sovereign and non-bank cash placements	—	684 983	684 983
Reverse repurchase agreements and cash collateral on securities borrowed	1 447 473	3 162 305	4 609 778
Sovereign debt securities	1 165 777	2 983 090	4 148 867
Bank debt securities	61 714	1 453 496	1 515 210
Other debt securities	427 761	801 526	1 229 287
Derivative financial instruments	692 975	924 265	1 617 240
Securities arising from trading activities	163 165	520 164	683 329
Investment portfolio	338 523	574 349	912 872
Loans and advances to customers	14 426 475	15 134 613	29 561 088
Own originated loans and advances to customers securitised	—	375 763	375 763
Other loans and advances	122 681	5 603	128 284
Other securitised assets	93 087	30 801	123 888
Interests in associated undertakings and joint venture holdings	296 951	437 483	734 434
Current taxation assets	33 448	205	33 653
Deferred taxation assets	110 377	148 993	259 370
Other assets	1 131 744	936 871	2 068 615
Property and equipment	155 055	180 365	335 420
Investment properties	—	820 555	820 555
Goodwill	249 836	8 568	258 404
Software	7 066	2 377	9 443
Other acquired intangible assets	40 807	3 345	44 152
Non-current assets classified as held for sale	—	79 229	79 229
	27 804 499	30 979 696	58 784 195
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	59 549	59 549
	27 804 499	31 039 245	58 843 744
Liabilities			
Deposits by banks	2 022 679	1 155 989	3 178 668
Derivative financial instruments	859 922	1 677 381	2 537 303
Other trading liabilities	42 944	232 645	275 589
Repurchase agreements and cash collateral on securities lent	138 496	724 789	863 285
Customer accounts (deposits)	18 286 043	21 832 369	40 118 412
Debt securities in issue	1 648 177	395 463	2 043 640
Liabilities arising on securitisation of own originated loans and advances	—	238 370	238 370
Liabilities arising on securitisation of other assets	95 885	—	95 885
Current taxation liabilities	2 460	39 171	41 631
Deferred taxation liabilities	—	19 624	19 624
Other liabilities	1 368 868	946 973	2 315 841
	24 465 474	27 262 774	51 728 248
Liabilities to customers under investment contracts	—	56 475	56 475
Insurance liabilities, including unit-linked liabilities	—	3 074	3 074
	24 465 474	27 322 323	51 787 797
Subordinated liabilities	758 739	557 452	1 316 191
	25 224 213	27 879 775	53 103 988

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

1. Combined consolidated segmental analysis *continued*

At 31 March 2021[^]

£'000

	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	3 043 034	474 066	3 517 100
Loans and advances to banks	1 374 154	1 263 282	2 637 436
Non-sovereign and non-bank cash placements	—	439 841	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	2 065 232	1 510 481	3 575 713
Sovereign debt securities	1 108 253	2 603 370	3 711 623
Bank debt securities	48 044	1 073 686	1 121 730
Other debt securities	669 403	694 832	1 364 235
Derivative financial instruments	772 501	942 242	1 714 743
Securities arising from trading activities	278 074	746 597	1 024 671
Investment portfolio	355 974	553 076	909 050
Loans and advances to customers	12 335 837	13 705 250	26 041 087
Own originated loans and advances to customers securitised	—	401 912	401 912
Other loans and advances	93 233	8 902	102 135
Other securitised assets	111 676	28 411	140 087
Interests in associated undertakings and joint venture holdings	295 313	383 844	679 157
Current taxation assets	58 174	2 151	60 325
Deferred taxation assets	110 750	135 872	246 622
Other assets	1 388 431	777 007	2 165 438
Property and equipment	185 502	144 470	329 972
Investment properties	—	832 061	832 061
Goodwill	249 836	9 969	259 805
Software	7 791	4 783	12 574
Other acquired intangible assets	53 281	5 687	58 968
Non-current assets classified as held for sale	—	51 783	51 783
	24 604 493	26 793 575	51 398 068
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	52 405	52 405
	24 604 493	26 845 980	51 450 473
Liabilities			
Deposits by banks	1 320 675	1 083 037	2 403 712
Derivative financial instruments	906 001	1 284 486	2 190 487
Other trading liabilities	49 055	277 134	326 189
Repurchase agreements and cash collateral on securities lent	139 014	864 298	1 003 312
Customer accounts (deposits)	16 070 313	18 379 117	34 449 430
Debt securities in issue	1 573 450	318 869	1 892 319
Liabilities arising on securitisation of own originated loans and advances	—	160 646	160 646
Liabilities arising on securitisation of other assets	108 281	—	108 281
Current taxation liabilities	36 862	41 928	78 790
Deferred taxation liabilities	19 984	20 349	40 333
Other liabilities	1 199 285	751 837	1 951 122
	21 422 920	23 181 701	44 604 621
Liabilities to customers under investment contracts	—	49 798	49 798
Insurance liabilities, including unit-linked liabilities	—	2 607	2 607
	21 422 920	23 234 106	44 657 026
Subordinated liabilities	771 481	709 470	1 480 951
	22 194 401	23 943 576	46 137 977

[^] Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1. Combined consolidated segmental analysis *continued*

For the year to 31 March 2022	Private Client		Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking				
£'000	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
UK and Other	87 681	30 828	162 825	33 387	(14 819)	299 902
Southern Africa	35 454	198 827	150 549	18 670	(15 993)	387 507
Adjusted operating profit	123 135	229 655	313 374	52 057	(30 812)	687 409
Non-controlling interest*						40 170
Adjusted operating profit before non-controlling interests						727 579

For the year to 31 March 2021	Private Client		Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking				
£'000						
UK and Other	74 340	(3 012)	47 799	25 142	(18 286)	125 983
Southern Africa	26 119	123 434	108 049	9 243	(15 246)	251 599
Adjusted operating profit	100 459	120 422	155 848	34 385	(33 532)	377 582
Non-controlling interest*						(472)
Adjusted operating profit before non-controlling interests						377 110

* Profit/(loss) attributable to non-controlling interests predominantly relates to the Investec Property Fund Limited.

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2. Net interest income

For the year to 31 March 2022 £'000	Notes	UK and Other			Southern Africa			Total	
		Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	8 071 461	24 441	0.30%	8 339 200	264 377	3.31%	16 410 661	288 818
Core loans	2	13 435 691	624 516	4.65%	14 505 948	932 626	6.71%	27 941 639	1 557 142
Private Client		4 013 304	123 740	3.08%	10 843 207	673 590	6.48%	14 856 511	797 330
Corporate, Investment Banking and Other		9 422 387	500 776	5.31%	3 662 741	259 036	7.38%	13 085 128	759 812
Other debt securities and other loans and advances		609 114	18 047	2.96%	788 092	30 067	3.98%	1 397 206	48 114
Other	3	233 801	51 442	n/a	25 528	5 693	n/a	259 329	57 135
		22 350 067	718 446		23 658 768	1 232 763		46 008 835	1 951 209

For the year to 31 March 2022 £'000	Notes	UK and Other			Southern Africa			Total	
		Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense
Deposits by banks and other debt-related securities	4	3 308 178	(32 971)	1.00%	2 090 804	(58 415)	2.99%	5 398 982	(91 386)
Customer accounts (deposits)		16 761 883	(93 235)	0.56%	19 729 284	(651 198)	3.53%	36 491 167	(744 433)
Subordinated liabilities		870 954	(49 497)	5.68%	632 612	(38 614)	6.53%	1 503 566	(88 111)
Other	5	363 193	(60 024)	n/a	131 534	(21 985)	n/a	494 727	(82 009)
		21 304 208	(235 727)		22 584 234	(770 212)		43 888 442	(1 005 939)
Net interest income			482 719			462 551			945 270
Net interest margin			2.16%			1.95%**			

The average balance sheet value and average yield for Southern Africa have been determined in Rands. The average balance sheet value shown above has been translated using the average Rand: Pound Sterling exchange rate for the period of R20.28 (2021: R21.33).

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets, finance lease receivables as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advances, lease liabilities as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the Group has a 24.31% interest. Excluding this debt funding cost, the net interest margin amounted to 2.07%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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2. Net interest income continued

For the year to 31 March 2021 £'000	Notes	UK and Other			Southern Africa			Total	
		Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	7 699 932	27 785	0.36%	7 796 968	252 532	3.28%	15 496 900	280 317
Core loans	2	12 170 562	579 809	4.76%	13 405 872	916 459	6.93%	25 576 434	1 496 268
Private Client		2 873 101	84 191	2.93%	9 683 900	628 595	6.58%	12 557 001	712 786
Corporate, Investment Banking and Other		9 297 461	495 618	5.33%	3 721 972	287 864	7.84%	13 019 433	783 482
Other debt securities and other loans and advances		851 397	34 207	4.02%	759 892	41 571	5.55%	1 611 289	75 778
Other	3	287 831	59 419	n/a	14 476	10 517	n/a	302 307	69 936
		21 009 722	701 220		21 977 208	1 221 079		42 986 930	1 922 299

For the year to 31 March 2021 £'000	Notes	UK and Other			Southern Africa			Total	
		Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense
Deposits by banks and other debt-related securities	4	3 098 976	(44 378)	1.43%	3 324 792	(94 908)	2.92%	6 423 768	(139 286)
Customer accounts (deposits)		16 020 789	(131 233)	0.82%	16 577 774	(686 686)	4.06%	32 598 563	(817 919)
Subordinated liabilities		789 555	(48 145)	6.10%	655 582	(43 746)	6.81%	1 445 137	(91 891)
Other	5	436 350	(77 750)	n/a	128 539	(17 347)	n/a	564 889	(95 097)
		20 345 670	(301 506)		20 686 687	(842 687)		41 032 357	(1 144 193)
Net interest income			399 714			378 392			778 106
Net interest margin			1.90%			1.71%**			

The average balance sheet value and average yield for Southern Africa have been determined in Rands. The average balance sheet value shown above has been translated using the average Rand: Pound Sterling exchange rate for the period of R20.38 (2021: R21.33).

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets, finance lease receivables as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advances, lease liabilities as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the Group has a 24.31% interest. Excluding this debt funding cost, the net interest margin amounted to 1.84%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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3. Net fee and commission income

For the year to 31 March 2022 £'000	UK and Other	Southern Africa	Total
Wealth & Investment net fee and commission income	344 029	101 286	445 315
Fund management fees/fees for funds under management	301 950	55 697	357 647
Private client transactional fees*	42 735	47 351	90 086
Fee and commission expense	(656)	(1 762)	(2 418)
Specialist Banking net fee and commission income	151 286	171 555	322 841
Specialist Banking fee and commission income**	165 543	197 544	363 087
Specialist Banking fee and commission expense	(14 257)	(25 989)	(40 246)
Group Investments net fee and commission income	—	50 060	50 060
Group Investments fee and commission income	—	53 819	53 819
Group Investments fee and commission expense	—	(3 759)	(3 759)
Net fee and commission income	495 315	322 901	818 216
Annuity fees (net of fees payable)	318 389	253 049	571 438
Deal fees	176 926	69 852	246 778

For the year to 31 March 2021 £'000	UK and Other	Southern Africa	Total
Wealth & Investment net fee and commission income	316 040	78 589	394 629
Fund management fees/fees for funds under management	267 381	43 854	311 235
Private client transactional fees*	49 432	36 535	85 967
Fee and commission expense	(773)	(1 800)	(2 573)
Specialist Banking net fee and commission income	172 483	136 426	308 909
Specialist Banking fee and commission income**	184 981	159 686	344 667
Specialist Banking fee and commission expense	(12 498)	(23 260)	(35 758)
Group Investments net fee and commission income	—	45 340	45 340
Group Investments fee and commission income**	—	49 284	49 284
Group Investments fee and commission expense	—	(3 944)	(3 944)
Net fee and commission income	488 523	260 355	748 878
Annuity fees (net of fees payable)	284 745	211 316	496 061
Deal fees	203 778	49 039	252 817

* Trust and fiduciary fees amounted to £0.4 million (2021: £0.4 million) and are included in Private client transactional fees.

** Included in Group Investments and Specialist Banking is fee and commission income of £85.0 million (2021: £63.7 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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4. Investment income

For the year to 31 March 2022 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	Investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	Total
UK and Other									
Realised	2 414	18 028	—	552	20 994	512	(4 383)	11 866	28 989
Unrealised [^]	(4 169)	2 350	—	1 176	(643)	(457)	4 274	(29 901)	(26 727)
Dividend income	37	6 667	—	—	6 704	—	—	213	6 917
Funding and other net related income	—	—	—	—	—	—	1 668	—	1 668
	(1 718)	27 045	—	1 728	27 055	55	1 559	(17 822)	10 847
Southern Africa									
Realised	414	1 993	5 149	8 383	15 939	2 990	2 087	19 100	40 116
Unrealised [^]	1 078	(31 209)*	10 910	—	(19 221)	589	(25 536)	2 288	(41 880)
Dividend income	1 344	10 782 *	—	—	12 126	—	—	323	12 449
Funding and other net related income (costs)	—	(1 078)	—	—	(1 078)	—	7 520	—	6 442
	2 836	(19 512)	16 059	8 383	7 766	3 579	(15 929)	21 711	17 127
Investment income/(loss)	1 118	7 533	16 059	10 111	34 821	3 634	(14 370)	3 889	27 974
For the year to 31 March 2021 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	Investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	Total
UK and Other									
Realised	9 367	971	—	13	10 351	6 121	(1 755)	23 165	37 882
Unrealised [^]	6 449	7 485	—	(35)	13 899	(2 967)	(3 141)	(29 489)	(21 698)
Dividend income	21	3 906	—	—	3 927	—	—	—	3 927
Funding and other net related income	—	—	—	—	—	—	2 303	—	2 303
	15 837	12 362	—	(22)	28 177	3 154	(2 593)	(6 324)	22 414
Southern Africa									
Realised	14 380	(2 191)	—	2 451	14 640	2 985	1 287	16 018	34 930
Unrealised [^]	4 583	(6 374)	18 386	2	16 597	(907)	(46 736)	(8 347)	(39 393)
Dividend income	5 722	4 688	—	—	10 410	—	—	50	10 460
Funding and other net related costs	—	(1 145)	—	—	(1 145)	—	4 736	—	3 591
	24 685	(5 022)	18 386	2 453	40 502	2 078	(40 713)	7 721	9 588
Investment income/(loss)	40 522	7 340	18 386	2 431	68 679	5 232	(43 306)	1 397	32 002

[^] In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.

* Includes dividend income and unrealised fair value gains from unlisted equities classified as non-current assets held for sale.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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5. Other operating income

For the year to 31 March £'000	2022	2021
Income from government grants*	7 833	4 218
Gains on realisation of properties	36	29
Unrealised gains on other investments	2 782	14 460
Income from operating leases	1 539	4 246
	12 190	22 953

* Income from government grants includes Research and Development Expenditure credits and income from the Capability and Innovation Fund from the Banking Competition Remedies Limited.

6. Expected credit loss impairment charges

For the year to 31 March £'000	2022	2021
Expected credit loss impairment charges/(releases) is recognised on the following assets:		
Loans and advances to customers	22 524	88 470
Expected credit loss impairment charges (refer to note 29)	70 301	103 855
Post write-off recoveries	(47 777)	(15 385)
Own originated loans and advances to customers securitised	89	407
Core loans	22 613	88 877
Other loans and advances	9	(70)
Other balance sheet assets	6 884	4 780
Off-balance sheet commitments and guarantees	(678)	5 851
	28 828	99 438

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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7. Operating costs

For the year to 31 March £'000	2022	2021
Staff costs	911 734	866 558
Salaries and wages [^]	467 712	499 543
Variable remuneration [^]	279 779	220 696
Share-based payments expense [^]	45 648	42 763
Pension and provident fund contributions [^]	46 894	44 905
Other	71 701	58 651
Business expenses*	134 952	125 184
Equipment expenses (excluding depreciation)	84 532	76 830
Premises expenses	56 032	53 505
Premises expenses (excluding depreciation)	24 567	24 301
Premises depreciation	31 465	29 204
Marketing expenses	30 007	23 681
Depreciation, amortisation and impairment on property, equipment, intangibles and software	16 691	18 755
Total operating costs	1 233 948	1 164 513
The following amounts were paid by the Group to the auditors in respect of the audit of the financial statements and for other services provided to the Group:		
Ernst & Young fees		
Total fees paid to the audit firm by virtue of being the Group's auditor	11 642	10 156
Audit of the Group's accounts	3 098	2 433
Audit of the Group's subsidiaries pursuant to legislation	6 416	6 277
Audit related assurance services	2 128	1 441
Other assurance services	—	5
Total fees paid to the audit firm not in the capacity of being the Group's auditor	362	379
Audit related assurance services	228	244
Tax compliance services	—	5
Other non-audit services	134	130
	12 004	10 535
KPMG fees		
Total fees paid to the audit firm by virtue of being the Group's subsidiary auditor	3 583	3 414
Fees payable to the Group's subsidiary auditor and its associates for other services:		
Audit of the Group's subsidiaries pursuant to legislation	2 573	2 597
Audit related assurance services	400	316
Other assurance services	610	501
Total fees paid to the audit firm not in the capacity of being the Group's subsidiary auditor	18	194
Tax compliance services	10	17
Tax advisory services in respect of fellow subsidiaries audited by EY	8	177
	3 601	3 608
Total	15 605	14 143

* Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions.

[^] For details of the directors' emoluments, pensions and their interests refer to pages 23 to 38 in the Investec Group's 2022 remuneration report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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8. Share-based payments

The Group operates share option and long-term share incentive plans for employees which are on an equity-settled and cash-settled basis.

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

Further information on the Group share options and long-term incentive plans is provided in the Investec Group's 2022 remuneration report on page 39 and 40 and on our website.

For the year to 31 March

£'000

	2022	2021
Weighted average fair value of awards granted in the year		
UK schemes	42 990	11 696
South African schemes	24 250	15 391

Details of equity-settled awards outstanding during the year	UK schemes				South African schemes			
	2022		2021		2022		2021	
	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price R	Number of awards	Weighted average exercise price R
Outstanding at the beginning of the year	22 431 650	0.02	20 742 278	0.02	24 206 796	—	19 835 140	—
Sale of business	(94 076)	—	—	—	—	—	—	—
Granted during the year	14 657 836	—	8 455 609	—	7 922 242	—	9 566 636	—
Exercised during the year [^]	(5 595 039)	—	(5 649 509)	—	(4 647 193)	—	(4 551 536)	—
Awards forfeited during the year	(1 810 130)	0.04	(1 116 728)	0.19	(880 799)	—	(643 444)	—
Outstanding at the end of the year	29 590 241	—	22 431 650	0.02	26 601 046	—	24 206 796	—
Vested and exercisable at the end of the year	487 445	—	401 818	—	396 541	—	373 239	—

[^] The weighted average share price during the year was £3.40 (2021: £1.73) for the UK schemes and R68.09 (2021: R36.18) for the South African schemes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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8. Share-based payments *continued*

Additional information relating to awards	UK schemes		South African schemes	
	2022	2021	2022	2021
Options with strike prices				
Exercise price range	£3.58 - £4.18	£3.58 - £4.18	n/a	n/a
Weighted average remaining contractual life	0.22 years	0.71 years	n/a	n/a
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	2.26 years	2.07 years	1.98 years	2.13 years
Weighted average fair value of options and long-term grants granted during the period	£2.93	£1.38	R60.18	R34.08
The fair value of shares granted were calculated at market price. For shares granted during the period, the inputs were as follows:				
Share price at date of grant	£3.06 - £3.80	£1.56 - £1.93	R57.61 - R80.10	R32.36 - R38.68
Exercise price	£nil	£nil	Rnil	Rnil
Option life	3 - 7.01 years	0.50 - 7 years	2.50 - 5.68 years	3.73 - 4.76 years
Expected dividend yields	n/a	n/a	n/a	n/a
Risk-free rate	n/a	n/a	n/a	n/a

For the year ended 31 March 2022, cash settled options were awarded to eligible participants. The award is made in terms of a cash-settled option scheme with a strike price of R54.03. The award shall only be exercisable if the sum of the exercise date price and the share distribution amount exceeds the option price. At 31 March 2022, Investec Limited has 3 606 097 options outstanding, the liability is valued at £1.6 million and £1.6 million has been recognised in share-based payments expense within operating costs on the income statement. The fair value of the liability was calculated by using the Black-Scholes option pricing model.

At 31 March	South African schemes	
	2022	2021
The value of the cash-settled liability was calculated by using the Black-Scholes option pricing model:		
For the liability calculated the inputs into the model were as follows:		
Listed share price at 31 March	R97.51	n/a
Exercise price	R54.03	n/a
Expected volatility	25.33%	n/a
Option life	2.41 - 4.08 years	n/a
Expected dividend yields	3.24% - 3.39%	n/a
Risk-free rate	6.20% - 6.73%	n/a

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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9. Long-term employee benefits

In March 2020, as part of the Investec Asset Management Limited demerger, each participant of the Investec share option and long-term share incentive plans for employees, received the right to one Ninety One share award for every two Investec share awards they had. The Ninety One share awards were granted on the same terms and vesting period as the Investec awards they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £14.8 million was calculated at the date of demerger for the portion of the awards already vested. The total value of the liability represented was accounted for in retained income. In the current and prior year, the liability was subsequently measured through profit or loss.

Management concluded that the share price used to calculate the liability as at the date of the demerger (13 March 2020) approximated the fair value of the share price to be used to calculate the liability as at 31 March 2020. Management performed procedures to support this assumption.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2022 was a loss of £7.7 million (2021: loss of £16.8 million).

Details of awards outstanding during the year	UK schemes				South African schemes			
	2022		2021		2022		2021	
	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price R	Number of awards	Weighted average exercise price R
Outstanding at the beginning of the year	6 655 601	0.01	9 121 084	0.02	7 445 581	—	9 923 339	—
Sale of business	(30 412)	—	—	—	—	—	—	—
Granted during the year [^]	3 961	—	—	—	—	—	—	—
Exercised during the year	(2 058 445)	—	(2 092 045)	—	(2 341 563)	—	(2 233 363)	—
Lapsed during the year	(258 197)	0.12	(373 438)	0.22	(163 747)	—	(244 395)	—
Outstanding at the end of the year	4 312 508	0.01	6 655 601	0.01	4 940 271	—	7 445 581	—
Exercisable at the end of the year	237 106	—	201 285	—	208 673	—	221 101	—

[^] The Ninety One shares granted are due to the Group reaching predetermined performance conditions. These awards are aligned with the uptick in Investec shares in the ratio of 1 Ninety One share for every 2 Investec shares.

At 31 March	UK schemes		South African schemes	
	2022	2021	2022	2021
The exercise price range and weighted average remaining contractual life for options and shares outstanding were as follows:				
Options with strike prices				
Exercise price range	£2.90 - £3.39	£2.90 - £3.39	n/a	n/a
Weighted average remaining contractual life	0.25 years	0.71 years	n/a	n/a
Long-term awards with no strike price				
Exercise price	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	1.05 years	1.52 years	0.92 years	1.48 years
The fair value of the liability was calculated by using the Black-Scholes option pricing model				
For the liability calculated the inputs into the model were as follows:				
Listed share price at 31 March	£2.55	£2.39	R49.01	R48.00
Exercise price	Nil, £2.90 - £3.39	Nil, £2.90 - £3.39	Rnil	Rnil
Expected volatility	35.03%	35.35%	35.03%	35.35%
Option life	0 - 4.42 years	0 - 6.44 years	0 - 2.16 years	0 - 3.16 years
Expected dividend yields	0% - 7.41%	0% - 4.68%	0% - 6.25%	0% - 4.51%
Risk-free rate	0.69% - 2.03%	0% - 0.82%	4.16% - 6.40%	3.32% - 5.97%

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10. Taxation

For the year to 31 March £'000	2022	2021
Income statement taxation charge		
Current taxation		
UK		
– in respect of the current year	53 932	4 258
– in respect of prior year adjustments	1 170	(836)
Corporation tax before double tax relief	55 102	3 422
– Double taxation relief	(435)	—
	54 667	3 422
Southern Africa		
– in respect of the current year	110 115	66 699
– in respect of release of taxation provisions no longer required	(2 120)	—
– in respect of prior year adjustments	6 657	—
	114 652	66 699
Europe	1 505	1 560
Australia	329	74
Other*	3 055	931
Withholding taxation on companies	379	1 485
Total current taxation	174 587	74 171
Deferred taxation		
UK	(21 407)	4 707
Southern Africa	(10 078)	(18 570)
Europe	(2 447)	(116)
Australia	1 008	13 722
Other	(776)	(1 087)
Total deferred taxation	(33 700)	(1 344)
Total taxation charge for the year	140 887	72 827
Total taxation charge for the year comprises:		
Taxation on operating profit before acquired intangibles	143 309	74 539
Taxation on acquired intangibles	(2 422)	(1 712)
	140 887	72 827

* Where Other largely includes India and North America.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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10. Taxation *continued*

For the year to 31 March £'000	2022	2021
Deferred taxation comprises:		
Origination and reversal of temporary differences	(22 028)	(2 354)
Changes in taxation rates	(9 361)	154
Adjustment in respect of prior years	(2 311)	856
	(33 700)	(1 344)
The deferred taxation movements in the income statement arise from:		
Deferred capital allowance	(8 371)	(2 858)
Income and expenditure accruals	(5 023)	473
Asset in respect of unexpired options	(12 485)	(2 191)
Unrealised fair value adjustments on financial instruments	(8 342)	(1 612)
Movement in deferred tax assets related to assessed losses	13 156	1 823
Liability in respect of pension surplus	(68)	—
Deferred taxation on acquired intangibles	(2 321)	(3 064)
Revaluation of investment properties	(10 174)	913
Finance lease accounting	(201)	1 823
Other temporary differences	129	3 349
	(33 700)	(1 344)
The rates of corporation taxation for the relevant years are:	%	%
UK	19	19
South Africa	28	28
Europe (average)	10	10
Australia	30	30
Profit before taxation	697 261	331 569
Taxation on profit before taxation	140 887	72 827
Effective taxation rate (%)	20.21%	21.96%
Taxation on profit on ordinary activities before taxation at UK rate of 19% (2021: 19%) and SA rate of 28% (2021: 28%)	170 148	83 624
The standard rate of UK and South African normal taxation has been affected by:		
Qualifying distribution	(12 010)	6 893
Release of provisions	(2 106)	(10 930)
Tax impact of equity accounted earnings of associate	(15 344)	(9 729)
Impairment of associates and subsidiaries	—	4 894
Taxation adjustments relating to foreign earnings	(7 364)	(274)
Unrealised capital losses	8 086	4 028
Bank surcharge	10 481	—
Impairment of goodwill and non-operating items	(6)	2 162
Taxation relating to prior years	5 524	(1 860)
Share options accounting expense	(2 658)	214
Non-taxable income	(15 682)	(21 978)
Net other permanent differences	6 677	5 590
Change in tax rate	(9 129)	154
Capital gains – non-taxable/covered by losses	(4 426)	(3 628)
Movement in unrecognised trading losses	1 299	13 667
Impairment of deferred taxation asset	7 397	—
Total taxation charge as per income statement	140 887	72 827

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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10. Taxation *continued*

For the year to 31 March £'000	2022	2021
Other comprehensive income taxation effects		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(4 311)	242
– Pre-taxation	(3 757)	1 734
– Taxation effect	(554)	(1 492)
Gains on realisation of debt instruments at FVOCI recycled through the income statement	(2 010)	(717)
– Pre-taxation	(2 822)	(1 127)
– Taxation effect	812	410
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(301)	152 355
– Pre-taxation	(642)	190 111
– Deferred taxation	341	(37 756)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	3 420	1 778
– Pre-taxation	2 840	2 223
– Deferred taxation	580	(445)
Net gain/(loss) attributable to own credit risk	11 095	(850)
– Pre-taxation	15 813	(713)
– Taxation effect	(4 718)	(137)
Statement of changes in equity taxation effects		
Share-based payment IFRS 2 adjustment taxation effect	4 538	107
Additional Tier 1 Capital taxation effect	(16 875)	(16 875)
IFRS 9 transitional adjustments taxation effect	617	380

The UK Government has also announced on 27 October 2021 that the current bank surcharge rate of 8% to be reduced to 3% and the surcharge allowances available for banking group to be increased to £100 million from £25 million with effect from 1 April 2023. This will increase the combined rate of corporation tax applicable to banking entities from 27% to 28% with effect from 1 April 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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11. Earnings per share

For the year to 31 March	2022	2021
Earnings	£'000	£'000
Earnings attributable to shareholders from continuing operations	516 204	268 340
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 735)	(37 187)
Gain on repurchase of perpetual preference shares	1 255	3 311
Earnings and diluted earnings attributable to ordinary shareholders	476 724	234 464
Adjusted earnings		
Earnings attributable to shareholders from continuing operations	516 204	268 340
Impairment of goodwill	1 962	11 599
Impairment of associates and joint venture holdings	—	16 773
Loss attributable to other non-controlling interests relating to impairments of associates	—	(9 126)
Amortisation of acquired intangibles	15 477	15 287
Amortisation of acquired intangibles of associates	9 249	9 268
Closure and rundown of the Hong Kong direct investments business	1 203	(7 386)
Implementation costs on distribution of associate to shareholders	2 427	—
Taxation on acquired intangibles and strategic actions	(2 422)	(1 712)
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 735)	(37 187)
Accrual adjustment on earnings attributable to other equity holders*	1 802	2 413
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	505 167	268 269
Headline earnings		
Earnings attributable to shareholders from continuing operations	516 204	268 340
Impairment of goodwill	1 962	11 599
Impairment of associates and joint venture holdings	—	16 773
Loss attributable to other non-controlling interests relating to impairments of associates	—	(9 126)
Gain on disposal of Group operations	—	(20 388)
Remeasurement of Group investment	—	(10 770)
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 735)	(37 187)
Headline adjustments of associates	5 625	7 782
Property revaluation, net of taxation and non-controlling interests**	5 066	16 047
Other headline adjustments^	—	1 177
Gain on repurchase of perpetual preference shares	1 255	3 311
Headline earnings attributable to ordinary shareholders***	489 377	247 558
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 217 111	1 014 987 327
Weighted average number of treasury shares	(96 765 211)	(85 892 556)
Weighted average number of shares in issue during the year	917 451 900	929 094 771
Weighted average number of shares resulting from future dilutive potential shares	31 296 653	10 889 323
Adjusted weighted number of shares potentially in issue	948 748 553	939 984 094
Earnings per share – pence	52.0	25.2
Diluted earnings per share – pence	50.2	24.9
Adjusted earnings per share – pence	55.1	28.9
Diluted adjusted earnings per share – pence	53.2	28.5
Headline earnings per share – pence***	53.3	26.6
Diluted headline earnings per share – pence***	51.6	26.3

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the Board of Directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

** Taxation on revaluation headline earnings adjustments amounted to £2.9 million (2021: £4.4 million) with an impact of £14.1 million (2021: £32.1 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

^ Predominantly relates to disposal of associate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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12. Dividends

	2022		2021	
	Pence per share	Total £'000	Pence per share	Total £'000
For the year to 31 March				
Ordinary dividend				
Final dividend for prior year	7.5	72 361	— ^	— ^
Interim dividend for current year	11.0	106 057	5.5	53 346
Total dividend attributable to ordinary shareholders	18.5	178 418	5.5	53 346

^ In light of regulatory guidance provided to banks in both South Africa and the UK, the directors decided not to declare a final ordinary dividend for the March 2020 financial year.

The directors have proposed a final dividend in respect of the financial year ended 31 March 2022 of 14.0 pence per ordinary share.

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 279 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 14.0 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec Limited on the SA DAS share of 14.0 pence per ordinary share
- The final dividend to shareholders registered on 22 July 2022 is subject to the approval of the members of Investec plc and Investec Limited at the annual general meeting which is scheduled to take place on 4 August 2022 and, if approved, will be paid on 8 August 2022.

For the year to 31 March	2022	2021
£'000		
Perpetual preference dividend*		
Final dividend for prior year	6 681	8 952
Interim dividend for current year	7 297	6 936
Total dividend attributable to perpetual preference shareholders recognised in current financial year	13 978	15 888
* Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.		
The directors have declared a final dividend in respect of the financial year ended 31 March 2022 of 6.41369 pence (Investec plc shares traded on the JSE Limited) and 6.41369 pence (Investec plc shares traded on the International Stock Exchange), 344.99315 cents (Investec plc Rand denominated shares) and 282.26249 cents (Investec Limited). All outstanding Investec Bank Limited preference shares were repurchased during the current year. The final dividend will be payable to shareholders on the register at the close of business on 13 June 2022 for all dividends except for the Investec plc shares traded on the International Exchange, which will be paid on 20 June 2022.		
Dividend attributable to other Additional Tier 1 securities in issue	26 757	21 299
The dividends paid on other Additional Tier 1 floating rate notes pay dividends on a quarterly basis. Refer to note 48 for detail on rates.		
Total perpetual preference dividends and other Additional Tier 1 securities	40 735	37 187

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

13. Financial impact of strategic actions

For the year to 31 March £'000	2022	2021
Closure and rundown of the Hong Kong direct investments business*	(1 203)	7 386
Implementation costs on distribution of associate to shareholders^	(2 427)	—
Financial impact of strategic actions	(3 630)	7 386
Taxation on financial impact of strategic actions	633	(1 390)
Net financial impact of strategic actions	(2 997)	5 996

* Included within the balance are fair value gains of £0.7 million (March 2021: fair value losses of £10.3 million).

^ Refer to note 62 for details regarding the distribution.

14. Operating lease disclosures

For the year to 31 March £'000	2022	2021
Operating lease income recognised in operating income:		
Minimum lease payments	85 028	71 544
	85 028	71 544
Rental income from leasing properties is included in 'other operating income' and 'fee and commission income' respectively.		
Operating lease receivables		
Future minimum lease payments under non-cancellable operating leases:		
Less than one year	72 649	71 462
One to five years	162 464	161 322
Greater than five years	98 327	108 229
	333 440	341 013

The Group leases property to third parties under operating lease arrangements. The term of the leases range between three and 10 years with annual escalation clauses. The majority of the leases have renewal options.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

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

For the year to 31 March £'000	At fair value through profit or loss		
	IFRS 9 mandatory		Designated at inception
	Trading**	Non-trading**	
2022			
Interest income	43 959	89 067	78 596
Interest expense	(52 510)	(2 719)	(57 924)
Fee and commission income	28 494	1 092	—
Fee and commission expense	(1 761)	(1)	—
Investment income/(loss)	2 917	48 244	22 094
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	92 936	40 271	(4 671)
– balance sheet management and other trading activities	(31 254)	(6 380)	17 756
Other operating income	—	544	—
Total operating income before expected credit loss impairment charges	82 781	170 118	55 851
Expected credit loss impairment charges	—	—	(4 409)
Operating income	82 781	170 118	51 442
2021			
Interest income	51 672	101 521	55 674
Interest expense	(70 663)	(1)	(63 849)
Fee and commission income	29 219	3 216	—
Fee and commission expense	(729)	—	—
Investment income/(loss)	753	61 448	6 381
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	71 021	(14 726)	(33 435)
– balance sheet management and other trading activities	(16 558)	(2 964)	22 200
Other operating income	—	6 672	—
Total operating income/(expense) before expected credit loss impairment charges	64 715	155 166	(13 029)
Expected credit loss impairment charges	—	—	(2 188)
Operating income/(expense)	64 715	155 166	(15 217)

* Includes off-balance sheet items.

** Fair value through profit and loss income statement items have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of income and expenses from positions that are expected to be held to maturity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

At fair value through comprehensive income

Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income and expenses*	Total
172 734	—	1 545 042	12 629	9 182	1 951 209
—	—	(880 422)	(12 236)	(128)	(1 005 939)
—	—	205 154	60 849	569 050	864 639
(59)	—	(26 038)	(577)	(17 987)	(46 423)
4 096	847	(14 037)	(36 187)	—	27 974
—	—	—	79 556	—	79 556
—	—	18	—	(277)	128 277
—	—	(1 841)	(17)	608	(21 128)
—	—	1 551	94	10 001	12 190
176 771	847	829 427	104 111	570 449	1 990 355
635	—	(25 732)	—	678	(28 828)
177 406	847	803 695	104 111	571 127	1 961 527
204 900	—	1 490 911	15 423	2 198	1 922 299
—	—	(993 946)	(12 256)	(3 478)	(1 144 193)
—	—	165 582	67 385	525 751	791 153
(140)	—	(21 381)	(4 027)	(15 998)	(42 275)
(416)	811	(6 503)	(30 472)	—	32 002
—	—	—	42 459	—	42 459
—	—	12 706	—	—	35 566
—	—	(22 516)	935	—	(18 903)
—	—	4 285	301	11 695	22 953
204 344	811	629 138	79 748	520 168	1 641 061
(1 104)	—	(90 295)	—	(5 851)	(99 438)
203 240	811	538 843	79 748	514 317	1 541 623

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

16. Analysis of financial assets and liabilities by category of financial instrument

	At fair value through profit and loss		
	IFRS 9 mandatory		Designated at initial recognition
At 31 March 2022 £'000	Trading*	Non-trading*	
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Non-sovereign and non-bank cash placements	—	29 321	—
Reverse repurchase agreements and cash collateral on securities borrowed	460 264	1 383 934	38 649
Sovereign debt securities	—	405 930	—
Bank debt securities	—	14 994	—
Other debt securities	—	159 988	—
Derivative financial instruments	1 617 240	—	—
Securities arising from trading activities	641 868	21 108	20 353
Investment portfolio	9 879	888 811	—
Loans and advances to customers	—	688 645	1 000 469
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	93 087
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation asset	—	—	—
Deferred taxation assets	—	—	—
Other assets	226 663	51 226	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	25 880	—
	2 955 914	3 669 837	1 152 558
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	2 955 914	3 669 837	1 152 558
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	2 537 303	—	—
Other trading liabilities	275 589	—	—
Repurchase agreements and cash collateral on securities lent	163 877	—	—
Customer accounts (deposits)	—	—	2 945 831
Debt securities in issue	—	—	46 192
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	95 885
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	57 569	49 418	—
	3 034 338	49 418	3 087 908
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	3 034 338	49 418	3 087 908
Subordinated liabilities	—	—	—
	3 034 338	49 418	3 087 908

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity instruments	Financial assets linked to investment contract liabilities	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
—	—	—	—	5 998 270	—	5 998 270
—	—	—	—	2 552 061	—	2 552 061
—	—	—	29 321	655 662	—	684 983
—	—	—	1 882 847	2 726 931	—	4 609 778
2 965 774	—	—	3 371 704	777 163	—	4 148 867
892 815	—	—	907 809	607 401	—	1 515 210
560 281	—	—	720 269	509 018	—	1 229 287
—	—	—	1 617 240	—	—	1 617 240
—	—	—	683 329	—	—	683 329
—	14 182	—	912 872	—	—	912 872
685 386	—	—	2 374 500	27 186 588	—	29 561 088
—	—	—	—	375 763	—	375 763
—	—	—	—	128 284	—	128 284
—	—	—	93 087	30 801	—	123 888
—	—	—	—	—	734 434	734 434
—	—	—	—	—	33 653	33 653
—	—	—	—	—	259 370	259 370
—	—	—	277 889	1 349 259	441 467	2 068 615
—	—	—	—	—	335 420	335 420
—	—	—	—	—	820 555	820 555
—	—	—	—	—	258 404	258 404
—	—	—	—	—	9 443	9 443
—	—	—	—	—	44 152	44 152
—	—	—	25 880	—	53 349	79 229
5 104 256	14 182	—	12 896 747	42 897 201	2 990 247	58 784 195
—	—	59 549	59 549	—	—	59 549
5 104 256	14 182	59 549	12 956 296	42 897 201	2 990 247	58 843 744
—	—	—	—	3 178 668	—	3 178 668
—	—	—	2 537 303	—	—	2 537 303
—	—	—	275 589	—	—	275 589
—	—	—	163 877	699 408	—	863 285
—	—	—	2 945 831	37 172 581	—	40 118 412
—	—	—	46 192	1 997 448	—	2 043 640
—	—	—	—	238 370	—	238 370
—	—	—	95 885	—	—	95 885
—	—	—	—	—	41 631	41 631
—	—	—	—	—	19 624	19 624
—	—	—	106 987	1 330 695	878 159	2 315 841
—	—	—	6 171 664	44 617 170	939 414	51 728 248
—	—	56 475	56 475	—	—	56 475
—	—	3 074	3 074	—	—	3 074
—	—	59 549	6 231 213	44 617 170	939 414	51 787 797
—	—	—	—	1 316 191	—	1 316 191
—	—	59 549	6 231 213	45 933 361	939 414	53 103 988

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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16. Analysis of financial assets and liabilities by category of financial instrument *continued*

	At fair value through profit and loss		
	IFRS 9 mandatory		
At 31 March 2021 £'000	Trading*	Non-trading*	Designated at initial recognition
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks**	—	—	—
Non-sovereign and non-bank cash placements	1 133	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	363 070	805 446	119 714
Sovereign debt securities	—	197 053	—
Bank debt securities	—	14 139	—
Other debt securities	—	206 297	—
Derivative financial instruments	1 714 743	—	—
Securities arising from trading activities	972 927	32 762	18 982
Investment portfolio	8 790	889 217	—
Loans and advances to customers	—	588 995	1 094 623
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	111 676
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	159 178	56 773	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	40 881	—
	3 219 841	2 831 563	1 344 995
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 219 841	2 831 563	1 344 995
Liabilities			
Deposits by banks	—	—	294
Derivative financial instruments	2 190 487	—	—
Other trading liabilities	326 189	—	—
Repurchase agreements and cash collateral on securities lent	213 959	—	—
Customer accounts (deposits)	—	—	1 046 569
Debt securities in issue	—	—	118 690
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	108 281
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities**	61 704	45 558	—
	2 792 339	45 558	1 273 834
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 792 339	45 558	1 273 834
Subordinated liabilities	—	—	334 804
	2 792 339	45 558	1 608 638

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

** Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity Instruments	Financial assets linked to investment contract liabilities	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
—	—	—	—	3 517 100	—	3 517 100
—	—	—	—	2 637 436	—	2 637 436
—	—	—	1 133	438 708	—	439 841
—	—	—	1 288 230	2 287 483	—	3 575 713
3 066 096	—	—	3 263 149	448 474	—	3 711 623
858 151	—	—	872 290	249 440	—	1 121 730
423 983	—	—	630 280	733 955	—	1 364 235
—	—	—	1 714 743	—	—	1 714 743
—	—	—	1 024 671	—	—	1 024 671
—	11 043	—	909 050	—	—	909 050
534 059	—	—	2 217 677	23 823 410	—	26 041 087
—	—	—	—	401 912	—	401 912
—	—	—	—	102 135	—	102 135
—	—	—	111 676	28 411	—	140 087
—	—	—	—	—	679 157	679 157
—	—	—	—	—	60 325	60 325
—	—	—	—	—	246 622	246 622
—	—	—	215 951	1 351 142	598 345	2 165 438
—	—	—	—	—	329 972	329 972
—	—	—	—	—	832 061	832 061
—	—	—	—	—	259 805	259 805
—	—	—	—	—	12 574	12 574
—	—	—	—	—	58 968	58 968
—	—	—	40 881	—	10 902	51 783
4 882 289	11 043	—	12 289 731	36 019 606	3 088 731	51 398 068
—	—	52 405	52 405	—	—	52 405
4 882 289	11 043	52 405	12 342 136	36 019 606	3 088 731	51 450 473
—	—	—	294	2 403 418	—	2 403 712
—	—	—	2 190 487	—	—	2 190 487
—	—	—	326 189	—	—	326 189
—	—	—	213 959	789 353	—	1 003 312
—	—	—	1 046 569	33 402 861	—	34 449 430
—	—	—	118 690	1 773 629	—	1 892 319
—	—	—	—	160 646	—	160 646
—	—	—	108 281	—	—	108 281
—	—	—	—	—	78 790	78 790
—	—	—	—	—	40 333	40 333
—	—	—	107 262	1 003 108	840 752	1 951 122
—	—	—	4 111 731	39 533 015	959 875	44 604 621
—	—	49 798	49 798	—	—	49 798
—	—	2 607	2 607	—	—	2 607
—	—	52 405	4 164 136	39 533 015	959 875	44 657 026
—	—	—	334 804	1 146 147	—	1 480 951
—	—	52 405	4 498 940	40 679 162	959 875	46 137 977

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17. Financial instruments at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used.

The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2022 £'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	29 321	—	29 321	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 882 847	—	1 882 847	—
Sovereign debt securities	3 371 704	3 371 704	—	—
Bank debt securities	907 809	330 177	577 632	—
Other debt securities	720 269	46 310	568 928	105 031
Derivative financial instruments	1 617 240	19	1 573 271	43 950
Securities arising from trading activities	683 329	664 422	14 127	4 780
Investment portfolio	912 872	30 901	8 263	873 708
Loans and advances to customers*	2 374 500	—	1 122 268	1 252 232
Other securitised assets	93 087	—	—	93 087
Other assets	277 889	277 889	—	—
Non-current assets classified as held for sale	25 880	—	—	25 880
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	59 549	59 549	—	—
	12 956 296	4 780 971	5 776 657	2 398 668
Liabilities				
Derivative financial instruments	2 537 303	36 289	2 455 245	45 769
Other trading liabilities	275 589	111 273	164 316	—
Repurchase agreements and cash collateral on securities lent	163 877	—	163 877	—
Customer accounts (deposits)	2 945 831	—	2 945 831	—
Debt securities in issue	46 192	—	46 192	—
Liabilities arising on securitisation of other assets	95 885	—	—	95 885
Other liabilities	106 987	—	57 569	49 418
Liabilities to customers under investment contracts	56 475	—	56 475	—
Insurance liabilities, including unit-linked liabilities	3 074	—	3 074	—
	6 231 213	147 562	5 892 579	191 072
Net financial assets/(liabilities) at fair value	6 725 083	4 633 409	(115 922)	2 207 596

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

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17. Financial instruments at fair value *continued*

At 31 March 2021 £'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	1 133	—	1 133	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 288 230	—	1 288 230	—
Sovereign debt securities	3 263 149	3 263 149	—	—
Bank debt securities	872 290	446 322	425 968	—
Other debt securities	630 280	68 401	458 475	103 404
Derivative financial instruments	1 714 743	303	1 687 635	26 805
Securities arising from trading activities	1 024 671	1 013 194	6 317	5 160
Investment portfolio	909 050	40 159	6 363	862 528
Loans and advances to customers*	2 217 677	—	1 170 287	1 047 390
Other securitised assets	111 676	—	4 417	107 259
Other assets	215 951	215 951	—	—
Non-current assets classified as held for sale	40 881	—	—	40 881
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	52 405	52 405	—	—
	12 342 136	5 099 884	5 048 825	2 193 427
Liabilities				
Deposits by banks	294	—	—	294
Derivative financial instruments	2 190 487	45 879	2 116 868	27 740
Other trading liabilities	326 189	151 460	174 729	—
Repurchase agreements and cash collateral on securities lent	213 959	—	213 959	—
Customer accounts (deposits)	1 046 569	—	1 046 569	—
Debt securities in issue	118 690	—	118 690	—
Liabilities arising on securitisation of other assets	108 281	—	—	108 281
Other liabilities	107 262	—	61 704	45 558
Liabilities to customers under investment contracts	49 798	—	49 798	—
Insurance liabilities, including unit-linked liabilities	2 607	—	2 607	—
Subordinated liabilities	334 804	334 804	—	—
	4 498 940	532 143	3 784 924	181 873
Net financial assets at fair value	7 843 196	4 567 741	1 263 901	2 011 554

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

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17. Financial instruments at fair value *continued*

Measurement of fair value financial assets and liabilities at level 2

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

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

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17. Financial instruments at fair value *continued*

Level 3 financial instruments

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

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other level 3 assets ^{^^}	Total
Assets					
Balance at 1 April 2020	848 670	1 101 666	106 218	178 840	2 235 394
Total gains/(losses)	(20 077)	21 188	8 732	11 787	21 630
In the income statement	(20 077)	23 380	8 732	11 787	23 822
In the statement of comprehensive income	—	(2 192)	—	—	(2 192)
Purchases	150 579	945 617	—	9 054	1 105 250
Sales	(49 969)	(495 505)	—	(26 367)	(571 841)
Issues	—	—	—	37	37
Settlements	(23 935)	(480 644)	(7 691)	(29 409)	(541 679)
Transfers into level 3	13	7 802	—	5 032	12 847
Transfers to non-current assets classified as held for sale [^]	(39 093)	—	—	39 093	—
Foreign exchange adjustments	(3 660)	(52 734)	—	(11 817)	(68 211)
Balance at 31 March 2021	862 528	1 047 390	107 259	176 250	2 193 427
Total gains/(losses)	(1 434)	63 202	(657)	22 116	83 227
In the income statement	(1 434)	63 768	(657)	22 116	83 793
In the statement of comprehensive income	—	(566)	—	—	(566)
Purchases	66 934	1 845 044	—	59 165	1 971 143
Sales	(69 620)	(1 079 005)	—	(38 836)	(1 187 461)
Issues	197	—	—	—	197
Settlements	(21 931)	(696 114)	(13 515)	(49 391)	(780 951)
Transfers into level 3	621	37 262	—	—	37 883
Foreign exchange adjustments	36 413	34 453	—	10 337	81 203
Balance at 31 March 2022	873 708	1 252 232	93 087	179 641	2 398 668

[^] As at 31 March 2021 certain equity investments to the value of £39.1 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. These equity investments form part of the Group Investments and Corporate, Investment Banking and Other segments.

^{^^} Comprises level 3 other debt securities, derivative financial instruments, securities arising from trading activities and non-current assets classified as held for sale.

For the year ended 31 March 2022, investment portfolio of £0.6 million was transferred from level 2 to level 3. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value. In addition, £37.3 million of loans and advances to customers has been transferred from level 2 to level 3, due to inputs related to the measurement of credit risk to the valuation model becoming unobservable.

For the year ended 31 March 2021, following a review of the valuation methodology of a number of financial instruments, the following transfers were made during the year: loans and advances to customers of £7.8 million from level 2 to level 3; other debt securities of £4.6 million from level 2 to level 3 and derivative assets of £0.4 million from level 2 to level 3. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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17. Financial instruments at fair value continued

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities ^{^^^}	Total
Liabilities			
Balance at 1 April 2020	110 679	27 602	138 281
Total losses/(gains) in the income statement	5 460	7 798	13 258
Issues	—	40 085	40 085
Settlements	(7 858)	(1 186)	(9 044)
Foreign exchange adjustments	—	(707)	(707)
Balance at 31 March 2021	108 281	73 592	181 873
Total (gains)/losses in the income statement	(2 094)	18 461	16 367
Settlements	(10 303)	(1 451)	(11 754)
Foreign exchange adjustments	1	4 585	4 586
Balance at 31 March 2022	95 885	95 187	191 072

^{^^^} Comprises level 3 deposits by banks, derivative financial instruments and other liabilities.

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

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

For the year to 31 March	Total	Realised	Unrealised
£'000			
2022			
Total gains/(losses) included in the income statement for the year			
Net interest income	66 069	58 038	8 031
Investment income*	4 901	47 671	(42 770)
Trading income arising from customer flow	(2 194)	(491)	(1 703)
Trading income arising from balance sheet management and other trading activities	(1 350)	—	(1 350)
	67 426	105 218	(37 792)
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	440	440	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(566)	—	(566)
	(126)	440	(566)
2021			
Total gains/(losses) included in the income statement for the year			
Net interest income	61 446	52 093	9 353
Investment (loss)/income*	(50 178)	(6)	(50 172)
Trading loss arising from customer flow	(2 389)	428	(2 817)
Trading income arising from balance sheet management and other trading activities	1 685	—	1 685
	10 564	52 515	(41 951)
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	(1 031)	(1 031)	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(2 192)	—	(2 192)
	(3 223)	(1 031)	(2 192)

* Included within the investment income statement balance are unrealised gains of £0.7 million (2021: unrealised gains of £10.3 million) presented within operational items in the income statement.

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17. Financial instruments at fair value continued

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The below valuations have been considered taking the global pandemic of COVID-19 into consideration. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2022	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	105 031	Potential impact on income statement		3 199	(5 851)
		Credit spreads	0.74%-2.75%	141	(286)
		Cash flow adjustments	CPR 8.4%	6	(8)
		Other [^]	[^]	3 052	(5 557)
Derivative financial instruments	43 950	Potential impact on income statement		4 643	(5 266)
		Volatilities	5%-18.9%	15	(29)
		Underlying asset value ^{^^}	^{^^}	4 026	(4 028)
		Cash flow adjustment	CPR 8.4%	—	(6)
		Other [^]	[^]	602	(1 203)
Securities arising from trading activities	4 780	Potential impact on income statement			
		Cash flow adjustments	CPR 11%	481	(635)
Investment portfolio	873 708	Potential impact on income statement		104 279	(137 434)
		Price earnings multiple	5.5x-15x	9 505	(18 206)
		Underlying asset value ^{^^}	^{^^}	9 636	(20 897)
		EBITDA	^{**}	12 530	(9 459)
		Discount rate	17.5 %	620	(623)
		Cash flows	^{**}	1 703	(1 370)
		Underlying asset value ^{^^}	^{^^}	1 614	(3 214)
		Precious and industrial metal prices	(5%)-5%	1 424	(1 424)
		Property prices	[#]	51 361	(51 361)
		Other [^]	[^]	15 886	(30 880)
Loans and advances to customers	1 252 232	Potential impact on income statement		32 727	(52 588)
		Credit spreads	0.15%-34.3%	10 656	(27 586)
		Property value	^{**}	7 776	(12 428)
		Price earnings multiple	3.5x-4.2x	7 824	(1 136)
		Underlying asset value ^{^^}	^{^^}	3 641	(5 778)
		Other [^]	[^]	2 830	(5 660)
		Potential impact on other comprehensive income			
		Credit spreads	0.14%-6.17%	8 440	(15 725)
Other securitised assets*	93 087	Potential impact on income statement			
		Cash flow adjustments	CPR 8.4%	988	(1 057)
Non-current assets classified as held for sale	25 880	Potential impact on income statement			
		Discount rate	13%-16%	567	(1 973)
Total level 3 assets	2 398 668			155 324	(220 529)
Liabilities					
Derivative financial instruments	45 769	Potential impact on income statement		(4 046)	4 060
		Volatilities	5%-18.9%	(21)	35
		Underlying asset value ^{^^}	^{^^}	(4 025)	4 025
Liabilities arising on securitisation of other assets*	95 885	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	(292)	299
Other liabilities	49 418	Potential impact on income statement			
		Property prices	[#]	(7 103)	7 103
Total level 3 liabilities	191 072			(11 441)	11 462
Net level 3 assets	2 207 596			143 883	(209 067)

* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.

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

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

^{**} The EBITDA, cash flows and property values have been stressed on an investment-by-investment and loan-by-loan basis in order to obtain favourable and unfavourable valuations.

[#] Property values are the underlying input for the valuations where the capitalisation rate when valuing these properties has been stressed by 0.25bps.

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17. Financial instruments at fair value *continued*

				Potential impact on the income statement	
At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	103 404	Potential impact on income statement		3 789	(10 320)
		Credit spreads	0.4%-3.3%	107	(198)
		Cash flow adjustments	CPR 4.4%	7	(7)
		Other	^	3 675	(10 115)
Derivative financial instruments	26 805	Potential impact on income statement		5 232	(6 226)
		Volatilities	5.4%-21.4%	51	(148)
		Cash flow adjustments	CPR 4.4%	9	(9)
		Underlying asset value	^^	4 724	(4 724)
		Other^	^	448	(1 345)
Securities arising from trading activities	5 160	Potential impact on income statement			
		Cash flow adjustments	CPR 8.0%	1 310	(1 686)
Investment portfolio	862 528	Potential impact on income statement		104 666	(164 098)
		Price earnings multiple	4.2x-9.0x	5 560	(13 330)
		Underlying asset value	^^	2 561	(5 967)
		EBITDA	**	30 225	(23 679)
		Discount rate	13%-17%	2 482	(4 149)
		Cash flows	**	1 875	(1 383)
		Property values	(10%)-10%	32 188	(32 188)
		Precious and industrial metal prices	(5%)-5%	1 346	(1 346)
		Underlying asset value	^^	1 991	(3 707)
		Other^	^	26 438	(78 349)
Loans and advances to customers	1 047 390	Potential impact on income statement		25 603	(43 785)
		Credit spreads	0.08%-37.3%	9 439	(14 745)
		Price earnings multiple	3.5x-4.1x	4 200	(2)
		Underlying asset value	^^	3 267	(9 105)
		Discount rate	0.05	—	—
		Other^	^	8 697	(19 933)
		Potential impact on other comprehensive income			
		Credit spreads	0.12%-4.3%	5 990	(9 711)
Other securitised assets	107 259	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	1 554	(1 653)
Non-current assets classified as held for sale	40 881	Potential impact on income statement		2 417	(2 533)
		Discount rate	13%-15%	658	(774)
		Property prices	(10%)-10%	1 759	(1 759)
Total level 3 assets	2 193 427			150 561	(240 012)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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17. Financial instruments at fair value *continued*

				Potential impact on the income statement	
At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Favourable changes £'000	Unfavourable changes £'000
Liabilities					
Deposits by banks	294	Potential impact on income statement			
		Underlying asset value	^^	—	44
Derivative financial instruments	27 740	Potential impact on income statement		(4 750)	4 800
		Volatilities	5.4%-21.1%	(26)	76
		Underlying asset value	^^	(4 724)	4 724
Liabilities arising on securitisation of other assets	108 281	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	(213)	240
Other liabilities	45 558	Potential impact on income statement			
		Property prices	(10%)-10%	(4 556)	4 556
Total level 3 liabilities	181 873			(9 519)	9 640
Net level 3 assets	2 011 554				

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

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

Credit spreads

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

Discount rates

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

Volatilities

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

Cash flows

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

EBITDA

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

Price earnings multiple

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

Property values and precious and industrial metals

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

Underlying asset value

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

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18. Fair value of financial instruments at amortised cost

At 31 March 2022 £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Assets							
Cash and balances at central banks	5 998 270	5 998 270	—	—	—	—	—
Loans and advances to banks	2 552 061	2 442 242	109 819	109 487	—	109 487	—
Non-sovereign and non-bank cash placements	655 662	655 662	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 726 931	1 240 798	1 486 133	1 485 172	—	1 485 172	—
Sovereign debt securities	777 163	—	777 163	789 650	789 650	—	—
Bank debt securities	607 401	31 105	576 296	575 241	575 241	—	—
Other debt securities	509 018	193 284	315 734	316 570	43 691	272 879	—
Loans and advances to customers	27 186 588	13 773 367	13 413 221	13 400 546	—	1 022 302	12 378 244
Own originated loans and advances to customers securitised	375 763	375 763	—	—	—	—	—
Other loans and advances	128 284	67 032	61 252	61 253	—	61 253	—
Other securitised assets	30 801	30 801	—	—	—	—	—
Other assets	1 349 259	1 349 259	—	—	—	—	—
	42 897 201	26 157 583	16 739 618	16 737 919	1 408 582	2 951 093	12 378 244
Liabilities							
Deposits by banks	3 178 668	487 580	2 691 088	2 622 320	—	2 622 320	—
Repurchase agreements and cash collateral on securities lent	699 408	460 130	239 278	241 930	—	241 930	—
Customer accounts (deposits)	37 172 581	23 285 488	13 887 093	13 908 828	—	13 908 828	—
Debt securities in issue	1 997 448	342 119	1 655 329	1 654 527	1 006 663	647 864	—
Liabilities arising on securitisation of own originated loans and advances	238 370	238 370	—	—	—	—	—
Other liabilities	1 330 695	1 327 371	3 324	2 419	—	—	2 419
Subordinated liabilities	1 316 191	245 670	1 070 521	1 132 335	1 132 335	—	—
	45 933 361	26 386 728	19 546 633	19 562 359	2 138 998	17 420 942	2 419

For the year ended 31 March 2022, there were insignificant disposals of financial instruments measured at amortised cost.

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18. Fair value of financial instruments at amortised cost continued

At 31 March 2021 £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Assets							
Cash and balances at central banks	3 517 100	3 517 100	—	—	—	—	—
Loans and advances to banks*	2 637 436	2 631 938	5 498	5 474	—	—	5 474
Non-sovereign and non-bank cash placements	438 708	438 708	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 287 483	1 199 041	1 088 442	1 088 987	—	1 088 987	—
Sovereign debt securities	448 474	—	448 474	456 716	456 716	—	—
Bank debt securities	249 440	88 370	161 070	170 384	170 384	—	—
Other debt securities	733 955	254 240	479 715	483 461	56 094	420 432	6 935
Loans and advances to customers	23 823 410	12 556 718	11 266 692	11 258 257	—	969 764	10 288 493
Own originated loans and advances to customers securitised	401 912	401 912	—	—	—	—	—
Other loans and advances	102 135	39 920	62 215	62 916	—	62 916	—
Other securitised assets	28 411	28 411	—	—	—	—	—
Other assets	1 351 142	1 350 870	272	256	—	—	256
	36 019 606	22 507 228	13 512 378	13 526 451	683 194	2 542 099	10 301 158
Liabilities							
Deposits by banks	2 403 418	465 326	1 938 092	1 957 489	—	1 954 833	2 656
Repurchase agreements and cash collateral on securities lent	789 353	140 679	648 674	650 958	—	650 958	—
Customer accounts (deposits)	33 402 861	21 352 293	12 050 568	12 111 490	—	12 111 490	—
Debt securities in issue	1 773 629	497 583	1 276 046	1 303 071	432 052	871 019	—
Liabilities arising on securitisation of own originated loans and advances	160 646	160 646	—	—	—	—	—
Other liabilities*	1 003 108	998 831	4 277	3 660	—	—	3 660
Subordinated liabilities	1 146 147	154 489	991 658	1 107 936	1 107 936	—	—
	40 679 162	23 769 847	16 909 315	17 134 604	1 539 988	15 588 300	6 316

* Restated as detailed in note 61.

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These assets and liabilities include demand deposits, savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value

Differences in amortised cost and fair value occur in fixed-rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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18. Fair value of financial instruments at amortised cost *continued*

The following table sets out the Group's principal valuation techniques used in determining the fair value of its financial assets and financial liabilities at level 2 and level 3:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Other debt securities	Priced with reference to similar trades in an observable market.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short-term in nature, carrying amounts are assumed to approximate fair value.

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19. Financial instruments designated at fair value

At 31 March £'000	Carrying value	Fair value adjustment		Change in fair value attributable to credit risk*		Maximum exposure to credit risk
		Current	Cumulative	Current	Cumulative	
Assets						
2022						
Reverse repurchase agreements and cash collateral on securities borrowed	38 649	89	284	—	—	—
Securities arising from trading activities	20 353	379	50	6	95	20 353
Loans and advances to customers	1 000 469	(22 804)	5 798	(3 864)	(14 051)	994 673
Other securitised assets	93 087	(4 106)	(6 382)	(4 106)	(6 382)	93 087
	1 152 558	(26 442)	(250)	(7 964)	(20 338)	1 108 113
2021						
Reverse repurchase agreements and cash collateral on securities borrowed	119 714	(8 498)	4 614	—	—	—
Securities arising from trading activities	18 982	2 707	915	(1 128)	(1 380)	18 982
Loans and advances to customers	1 094 623	1 454	34 724	(2 325)	(5 608)	1 059 900
Other securitised assets	111 676	5 462	(3 173)	5 462	(3 173)	111 676
	1 344 995	1 125	37 080	2 009	(10 161)	1 190 558

At 31 March £'000	Carrying value	Remaining contractual amount to be repaid at maturity	Fair value adjustment		Change in fair value attributable to credit risk*	
			Current	Cumulative	Current	Cumulative
Liabilities						
2022						
Customer accounts (deposits)	2 945 831	2 942 226	(19 132)	(7 098)	(63)	(894)
Debt securities in issue	46 192	41 266	5 139	9 452	7	(43)
Liabilities arising on securitisation of other assets	95 885	102 712	(2 286)	(6 854)	(2 286)	(6 854)
	3 087 908	3 086 204	(16 279)	(4 500)	(2 342)	(7 791)
2021						
Deposits by banks	294	1 335	(11)	(649)	—	—
Customer accounts (deposits)	1 046 569	1 002 477	10 165	11 369	837	758
Debt securities in issue	118 690	107 028	30 559	18 178	(972)	(1 320)
Liabilities arising on securitisation of other assets	108 281	113 015	6 001	(4 946)	6 001	(4 946)
Subordinated liabilities	334 804	307 962	(8 429)	23 269	(417)	14 257
	1 608 638	1 531 817	38 285	47 221	5 449	8 749

* Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

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20. Cash and balances at central banks

At 31 March £'000	2022	2021
Gross cash and balances at central banks	5 998 270	3 517 100
Expected credit loss on amortised cost	—	—
Net cash and balances at central banks	5 998 270	3 517 100
The country risk of cash and balances at central banks lies in the following geographies:		
South Africa	590 513	459 307
United Kingdom	5 326 540	2 993 129
Europe (excluding UK)	53 454	49 905
Africa (excluding RSA)	27 763	14 759
	5 998 270	3 517 100

21. Loans and advances to banks

At 31 March £'000	2022	2021 [^]
Gross loans and advances to banks	2 552 253	2 637 705
Expected credit loss on amortised cost	(192)	(269)
Net loans and advances to banks	2 552 061	2 637 436
The country risk of loans and advances to banks lies in the following geographies:		
South Africa	95 685	470 772
United Kingdom	927 030	626 263
Europe (excluding UK)	1 015 496	1 016 419
North America	249 521	288 177
Africa (excluding RSA)	174 831	64 626
Asia	29 343	59 463
Australia	59 770	111 561
Other	385	155
	2 552 061	2 637 436

[^] Restated as detailed in note 61.

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

At 31 March £'000	2022	2021
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	4 609 991	3 575 756
Expected credit loss on amortised cost	(213)	(43)
Net reverse repurchase agreements and cash collateral on securities borrowed	4 609 778	3 575 713
Reverse repurchase agreements	3 926 254	3 376 338
Cash collateral on securities borrowed	683 524	199 375
	4 609 778	3 575 713
As part of the reverse repurchase and securities borrowing agreements the Group have received securities that they are allowed to sell or re pledge. £78.6 million (2021: £547.6 million) has been re-sold or re-pledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.		
Liabilities		
Repurchase agreements	464 816	916 502
Cash collateral on securities lent	398 469	86 810
	863 285	1 003 312

The assets transferred and not derecognised in the above repurchase agreements are fair valued at £411.9 million (2021: £928.7 million). They are pledged as security for the term of the underlying repurchase agreement. Refer to note 52.

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23. Sovereign debt securities

At 31 March £'000	2022	2021
Gross sovereign debt securities	4 148 986	3 711 868
Expected credit loss on amortised cost	(119)	(245)
Net sovereign debt securities	4 148 867	3 711 623
The country risk of the sovereign debt securities lies in the following geographies:		
South Africa	2 816 131	2 553 600
United Kingdom	378 941	359 523
Europe (excluding UK)	93 004	66 547
North America	818 926	668 490
Africa (excl RSA)	—	13 545
Asia	41 865	—
Australia	—	49 918
	4 148 867	3 711 623

24. Bank debt securities

At 31 March £'000	2022	2021
Gross bank debt securities	1 515 670	1 121 883
Expected credit loss on amortised cost	(460)	(153)
Net bank debt securities	1 515 210	1 121 730
Bonds	1 052 255	807 757
Floating rate notes	462 955	313 973
	1 515 210	1 121 730
The country risk of the bank debt securities lies in the following geographies:		
South Africa	370 193	293 576
United Kingdom	493 091	314 299
Europe (excluding UK)	355 251	254 722
North America	122 024	74 177
Africa (excluding RSA)	13 756	13 738
Asia	105 335	118 869
Australia	55 560	52 349
	1 515 210	1 121 730

25. Other debt securities

At 31 March £'000	2022	2021
Gross other debt securities	1 234 928	1 365 985
Expected credit loss on amortised cost	(5 641)	(1 750)
Net other debt securities	1 229 287	1 364 235
Bonds	662 071	597 454
Floating rate notes	176 993	165 027
Asset-based securities	390 223	601 754
	1 229 287	1 364 235
The country risk of the sovereign debt securities lies in the following geographies:		
South Africa	393 850	377 686
United Kingdom	319 497	430 228
Europe (excluding UK)	90 769	109 551
North America	376 920	407 655
Asia	48 251	39 115
	1 229 287	1 364 235

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26. Derivative financial instruments

The Group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at balance sheet date.

At 31 March £'000	2022			2021		
	Notional principal amounts	Positive fair value	Negative fair value	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	17 953 609	391 657	345 035	17 804 207	323 494	221 244
Currency swaps	14 500 680	91 809	129 347	13 374 264	396 199	446 176
OTC options bought and sold	4 516 072	57 192	65 884	5 500 526	82 600	96 918
Other foreign exchange contracts	86 025	256	—	206 629	2 934	567
	37 056 386	540 914	540 266	36 885 626	805 227	764 905
Interest rate derivatives						
Caps and floors	10 391 928	66 032	62 375	9 584 616	20 976	14 989
Swaps	90 390 818	265 255	481 124	99 223 908	506 394	556 394
Forward rate agreements	24 495 332	8 149	3 018	26 680 182	12 552	17 057
OTC options bought and sold	49 233	573	68	62 176	831	132
Other interest rate contracts	357 085	10 447	2 120	116 508	5 043	1 726
OTC derivatives	125 684 396	350 456	548 705	135 667 390	545 796	590 298
Exchange traded futures	—	—	—	359 102	—	—
	125 684 396	350 456	548 705	136 026 492	545 796	590 298
Equity and stock index derivatives						
OTC options bought and sold	5 769 167	512 580	1 096 496	4 783 183	305 805	552 738
Equity swaps and forwards	2 541 109	12 504	342 720	1 228 908	34 451	464 621
OTC derivatives	8 310 276	525 084	1 439 216	6 012 091	340 256	1 017 359
Exchange traded futures	169 227	—	—	502 917	281	—
Exchange traded options	15 492 162	8 115	25 831	16 930 831	—	232 642
Warrants	—	19	—	412	19	—
	23 971 665	533 218	1 465 047	23 446 251	340 556	1 250 001
Commodity derivatives						
OTC options bought and sold	235 387	40 978	51 206	224 256	31 209	38 347
Commodity swaps and forwards	4 555 446	338 655	319 466	1 558 852	53 833	94 807
	4 790 833	379 633	370 672	1 783 108	85 042	133 154
Credit derivatives	22 774	13 263	5 174	808 982	12 488	5 007
Other derivatives		6 029	—		4 483	—
Cash collateral		(206 273)	(392 561)		(78 849)	(552 878)
Derivatives per balance sheet		1 617 240	2 537 303		1 714 743	2 190 487

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27. Securities arising from trading activities

At 31 March £'000	2022	2021
Bonds	51 332	39 119
Government securities	13 210	4 101
Listed equities	574 180	926 174
Unlisted equities	—	5 319
Floating rate notes	39 827	47 634
Other investments	4 780	2 324
	683 329	1 024 671

28. Investment portfolio

At 31 March £'000	2022	2021
Listed equities*	30 422	40 436
Unlisted equities**	496 021	503 650
Fair value loan investments	386 429	364 964
	912 872	909 050

As at 31 March 2021, certain equity investments to the value of £39.1 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. The value of unlisted investments at 31 March 2022 that are disclosed in Non-current assets held for sale is £25.9 million. These equity investments form part of the Group Investments and Corporate, Investment Banking and Other segments.

* Included in listed equities is an investment of £14.1 million (2021: £11.0 million) in a portfolio of perpetual preference shares issued by South African listed banks which is measured at FVOCI. Dividends recognised on the portfolio of preference shares were £0.8 million (2021: £0.8 million). The Group measures these investments at FVOCI as it considers them to be strategic investments.

** Unlisted equities include loan instruments that are convertible into equity.

29. Loans and advances to customers and other loans and advances

At 31 March £'000	2022	2021
Gross loans and advances to customers at amortised cost	27 452 160	24 115 443
Gross loans and advances to customers at FVOCI [#]	685 386	534 059
Gross loans and advances to customers designated at FVPL at inception [^]	1 004 402	1 099 781
Gross loans and advances to customers subject to expected credit losses	29 141 948	25 749 283
Expected credit losses on loans and advances to customers at amortised cost and FVOCI [^]	(269 505)	(297 191)
	28 872 443	25 452 092
Loans and advances to customers at fair value through profit and loss	688 645	588 995
Net loans and advances to customers	29 561 088	26 041 087
Gross other loans and advances	129 557	103 367
Expected credit losses on other loans and advances	(1 273)	(1 232)
Net other loans and advances	128 284	102 135

[^] These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans and advances measured at amortised cost.

[#] Expected credit losses above do not include £3 million (2021: £5 million) ECL held against financial assets held at FVOCI. This is reported on the balance sheet within the fair value reserve.

At 31 March £'000	2022	2021
Expected credit losses on loans and advances to customers at amortised cost and FVOCI		
Balance at the beginning of the year	297 191	324 343
Charge to the income statement	70 301	103 855
Utilised	(73 820)	(143 889)
Exchange adjustment	(24 167)	12 882
Balance at the end of the year	269 505	297 191

For further analysis on loans and advances refer to pages 29 to 41 of the Investec Group's 2022 risk and governance report.

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30. Securitised assets and liabilities arising on securitisation

At 31 March £'000	2022	2021
Gross own originated loans and advances to customers securitised	377 148	403 130
Expected credit loss of own originated loans and advances to customers securitised	(1 385)	(1 218)
Net own originated loans and advances to customers securitised	375 763	401 912
Other securitised assets are made up of the following categories of assets:		
Cash and cash equivalents	30 801	28 411
Loans and advances to customers	88 004	105 902
Other debt securities	5 083	5 774
Total other securitised assets	123 888	140 087
The associated liabilities are recorded on-balance sheet in the following line items:		
Liabilities arising on securitisation of own originated loans and advances	238 370	160 646
Liabilities arising on securitisation of other assets	95 885	108 281
Expected credit losses on own originated loans and advances to customers securitised at amortised cost		
Balance at the beginning of year	1 218	721
Charge to the income statement	89	407
Exchange adjustment	78	90
Balance at the end of year	1 385	1 218

31. Interests in associated undertakings and joint venture holdings

At 31 March £'000	2022	2021
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of the year	679 157	701 311
Acquisitions	9 213	—
Disposals	(2 476)	(34 637)*
Share of post-taxation profit of associates and joint venture holdings (excluding recycling of foreign exchange losses)	79 556	47 086
Profits or losses recognised in other comprehensive income and equity	6 788	(17 954)
Dividends declared by associate	(49 484)	(23 532)
Transfers between asset classes	—	322
Exchange adjustments	20 929	32 602
Impairment of associates and joint venture holdings^	—	(16 773)
Amortisation of acquired intangibles of associates	(9 249)	(9 268)
At the end of the year	734 434	679 157

^ Of the £16.8 million impairment of associates and joint venture holdings in 2021, £12.1 million relates to the impairment to transaction price for the sale of IPF's investment in associate, UK Nestor and £4.7 million impairment to equity accounted value of the Group's investment in IEP.

* The sale of UK Nestor, an associate of Investec Property Fund was effective 31 March 2021, the proceeds were received post 31 March 2021.

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31. Interests in associated undertakings and joint venture holdings *continued*

	IEP Group Proprietary Limited		UK Nestor#	Ninety One	
	2022	2021	2021	2022	2021
Details of material associated companies					
Summarised financial information (R'million):					
For the year to 31 March					
Revenue	815 688	628 564	11 953	663 900	603 500
Profit/(loss) after taxation	45 269	(1 219)	(12 468)	205 300	154 600
Total comprehensive income/(loss)	46 453	(375)	(12 468)	216 500	161 000
At 31 March					
Assets					
Non-current assets	1 005 920	958 323	—	151 200	155 000
Current assets	350 868	302 923	—	11 530 900	9 749 600
Liabilities					
Non-current liabilities	437 481	439 454	—	160 200	175 400
Current liabilities	165 115	147 189	—	11 180 300	9 475 900
Net asset value	754 192	674 603	—	341 600	253 300
Non-controlling interest	151 598	137 121	—	—	200
Shareholders' equity	602 594	537 482	—	341 600	253 100
Effective interest in issued share capital	47.4%	47.4%	—%	25.0%	25.0%
Net asset value	282 648^	251 319^	—	177 436^^	164 560^^
Goodwill	—	—	—	205 202	198 015
Carrying value of interest – equity method	282 648	251 319	—	382 638	362 575

^ The Group's share of the net asset value of IEP is £285.6 million (47.4% of £602.6 million) (2021: £254.8 million, 47.4% of £537.5 million) reduced by the portion of the impairment of IEP that exceeded the value of the goodwill.

UK Nestor was an associate of Investec Property Fund that was disposed of during March 2021.

^^ The investment in Ninety One was initially recognised on 13 March 2020 at a fair value of £330.0 million with subsequent equity accounted earnings increasing the value to £382.6 million (2021: £362.6 million). The portion of the net asset value of Ninety One, was £37.7 million (25% of £150.7 million) on 31 March 2020. The difference between the carrying value of Ninety One and the Group's share of the net asset value relates to goodwill and intangibles recognised within the value of Ninety One at the time of gaining significant influence. The fair value of Ninety One is £587.8 million (2021: £548.4 million). The Group's interest in Ninety One has reduced to 10% subsequent to the 15% distribution to shareholders of Investec in May 2022.

Income statement and other comprehensive income items are only shown for the period for which they are equity accounted.

In the current year, no impairment on IEP was recognised. In the prior year, management critically evaluated the equity accounted value of the Group's investment in IEP and consequently recognised an impairment of £4.7 million. The recoverable amount of the investment in IEP was determined to be the value-in-use of the investment. The value-in-use was determined by calculating the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments taking into account management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. This estimate was performed for each of the assets held by IEP, using valuation techniques and assumptions management believed to be most representative of the ultimate realisation of the investments.

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32. Deferred taxation

At 31 March £'000	2022	2021
Deferred taxation assets	259 370	246 622
Deferred taxation liabilities	(19 624)	(40 333)
Net deferred taxation assets	239 746	206 289
The net deferred taxation assets arise from:		
Deferred capital allowances	48 742	40 376
Income and expenditure accruals	94 476	85 369
Asset in respect of unexpired options	28 343	11 320
Unrealised fair value adjustments on financial instruments	31 470	35 186
Losses carried forward	23 348	33 263
Assets in respect of pensions surplus	383	—
Deferred tax on acquired intangibles	(9 296)	(11 302)
Revaluation of property	(6 296)	(13 398)
Finance lease accounting	2 547	2 263
Cash flow hedges	25 942	22 897
Other temporary differences	87	315
Net deferred taxation assets	239 746	206 289
Reconciliation of net deferred taxation assets/(liabilities):		
At the beginning of the year	206 289	221 108
Recovery to the income statement	33 700	407
Recovery directly in other comprehensive income	(3 157)	(31 321)
Acquisitions and disposals	(463)	(300)
Other	—	737
Exchange adjustments	3 377	15 658
At the end of the year	239 746	206 289

Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred taxation assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential losses is uncertain.

There are trading losses carried forward of £90.7 million (2021: £68.9 million), capital losses carried forward of £167.3 million (2021: £177.2 million) and excess management expenses of £2.5 million (2021: £2.5 million) on which deferred tax assets have not been recognised due to uncertainty regarding future profits against which these losses can be utilised.

During the year, the SA Government announced a decrease in the SA rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 31 March 2022 have been adjusted to reflect this substantively enacted rate change.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. The UK Government has also announced on 27 October 2021 that the current bank surcharge rate of 8% would be reduced to 3% and the surcharge allowances available for a banking group to be increased to £100 million from £25 million with effect from 1 April 2023. This will increase the combined rate of corporation tax applicable to banking entities from 27% to 28% with effect from 1 April 2023. As these rates have now been substantively enacted at the year end, deferred tax has been calculated based on these rates.

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33. Other assets

At 31 March £'000	2022	2021
Gross other assets	2 068 615	2 165 438
Expected credit loss on amortised cost	—	—
Net other assets	2 068 615	2 165 438
Settlement debtors	1 216 637	1 181 308
Trading properties	64 035	78 832
Prepayments and accruals	85 884	103 694
Trading initial margin	219 298	157 396
Other investments*	58 591	58 556
Commodities	40 975	28 523
Building renovations in progress	—	28 878
Finance lease receivables (refer to note 50)	223 902	252 797
Fee debtors	9 448	4 915
Other	149 845	270 539
	2 068 615	2 165 438

* Previously included in other.

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34. Property and equipment

At 31 March £'000	Freehold properties	Right-of-use assets*	Leasehold improvements	Furniture and vehicles	Equipment	Operating leases**	Total
2022							
Cost							
At the beginning of the year	140 787	150 211	85 438	16 244	56 702	5 721	455 103
Exchange adjustments	10 009	(166)	831	606	1 658	—	12 938
Additions	32 815	4 653	930	1 125	6 516	5	46 044
Disposals	—	(6 514)	(5 990)	(446)	(4 126)	(2 260)	(19 336)
Reclassifications	—	—	—	(511)	604	—	93
At the end of the year	183 611	148 184	81 209	17 018	61 354	3 466	494 842
Accumulated depreciation							
At the beginning of the year	(13 770)	(32 637)	(24 666)	(9 577)	(39 242)	(5 239)	(125 131)
Exchange adjustments	(1 088)	349	(276)	(539)	(946)	45	(2 455)
Disposals	—	1 869	2 233	289	3 823	2 178	10 392
Depreciation	(5 313)	(19 473)	(6 679)	(1 058)	(9 408)	(204)	(42 135)
Reclassifications	—	—	—	511	(604)	—	(93)
At the end of the year	(20 171)	(49 892)	(29 388)	(10 374)	(46 377)	(3 220)	(159 422)
Net carrying value	163 440	98 292	51 821	6 644	14 977	246	335 420
2021							
Cost							
At the beginning of the year	176 893	154 952	78 702	23 953	76 907	7 210	518 617
Exchange adjustments	2 939	(475)	(2 794)	45	2 984	(113)	2 586
Additions	—	6 737	1 338	792	4 949	56	13 872
Disposals	—	(9 831)	(8 916)	(302)	(2 895)	(1 432)	(23 376)
Write-offs^	—	(158)	—	(1 721)	(26 644)	—	(28 523)
Reclassifications	(39 045)	(1 014)	17 108	(6 523)	1 401	—	(28 073)
At the end of the year	140 787	150 211	85 438	16 244	56 702	5 721	455 103
Accumulated depreciation							
At the beginning of the year	(17 279)	(18 799)	(27 143)	(17 544)	(75 230)	(6 049)	(162 044)
Exchange adjustments	2 939	612	(513)	(84)	2 928	77	5 959
Disposals	—	3 940	8 224	370	2 391	1 396	16 321
Depreciation	(3 807)	(18 688)	(6 709)	(1 014)	(11 082)	(663)	(41 963)
Write-offs^	—	158	—	1 721	26 644	—	28 523
Reclassifications	4 377	140	1 475	6 974	15 107	—	28 073
At the end of the year	(13 770)	(32 637)	(24 666)	(9 577)	(39 242)	(5 239)	(125 131)
Net carrying value	127 017	117 574	60 772	6 667	17 460	482	329 972

* Right-of-use assets primarily comprises property leases under IFRS 16.

** On 3 December 2010 the Group acquired a portfolio of operating leased assets comprising motor vehicles. The operating lease income from this portfolio has been included in other operating income (note 5) and the depreciation of these operating leased assets has been included in operating costs in the income statement.

^ Fully depreciated assets with a net book value of zero were written off in the prior year.

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35. Investment properties

At 31 March £'000	2022	2021
At the beginning of the year	832 061	863 864
Additions	11 498	7 568
Disposals	(6 521)	(71 036)
Fair value movement	(20 872)	(46 736)
Reclassifications*	(44 076)	7 197
Exchange adjustments	48 465	71 204
At the end of the year	820 555	832 061

* Reclassifications of £45.6 million (2021: £11.3 million) to non-current assets classified as held for sale and a reclassification of £1.6 million from other assets (2021: £4.1 million from trading properties) as there was a change in use of the property.

For total gains and losses on investment properties recognised in the income statement, refer to note 4.

Non-current assets held for sale comprises £53.3 million (2021: £10.9 million) of investment properties. These are excluded from the measurement scope of IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations and continue to be measured according to the fair value model. The majority of these properties are in the Group Investments business segment.

All investment properties are classified as level 3 in the fair value hierarchy.

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use. Properties are valued under the income capitalisation method and discounted cash flow method (DCF).

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

Under the DCF method a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and, to this, an appropriate market-derived discount rate is applied to establish the present value of the income stream.

Valuation techniques used to derive level 3 fair values

The significant unobservable inputs used to derive the fair value measurements are those relating to the valuation of underlying investment properties. The table below includes the following definitions and relationship between the unobservable inputs and fair value measurement:

Significant unobservable inputs	Definitions
Expected Rental Value (ERV)	The rent at which space could be let in the market conditions prevailing at the date of valuation.
Capitalisation rate (cap rate)	The rate of return that is expected to be generated on the real estate investment property.
Long-term vacancy rate	The ERV of the expected long-term average structural vacant space divided by the ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

Level 3 valuations

At 31 March 2022 Description	Average expected rental value per £/m ²	Equivalent yield range	Weighted average cap rate	Long-term vacancy rates	Change in fair value (£'000) from a 0.25bp increase/ decrease in cap rate	Change in fair value (£'000) from a 5% increase/ decrease in expected rental value
Across South African sectors	5.7	7.5% - 12.0%	8.8%	1.5%	21 207	36 191
SA Retail	7.1	7.5% - 12.0%	8.4%	1.5% - 2.5%	8 897	14 439
SA Industrial	2.9	8.0% - 12.0%	9.4%	—%	3 999	7 337
SA Office	8.5	7.8% - 12.0%	8.9%	1% - 5%	8 312	14 415

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35. Investment properties *continued*

At 31 March 2021 Description	Average expected rental value per £/m ²	Equivalent yield range	Weighted average cap rate	Long-term vacancy rates	Change in fair value (£'000) from a 0.25bp increase/ decrease in cap rate	Change in fair value (£'000) from a 5% increase/ decrease in expected rental value
Across South African sectors	4.9	6.9% – 14.2%	8.9%	1.5%	21 027	36 887
SA Retail	5.8	7.3% – 11.6%	8.4%	1.4%	8 575	14 715
SA Industrial	2.7	6.9% – 14.2%	9.7%	1.3%	4 219	8 197
SA Office	7.7	7.1% – 14.1%	9.0%	1.9%	8 300	13 976

36. Goodwill

At 31 March £'000	2022	2021
Cost		
At the beginning of the year	313 429	312 450
Acquisitions	—	11
Disposal of subsidiary	—	(148)
Exchange adjustments	1 374	1 116
At the end of the year	314 803	313 429
Accumulated impairments		
At the beginning of the year	(53 624)	(41 825)
Impairments	(1 962)	(11 599)
Exchange adjustments	(813)	(200)
At the end of the year	(56 399)	(53 624)
Net carrying values	258 404	259 805
Analysis of goodwill by line of business and geography:		
UK and Other		
Wealth & Investment	236 319	236 318
Specialist Banking	13 517	13 518
	249 836	249 836
Southern Africa		
Wealth & Investment	—	1 774
Specialist Banking	8 568	8 195
	8 568	9 969
	258 404	259 805

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired, by comparing the carrying value to its recoverable amount.

The recoverable amount of goodwill is determined based on expected cash flows within the cash-generating units of the Group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure and loan impairment rates.

Discount rates are based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on the most recent financial budgets for the next financial year and are extrapolated for a period of three to five years, adjusted for expected future events.

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36. Goodwill *continued*

UK and Other

The most significant cash-generating unit giving rise to goodwill is Investec Wealth & Investment. For Wealth & Investment, goodwill of £236.3 million (2021: £236.3 million) has been tested for impairment on the basis of the cash flow projections for the next three years discounted at 9.2% (2021: 8.9%) which incorporates an expected revenue growth rate of 2% in perpetuity (2021: 2%).

The valuation is based on value in use of the business.

Sensitivity analysis has been carried out and it has been concluded that no reasonably possible change in the key assumptions would cause an impairment to be recognised.

For Specialist Banking, the goodwill of £13.5 million (2021: £13.5 million) is made up of a number of individual cash-generating units within the line of business. These cash generating units are assessed for impairment considering current performance and budgets.

Southern Africa

Goodwill attributed to the South African operations relates to the Investec for Business and the Investec Wealth & Investment Group.

The goodwill relating to Investec for Business has been identified as a separate cash-generating unit and has been tested for impairment, taking into account profitability, being the budgeted profits and the future profit growth for the next five years. The valuation is based on management's assessment of appropriate profit forecasts and discount rates to estimate the fair value. Discount rate applied of 4.25% (2021: 3.50%) is determined using the South African inter-bank lending rate, adjusted for business specific risk.

Sensitivity analysis has been carried out and it has been concluded that no reasonably possible change in the key assumptions would cause an impairment to be recognised.

The valuation of goodwill is a level 3 in the fair value hierarchy.

Movement in goodwill

The current year impairment predominantly relates to the write off of goodwill on a historical acquisition of the South African wealth business. The remaining impairment is attributable to Travel by Investec. In the prior year, goodwill of £11.2 million in relation to Investec Ireland was written off as a result of the change in business following the Brexit impact and as such there is limited linkage remaining between the business acquisition which gave rise to the goodwill and the ongoing business in Ireland.

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37. Software and other acquired intangible assets

At 31 March £'000	Software		Other acquired intangible assets			Total
	Acquired software	Internally generated software	Total	Client relationships ^	Total	
2022						
Cost						
At the beginning of the year	49 540	1 702	51 242	211 076	211 076	262 318
Exchange adjustments	(3 266)	—	(3 266)	1 634	1 634	(1 632)
Additions	1 327	1 402	2 729	463	463	3 192
Disposals	(323)	—	(323)	—	—	(323)
At the end of the year	47 278	3 104	50 382	213 173	213 173	263 555
Accumulated amortisation and impairments						
At the beginning of the year	(38 668)	—	(38 668)	(152 108)	(152 108)	(190 776)
Exchange adjustments	3 452	—	3 452	(1 436)	(1 436)	2 016
Disposals	298	—	298	—	—	298
Amortisation	(5 504)	(517)	(6 021)	(15 477)*	(15 477)	(21 498)
At the end of the year	(40 422)	(517)	(40 939)	(169 021)	(169 021)	(209 960)
Net carrying value	6 856	2 587	9 443	44 152	44 152	53 595
2021						
Cost						
At the beginning of the year	73 686	—	73 686	211 719	211 719	285 405
Exchange adjustments	(351)	—	(351)	728	728	377
Additions	2 480	1 702	4 182	2 021	2 021	6 203
Disposals	(2 187)	—	(2 187)	(3 392)	(3 392)	(5 579)
Write-offs**	(24 088)	—	(24 088)	—	—	(24 088)
At the end of the year	49 540	1 702	51 242	211 076	211 076	262 318
Accumulated amortisation and impairments						
At the beginning of the year	(59 043)	—	(59 043)	(140 062)	(140 062)	(199 105)
Exchange adjustments	101	—	101	724	724	825
Disposals	2 182	—	2 182	2 517	2 517	4 699
Amortisation	(5 996)	—	(5 996)	(15 287)*	(15 287)	(21 283)
Write-offs**	24 088	—	24 088	—	—	24 088
At the end of the year	(38 668)	—	(38 668)	(152 108)	(152 108)	(190 776)
Net carrying value	10 872	1 702	12 574	58 968	58 968	71 542

* Amortisation of acquired intangibles as disclosed in the income statement £15.5 million (2021: £15.3 million).

** Fully depreciated assets with a net book value of zero were written off in the prior year.

^ Client relationships all relate to the acquisition of Rensburg Sheppards plc in June 2010 and Evolution Group in December 2011 and Investec Import Solutions Group in July 2015.

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38. Acquisitions and disposals

There were no significant acquisitions of subsidiaries during the current and prior year. During the year, there were no significant disposals of subsidiaries.

For the year ended 31 March 2021, Investec Bank plc sold the Investec Australia Property Fund (IAPF) management Company for proceeds and a gain of £20.4 million. Additionally, a gain of £13 million was recognised from the formation of a joint venture with the State Bank of India, now measured at fair value, as a result of loss of control in Investec Capital Services (India) Private Limited.

39. Long-term assurance business attributable to policyholders

At 31 March £'000	2022	2021
Liabilities to customers under investment contracts		
Investec Life Limited	56 475	49 798
Insurance liabilities, including unit-linked liabilities – Investec Life Limited	3 074	2 607
	59 549	52 405
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	59 549	52 405
	59 549	52 405
Investments shown above comprise:		
Interest-bearing securities	2 443	11 544
Stocks, shares and unit trusts	57 002	39 830
Deposits	104	1 031
	59 549	52 405

40. Other trading liabilities

At 31 March £'000	2022	2021
Deposits	207 138	204 041
Short positions		
– Equities	53 526	103 677
– Gilts	14 925	7 815
– Bank debt securities	—	10 656
	275 589	326 189

41. Debt securities in issue

At 31 March £'000	2022	2021
Repayable in:		
Less than three months	291 861	27 995
Three months to one year	159 995	93 639
One to five years	1 246 294	1 726 091
Greater than five years	345 490	44 594
	2 043 640	1 892 319

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42. Other liabilities

At 31 March £'000	2022	2021 [^]
Settlement liabilities	1 128 035	797 844
Other creditors and accruals	621 621	527 751
Lease liabilities	351 744	396 132
Other non-interest bearing liabilities	147 454	161 923
Rewards Programme liability	35 907	33 106
Long service employee benefits liability (refer to note 9)	19 061	21 913
Expected credit loss on off-balance sheet commitments and guarantees	12 019	12 453
	2 315 841	1 951 122

[^] Restated as detailed in note 61.

Reconciliation of lease liabilities

At 31 March £'000	2022	2021
At the beginning of the year	396 132	488 849
Interest	11 739	13 632
Additional leases	2 665	5 276
Disposals and modifications	(11 812)	(15 351)
Remeasurement of lease liabilities	(281)	—
Repayment of lease liabilities	(57 482)	(69 051)
Exchange adjustments	10 783	(27 223)
At the end of the year	351 744	396 132

Lease liabilities included in other liabilities are due in:

At 31 March £'000	2022		2021	
	Undiscounted payments	Present value	Undiscounted payments	Present value
Less than one year	57 047	54 235	60 309	57 580
One to five years	294 577	262 810	324 514	286 522
Greater than five years	36 266	34 699	54 664	52 030
	387 890	351 744	439 487	396 132

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43. Subordinated liabilities

At 31 March £'000	2022	2021
Issued by Investec Bank plc		
Subordinated fixed rate medium-term notes at FVPL	—	334 804
Subordinated fixed rate re-set callable medium-term notes – amortised cost	427 019	436 677
Issued by Investec plc		
Subordinated callable fixed rate resettable medium term notes – amortised cost	331 720	—
Issued by Investec Bank Limited		
IV019 indexed rate subordinated unsecured callable bonds	12 250	9 750
IV019A indexed rate subordinated unsecured callable bonds	19 951	18 522
IV035 variable rate subordinated unsecured callable bonds	76 319	72 096
IV036 variable rate subordinated unsecured callable bonds	—	1 572
IV037 variable rate subordinated unsecured callable bonds	—	87 193
IV038 variable rate subordinated unsecured callable bonds	—	17 189
IV039 indexed rate subordinated unsecured callable bonds	—	9 602
IV040 variable rate subordinated unsecured callable bonds	—	28 927
IV041 fixed rate subordinated unsecured callable bonds	—	9 331
IV042 variable rate subordinated unsecured callable bonds	—	2 456
IV043 fixed rate subordinated unsecured callable bonds	—	7 367
IV044 variable rate subordinated unsecured callable bonds	—	11 787
IV045 indexed rate subordinated unsecured callable bonds	—	93 980
IV046 variable rate subordinated unsecured callable bonds	62 386	58 934
IV047 variable rate subordinated unsecured callable bonds	87 310	78 293
IV049 variable rate subordinated unsecured callable bonds	53 566	47 983
Issued by Investec Limited		
INLV07 variable rate subordinated unsecured callable bonds	85 053	80 347
INLV11 variable rate subordinated unsecured callable bonds	20 795	—
INLV12 variable rate subordinated unsecured callable bonds	57 225	—
INB001 variable rate subordinated unsecured callable bonds	82 597	74 141
	1 316 191	1 480 951
All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand		
Remaining maturity*:		
In one year or less, or on demand	362 178	604 208
In more than one year, but not more than two years	32 201	331 447
In more than two years, but not more than five years	105 848	108 619
In more than five years	815 964	436 677
	1 316 191	1 480 951
Reconciliation from opening balance to closing balance:		
Opening balance	1 480 951	1 436 361
Issue of subordinated liabilities	421 506	76 684
Interest accrued on subordinated liabilities	89 910	91 891
Net movements in capitalised interest	(18 098)	(19 827)
Repayment of interest	(74 562)	(73 412)
Transfer of interest accrued to other liabilities at the beginning of the year	3 295	4 715
Transfer of interest accrued to other liabilities at the end of the year	(2 184)	(3 295)
Redemption of subordinated liabilities	(583 918)	(41 482)
Consumer Price Index, effective interest rate adjustments and currency adjustments on foreign denominated bonds adjustment	(32 620)	(47 758)
Exchange adjustments	31 911	57 074
Closing balance	1 316 191	1 480 951

* Maturities have been determined using the date on which the Company is able to call the bonds.

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the issuing entity. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

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43. Subordinated liabilities *continued*

Subordinated fixed rate medium-term notes (denominated in Pound Sterling) – accounted for as designated at fair value

On 17 February 2011 Investec Bank plc issued £500 000 000 of 9.625% subordinated notes due in 2022 at a discount (2022 notes). Interest is paid annually. The notes are listed on the London Stock Exchange. The notes are redeemable at par on 17 February 2022.

On 29 June 2011 Investec Bank plc issued £75 000 000 of 9.625% subordinated notes due in 2022 at a premium (2022 notes) (to be consolidated and form a single series, and to be fungible, with the £500 000 000 2022 notes issued on 17 February 2011).

On 17 July 2018 Investec Bank plc completed a tender offer to purchase £267 038 000 aggregate nominal amount of the notes at a cash purchase price of 121.513 pence plus an accrued interest payment. The total value of the debt redeemed was £335 541 000.

The remaining notes in issue of £307 962 000 were redeemed at par on 17 February 2022.

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

On 24 July 2018 Investec Bank plc issued £420 000 000 of 4.25% subordinated notes due 2028 at a discount (2028 notes). Interest is paid annually. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 24 July 2028. The issuer has a one-time redemption option on the early redemption date 24 July 2023 subject to conditions.

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

On 4 October 2021, Investec plc issued £350 000 000 of 2.625% subordinated notes due 2032 at a discount (2032 notes). Interest, after the initial short period distribution paid on 4 January 2022, is paid annually commencing on 4 January 2023 and ending on the maturity date. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 4 January 2032. The issuer may redeem the notes at par on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions.

IV019 indexed rate subordinated unsecured callable bonds

R236 million (2021: R199 million) Investec Bank Limited IV019 locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019 is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

IV019A indexed rate subordinated unsecured callable bonds

R384 million (2021: R377 million) Investec Bank Limited IV019A locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019A is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

IV035 variable rate subordinated unsecured callable bonds

R1 468 million Investec Bank Limited IV035 locally registered subordinated unsecured callable bonds are due in April 2027. Interest is payable quarterly on 7 April, 7 July, 7 October and 7 January at a rate equal to the three-month JIBAR plus 4.65% up to and excluding 7 April 2027. The maturity date is 7 April 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 7 April 2022.

IV036 variable rate subordinated unsecured callable bonds

Rnil (2021: R32 million) Investec Bank Limited IV036 locally registered subordinated unsecured callable bonds were due in April 2026. Interest was payable quarterly on 22 April, 22 July, 22 October and 22 January at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 22 July 2026. The maturity date was 22 July 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 22 July 2021. These notes were repaid in the current year.

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43. Subordinated liabilities *continued*

IV037 variable rate subordinated unsecured callable bonds

\$nil (2021: \$125 million) Investec Bank Limited IV037 locally registered subordinated unsecured Tier II callable bonds were due in October 2026 and were issued at an issue price of \$91 million. The notes automatically converted from zero coupon notes to floating rate notes on the first optional redemption date, being 19 October 2021. The maturity date was 19 October 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 19 October 2021. These notes were repaid in the current year.

IV038 variable rate subordinated unsecured callable bonds

Rnil (2021: R350 million) Investec Bank Limited IV038 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 23 March, 23 June, 23 September and 23 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 23 September 2026. The maturity date was 23 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 23 September 2021. These notes were repaid in the current year.

IV039 indexed rate subordinated unsecured callable bonds

Rnil (2021: R196 million) Investec Bank Limited IV039 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 31 January 2027. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

IV040 variable rate subordinated unsecured callable bonds

Rnil (2021: R589 million) Investec Bank Limited IV040 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date was 29 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 29 September 2021. These notes were repaid in the current year.

IV041 fixed rate subordinated unsecured callable bonds

Rnil (2021: R190 million) Investec Bank Limited IV041 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date was 29 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 29 September 2021. These notes were repaid in the current year.

IV042 variable rate subordinated unsecured callable bonds

Rnil (2021: R50 million) Investec Bank Limited IV042 locally registered subordinated unsecured callable bonds were due in November 2026. Interest was payable quarterly on 18 February, 18 May, 18 August and 18 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date was 18 November 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 18 November 2021. These notes were repaid in the current year.

IV043 fixed rate subordinated unsecured callable bonds

Rnil (2021: R150 million) Investec Bank Limited IV043 locally registered subordinated unsecured callable bonds were due in November 2026. Interest was payable quarterly on 21 February, 21 May, 21 August and 21 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date was 21 November 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 18 November 2021. These notes were repaid in the current year.

IV044 variable rate subordinated unsecured callable bonds

Rnil (2021: R240 million) Investec Bank Limited IV044 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.15% up to and excluding 18 November 2026. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

IV045 indexed rate subordinated unsecured callable bonds

Rnil (2021: R1 914 million) Investec Bank Limited IV045 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate of 2.75%. The IV045 was a replica of the R212 South African government bond. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

IV046 variable rate subordinated unsecured callable bonds

R1 200 million Investec Bank Limited IV046 locally registered subordinated unsecured callable bonds are due in June 2027. Interest is payable quarterly on 21 September, 21 December, 21 March and 21 June at a rate equal to the three-month JIBAR plus 3.90%. The maturity date is 21 June 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 21 June 2022.

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43. Subordinated liabilities *continued*

IV047 variable rate subordinated unsecured callable bonds

\$116 million Investec Bank Limited IV047 locally registered subordinated unsecured Tier II callable bonds are due in June 2027 and were issued at an issue price of \$86 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 30 June 2022. The implied zero coupon yield is 5.915966% nacq (ACT/360) up until 30 June 2022. If the issuer does not exercise the option to redeem the notes on 30 June 2022, then interest on the floating rate notes shall commence on 30 June 2022 and is payable quarterly on 30 September, 30 December, 30 June at a rate equal to the three-month USD LIBOR plus 4.5% up to and excluding 30 June 2027. The maturity date is 30 June 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 30 June 2022.

IV049 variable rate subordinated unsecured callable bonds

R1 030 million (2021: R977 million) Investec Bank Limited IV049 locally registered subordinated unsecured callable bonds are due in December 2028. Interest is payable quarterly in arrears on 4 March, 4 June and 4 September and 4 December at a rate equal to three-month JIBAR plus 3.413% basis points up to and excluding 4 March 2028. The maturity date is 4 December 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 4 March 2023.

INLV07 variable rate subordinated unsecured callable bonds

R1 636 million Investec Limited issued INLV07 locally registered subordinated unsecured floating rate notes are due in March 2031. Interest is payable quarterly on 9 March, 9 June, 9 September and 9 December at a rate equal to the three-month JIBAR plus 2.60%. The maturity date is 9 March 2031 but the issuer has the option to redeem on 9 March 2026 and on each interest payment date thereafter.

INLV11 variable rate subordinated unsecured callable bonds

R400 million Investec Limited issued INLV11 locally registered subordinated unsecured floating rate notes are due December 2031. Interest is payable quarterly on 22 March, 22 June, 22 September and 22 December at a rate equal to the three-month JIBAR plus 2.10%. The maturity date is 22 December 2031 but the issuer has the option to redeem on 22 March 2027 and on each interest payment date thereafter.

INLV12 variable rate subordinated unsecured callable bonds

R1 100 million Investec Limited issued INLV12 locally registered subordinated unsecured floating rate notes are due March 2032. Interest is payable quarterly on 25 March, 25 June, 25 September and 25 December at a rate equal to the three-month JIBAR plus 2.20%. The maturity date is 25 March 2032 but the issuer has the option to redeem on 25 June 2027 and on each interest payment date thereafter.

INB001 variable rate subordinated unsecured callable bonds

\$113 million Investec Limited INB001 locally registered subordinated unsecured Tier II callable bonds are due in December 2027 and were issued at an issue price of \$84 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 28 December 2022. The implied zero coupon yield is 5.86482% nacq (ACT/360) up until the 28 December 2022. If the issuer does not exercise the option to redeem the notes on 28 December 2022, then interest on the floating rate notes shall commence on 28 December 2022 and is payable quarterly on 28 March, 28 June, 28 September, 28 December at a rate equal to the three-month USD Libor plus 4% up to and excluding 28 December 2027. The maturity date is 28 December 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 28 December 2022.

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44. Ordinary share capital

At 31 March £'000	2022	2021
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At the beginning of the year	696 082 618	696 082 618
Issued during the year	—	—
At the end of the year	696 082 618	696 082 618
Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	138	138
Issued during the year	—	—
At the end of the year	138	138
Number of special converting shares	Number	Number
At the beginning of the year	318 904 709	318 904 709
Buyback during the year	—	—
At the end of the year	318 904 709	318 904 709
Nominal value of special converting shares	£'000	£'000
At the beginning of the year	64	64
Issued during the year	—	—
At the end of the year	64	64
Number of UK DAN shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of UK DAN share	£'000	£'000
At the beginning and end of the year	*	*
Number of UK DAS shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of UK DAS share	£'000	£'000
At the beginning and end of the year	*	*
Number of special voting shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of special voting shares	£'000	£'000
At the beginning and end of the year	*	*

* Less than £1 000.

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44. Ordinary share capital continued

At 31 March	2022	2021
Investec Limited		
Authorised	Number	Number
The authorised share capital of Investec Limited is R1 960 002 (2021: R1 960 002), comprising:		
– Ordinary shares of R0.0002 each	450 000 000	450 000 000
– Redeemable, non-participating preference shares with a par value of R0.01 each	48 088 266	48 091 681
– Class ILRP1 redeemable, non-participating preference shares of R0.01 each	408 319	408 319
– Class ILRP2 redeemable, non-participating preference shares of R0.01 each	1 500 000	1 500 000
– Non-redeemable, non-participating preference shares of R0.01 each	20 000 000	20 000 000
– Variable rate redeemable cumulative preference shares of R0.60 each	50 000	50 000
– Non-redeemable, non-cumulative, non-participating preference shares of R0.01 each	100 000 000	100 000 000
– Dividend Access (South African resident) redeemable preference share of R1.00	1	1
– Dividend Access (non-South African resident) redeemable preference share of R1.00	1	1
– Special convertible redeemable preference shares of R0.0002 each (special converting shares)	700 000 000	700 000 000
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At the beginning of the year	318 904 709	318 904 709
Buyback during the year [^]	(8 496 839)	—
At the end of the year	310 407 870	318 904 709
Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	46	46
Number of special converting shares	Number	Number
At the beginning of the year	696 082 618	696 082 618
Issued during the year	—	—
At the end of the year	696 082 618	696 082 618
Nominal value of special converting shares	£'000	£'000
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	5	5
Number of SA DAN shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of SA DAS share	£'000	£'000
At the beginning and end of the year	*	*
Number of UK DAS shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of SA DAS share	£'000	£'000
At the beginning and end of the year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited	Number	Number
Total called up share capital	253	253
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(4)	(4)
Total called up share capital	247	247

* Less than £1 000.

[^] Investec Limited repurchased 8 496 839 ordinary shares during the financial year ended 31 March 2022, representing 2.66% of the issued share capital.

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling: Rand exchange rates. In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single Company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

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44. Ordinary share capital *continued*

Staff share scheme

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

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

At 31 March		
Number of shares	2022	2021
Opening balance	46 638 446	40 577 418
Sale of business	(94 076)	—
Issued during the year	22 580 078	18 022 245
Exercised	(10 242 232)	(10 201 045)
Forfeited	(2 690 929)	(1 760 172)
Closing balance	56 191 287	46 638 446

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

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

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

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

The extent of the directors' and staff interests in the incentive scheme is detailed on pages 29 to 38 and 44 to 46 in the Investec Group's 2022 remuneration report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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45. Perpetual preference shares of holding Company

At 31 March £'000	2022	2021
Perpetual preference share capital	31	31
Perpetual preference share premium	174 838	174 022
	174 869	174 053
Issued by Investec Limited		
29 218 638 (2021: 30 756 461) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at various premiums:		
– Perpetual preference share capital	2	2
– Perpetual preference share premium	150 073	149 257
Perpetual preference shareholders will be entitled to receive dividends if declared, at a rate limited to 77.77% of South African prime overdraft rate on R100 being the deemed value of the issue price of the perpetual preference share held. Perpetual preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or pari passu with the perpetual preference shares. An ordinary dividend will not be declared by Investec Limited unless the perpetual preference dividend has been declared. If declared, perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Issued by Investec plc		
2 754 587 (2021: 2 754 587) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.		
– Perpetual preference share capital	29	29
– Perpetual preference share premium	23 607	23 607
Perpetual preference shareholders will receive an annual dividend if declared based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec plc unless the perpetual preference dividend has been declared. If declared perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Issued by Investec plc – Rand-denominated		
131 447 (2021: 131 447) non-redeemable, non-cumulative, non-participating perpetual preference shares of R0.001 each, issued at an average premium of R99.999 per share.		
– Perpetual preference share capital	*	*
– Perpetual preference share premium	1 158	1 158
Rand-denominated perpetual preference shareholders will receive a dividend if declared based on the coupon rate (being equivalent to South African prime rate multiplied by 95%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec plc unless the Rand perpetual preference dividend has been declared. If declared perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
	174 869	174 053

* Less than £1 000.

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46. Ordinary share premium

At 31 March £'000	2022	2021
Share premium – Investec plc	988 637	988 637
Share premium – Investec Limited	527 387	529 215
	1 516 024	1 517 852

The decrease in share premium in the current year relates ordinary share buy back (refer to note 44).

47. Treasury shares

At 31 March	2022	2021
	£'000	£'000
Treasury shares held by subsidiaries of Investec Limited and Investec plc	318 987	267 508
	Number	Number
Investec plc ordinary shares held by subsidiaries	48 997 877	41 576 257
Investec Limited ordinary shares held by subsidiaries	52 277 446	48 832 795
Investec plc and Investec Limited shares held by subsidiaries	101 275 323	90 409 052
Reconciliation of treasury shares	Number	Number
At the beginning of the year	90 409 052	82 770 689
Purchase of own shares by subsidiary companies	57 485 337	37 919 469
Shares disposed of by subsidiaries	(46 619 066)	(30 281 106)
At the end of the year	101 275 323	90 409 052
Market value of treasury shares	£'000	£'000
Investec plc	246 753	91 509
Investec Limited	263 269	107 481
	510 022	198 990

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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48. Other Additional Tier 1 securities in issue

At 31 March £'000	2022	2021
Issued by Investec Limited		
Investec Limited issued R550 million Other Additional Tier 1 floating rate notes on 12 August 2014. Interest is payable quarterly on 12 August, 12 November, 12 February and 12 May at a rate equal to the three-month JIBAR plus 4.25%. There is no maturity date but the issuer has the option to redeem on 12 August 2024 and on every interest payment date thereafter. Interest is payable at the option of the issuer.	28 594	27 012
Investec Limited issued R350 million Other Additional Tier 1 floating rate notes on 15 March 2018. Interest is payable quarterly on 22 March, 22 June, 22 September, 22 December and at a rate equal to the three-month JIBAR plus 5.15%. There is no maturity date but the issuer has the option to redeem on 22 March 2023 and on every interest payment date thereafter. The interest is payable at the option of the issuer.	18 196	17 189
Investec Limited issued R128 million and R45 million and R100 million Other Additional Tier 1 floating rate notes on 22 October 2020 and 25 November 2020 and 15 December 2020. Interest is payable quarterly on 22 January, 22 April, 22 July and 22 October at a rate equal to the three-month JIBAR plus 4.85%. There is no maturity date but the issuer has the option to redeem on 22 January 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.	14 193	13 408
Investec Limited issued R450 million Other Additional Tier 1 floating rate notes on 12 March 2021. Interest is payable quarterly on 12 March, 12 June, 12 September and 12 December at a rate equal to the three-month JIBAR plus 4.80%. There is no maturity date but the issuer has the option to redeem on 12 June 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.	23 395	22 100
Investec Limited issued R600 million and R177 million Other Additional Tier 1 floating rate notes on 29 July 2021. Interest is payable quarterly on 24 May, 24 August, 24 November and 24 February at a rate equal to the three-month JIBAR plus 4.40%. There is no maturity date but the issuer has the option to redeem on 24 August 2026 or any interest payment date thereafter.	40 395	—
Investec Limited issued R500 million and R100 million Other Additional Tier 1 floating rate notes on 6 December 2021 and 8 February 2022. Interest is payable quarterly on 6 March, 6 June, 6 September and 6 December at a rate equal to the three-month JIBAR plus 4.05%. There is no maturity date but the issuer has the option to redeem on 6 March 2027 or any interest payment date thereafter.	31 192	—
Issued by Investec Limited subsidiary		
Investec Bank Limited issued R93 million and R17 million Other Additional Tier 1 floating rate notes on 26 March 2019 and 29 March 2019. Interest is payable quarterly on 26 June, 26 September, 26 December and 26 March at a rate equal to the three-month JIBAR plus 4.55%. There is no maturity date but the issuer has the option to redeem on 26 June 2024 and on any interest payment date thereafter. The interest is payable at the option of the issuer.	5 718	5 402
Issued by Investec plc		
On 5 October 2017, the Investec plc issued £250 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities ('AT1 securities') at par. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment day, the Company can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and the investors will lose their entire investment in the securities should the Common Equity Tier 1 capital ratio of the Investec plc Group, as defined in the PRA's rules, fall below 7%. The AT1 securities are redeemable at the option of the Company on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA.	250 000	250 000
	411 683	335 111

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49. Non-controlling interests

At 31 March		
£'000	2022	2021
Perpetual preference shares issued by Investec Bank Limited	—	72 750
Non-controlling interests in partially held subsidiaries	536 372	495 585
	536 372	568 335
Perpetual preferred securities issued by subsidiaries		
Issued by an Investec Limited subsidiary	—	72 750
Nil (2021: 14 917 559) non-redeemable, non-cumulative, non-participating preference shares of one cent each issued at various premiums.		
Perpetual preference shareholders will be entitled to receive dividends, if declared, at a rate of 83.33% of South African prime overdraft rate on R100 being the deemed value of the issue price of the perpetual preference share held.		
Perpetual preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or pari passu with the preference shares. These perpetual preference shares were redeemed during the year ended 31 March 2022.		
	—	72 750

The following table summarises the information relating to the Group's partially held subsidiary Investec Property Fund Limited (IPF) which has material non-controlling interests:

	Investec Property Fund Limited*	
	2022	2021
Non-controlling interests (NCI) (%)	75.7%	75.7%
Summarised financial information		
£'000		
Total assets	1 249 770	1 235 062
Total liabilities	540 023	577 039
Revenue	77 897	68 787
Profit/(loss) after taxation	53 978	(15 355)
Carrying amount of NCI in IPF	539 769	499 434
Dividends paid to NCI in IPF	29 287	32 385
Profit attributable to NCI in IPF	39 918	698
Loss attributable to NCI relating to impairments of associates	—	(9 126)

* Investec Property Fund Limited (IPF) is a subsidiary of Investec Limited.

For the year ended 31 March 2021, a subsidiary with a non-controlling interest (Outward VC Fund LLP) was deconsolidated by additional external investors investing in the entity, which resulted in loss of control. Net equity impact of non-controlling interests totalling £3.7 million in the statement of changes in equity related to changes in holding without a change in control of subsidiaries within the Investec Properties Group.

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50. Finance lease disclosures

At 31 March £'000	2022		2021	
	Total future minimum payments	Present value	Total future minimum payments	Present value
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	255 404	215 847	339 519	289 175
One to five years	458 315	407 038	436 953	387 755
Greater than five years	6 349	5 886	5 650	5 229
	720 068	628 771	782 122	682 159
Unearned finance income	(91 297)		(99 963)	
Net investment in lease	628 771		682 159	

At 31 March 2022, unguaranteed residual values accruing to the benefit of Investec were £8.6 million (2021: £10.7 million). Finance leases in the Group mainly relate to leases on property, equipment and motor vehicles.

At 31 March £'000	2022		2021	
	Total future undiscounted cash flows	Present value	Total future undiscounted cash flows	Present value
Finance lease receivables included in other assets				
Lease receivables due in:				
Less than one year	38 401	37 647	40 448	41 596
One to five years	220 606	185 509	251 378	209 053
Greater than five years	748	746	2 183	2 148
Total undiscounted lease payments receivable	259 755	223 902	294 009	252 797
Unearned finance income	(35 853)		(41 212)	
Net investment in lease	223 902		252 797	

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51. Notes to cash flow statement

At 31 March £'000	2022	2021 ^a
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments is derived as follows:		
Profit before taxation	697 261	331 569
Adjustment for non-cash, non-operating items and other required adjustments included in net income before taxation:		
Impairment of goodwill	1 962	11 599
Amortisation of acquired intangibles	15 477	15 287
Amortisation of acquired intangibles of associates	9 249	9 268
Net loss/(gain) on disposal of subsidiaries	632	(32 936)
Depreciation, amortisation and impairment of property, equipment, intangibles and software	48 156	47 959
Share of post-taxation profit of associates and joint venture holdings	(79 556)	(42 459)
Impairment of associate and joint venture holdings	—	16 773
Expected credit loss excluding ECL on Cash	28 091	99 438
Dividends received from associates	49 484	20 191
Share-based payment charges and employee benefit liability recognised	45 648	42 763
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	816 404	519 452
(Increase)/decrease in operating assets		
Loans and advances to banks	6 575	40 014
Reverse repurchase agreements and cash collateral on securities borrowed	(865 957)	329 671
Sovereign debt securities	(273 758)	700 599
Bank debt securities	(314 525)	(451 818)
Other debt securities	178 497	124 765
Derivative financial instruments	144 514	404 101
Securities arising from trading activities	371 165	(254 476)
Investment portfolio	28 225	180 088
Loans and advances to customers	(2 721 123)	(559 273)
Securitised assets	65 030	(49 568)
Other assets	32 601	(126 305)
Investment properties	57 141	99 342
Assurance assets	(3 865)	(13 525)
Non-current assets classified as held for sale	(23 157)	(239)
	(3 318 637)	423 376
Increase/(decrease) in operating liabilities		
Deposits by banks	711 050	(1 223 949)
Derivative financial instruments	256 069	(68 619)
Other trading liabilities	(63 706)	(210 961)
Repurchase agreements and cash collateral on securities lent	(180 861)	(659 532)
Customer accounts (deposits)	4 485 194	810 167
Debt securities in issue	129 667	127 375
Securitised liabilities	52 405	71 286
Other liabilities	332 230	(313 443)
Assurance liabilities	3 865	13 525
	5 725 913	(1 454 151)

^a Restated as detailed in note 61.

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52. Commitments

At 31 March		
£'000	2022	2021
Undrawn facilities	5 436 763	4 965 406
Other commitments	45 528	60 212
	5 482 291	5 025 618

The Group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on-balance sheet.

	Carrying amount of pledged assets		Related liability	
At 31 March				
£'000	2022	2021	2022	2021
Pledged assets				
Other loans and advances	7 998	4 628	6 724	3 718
Loans and advances to customers	612 670	261 496	595 290	123 702
Loans and advances to banks	48 273	85 003	40 589	70 802
Sovereign debt securities	119 350	731 958	88 598	642 414
Bank debt securities	78 741	73 588	73 109	72 092
Other debt securities	64 236	138 898	59 931	123 963
Securities arising from trading activities	56 611	116 577	54 768	114 068
Reverse repurchase agreements and cash collateral on securities borrowed	351 351	321 343	347 471	287 807
	1 339 230	1 733 491	1 266 480	1 438 566

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

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53. Contingent liabilities and legal matters

At 31 March		
£'000	2022	2021
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	1 625 001	1 365 097
	1 625 001	1 365 097

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

Guarantees are issued by Investec plc and Investec Limited on behalf of third parties and other Group companies. The guarantees are issued as part of the banking business.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort, provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it.

The FSCS raises annual levies from participating members based on their level of participation (in the case of deposits, the proportion that their protected deposits represent to total protected deposits) as at 31 December of the year preceding the scheme year. Investec Bank plc and Investec Wealth & Investment Limited are participating members of the FSCS.

At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Investec's market participation or other factors that may affect the amount or timing of amount that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

Legal matters

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

Historical German dividend tax arbitrage transactions

Investec Bank plc has been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum-ex transactions). Investigations are ongoing and no formal proceedings have been issued against Investec Bank plc by the Office of the Public Prosecutor. Whilst no formal proceedings have been issued against Investec Bank plc by the Office of the Public Prosecutor, a provision was previously raised to reflect the potential financial outflows that could arise as a result of this matter. In addition, subsequent to the year-end date, Investec Bank plc received certain enquiries in respect of client tax reclaims for the periods 2010-2011 relating to the historical German dividend arbitrage transactions from the German Federal Tax Office (FTO) in Bonn. The FTO has provided limited information and Investec Bank plc has sought further information and clarification. Given the lack of information, it is not possible for Investec Bank plc to reliably estimate the potential liability, if any, in relation to this matter.

Investec Bank plc is co-operating with the German authorities and continues to conduct its own internal investigation into the matters in question. There are factual issues to be resolved which may have legal consequences, including financial penalties.

In relation to potential civil claims; whilst Investec Bank plc is not a claimant nor a defendant to any civil claims in respect of cum-ex transactions, Investec Bank plc has received third party notices in relation to two civil proceedings in Germany and may elect to join the proceedings as a third party participant. Investec Bank plc has itself served third party notices on various participants to these historic transactions in order to preserve statute of limitation on any potential future claims that Investec Bank plc may seek to bring against those parties, should Investec Bank plc incur any liability in the future. Investec Bank plc has also entered into standstill agreements with some third parties in order to suspend the limitation period in respect of the potential civil claims. While Investec Bank plc is not a claimant nor a defendant to any civil claims at this stage, it cannot rule out the possibility of civil claims by or against Investec Bank plc in future in relation to the relevant transactions.

The Group has not provided further disclosure with respect to these historical dividend arbitrage transactions because it has concluded that such disclosure may be expected to seriously prejudice its outcome.

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54. Related party transactions

At 31 March £'000	2022	2021
Profit before taxation adjusted for non-cash items is derived as follows: Compensation of directors		
Details of directors' remuneration and interest in shares, including the disclosures required by IAS 24 Related Party Disclosures and Compensation of Directors and key management, are disclosed in the remuneration report on pages 23 to 38 and 46 in the Investec Group's 2022 remuneration report.		
Transactions, arrangements and agreements involving directors and key management personnel:		
Transactions, arrangements and agreements with directors, key management personnel and connected persons and companies controlled by them, and with officers of the Company, were as follows:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At the beginning of the year	8 946	7 765
Increase in loans*	6 728	3 610
Decrease in loans*	(1 231)	(2 430)
Exchange adjustments	—	1
At the end of the year	14 443	8 946
Guarantees		
At the beginning of the year	1 951	592
Additional guarantees granted	4	1 545
Decrease in guarantees*	(1 877)	(187)
Exchange adjustments	—	1
At the end of the year	78	1 951
Deposits		
At the beginning of the year	(14 231)	(11 989)
Increase in deposits	(3 906)	(10 549)
Decrease in deposits*	5 235	8 307
At the end of the year	(12 902)	(14 231)

* Where a director or key management personnel has been appointed or has resigned in the current year, the prior year's balance will be included in the increase and decrease respectively.

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

Where related parties have investment products (that may be included in funds under management) offered to clients on terms and conditions in the ordinary course of business, these have not been included above as the Group does not carry any exposure relating to these transactions (they are at client risk).

Transactions with other related parties

The Group has an investment in Grovepoint (UK) Limited in which a previous Investec director has significant influence. The Group has made an investment of £55.5 million (2021: £54.4 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, on similar transactions to non-related entities on an arm's length basis.

During the year to 31 March 2022, Investec Wealth & Investment Limited paid a net amount of £nil (2021: £22 400) for research services provided by Grovepoint (UK) Limited (2021: paid a net amount of £15 500 for research services provided by Grovepoint (UK) Limited). Sir Bradley Fried is a former director of Investec Bank plc and Investec plc, and is a current director of Grovepoint (UK) Limited.

Due to nature of the Group's business, there could be transactions with entities where some of the Group's directors may be mutual directors. These transactions are in the ordinary course of business and are on an arm's length basis.

Transactions with associates and joint venture holdings

At 31 March £'000	2022	2021
Amounts due from associates and joint venture holdings and their subsidiaries	558 769	512 926
Interest income from loans to associates and joint venture holdings	11 304	17 159
Interest expense from loans to associate and joint venture holdings	3	44

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54. Related party transactions *continued*

For the year to 31 March 2022, the Group received income from an associate in the Group of £nil (2021: £0.9 million) predominantly related to premises sublease income (which ceased during the year) and lease guarantee income. The Group also has £12.0 million (2021: £5.7 million) of customer accounts (deposits), derivative financial instruments valued at £2.3 million (2021: £0.6 million) and a £0.5 million (2021: £0.5 million) receivable for this associate. In addition, a lease guarantee of £8.0 million (31 March 2021: £8.0 million) has been provided by the Group to this associate.

The above arose from the ordinary course of business and are on the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

55. Hedges

The Group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the Central Treasury in the Specialist Bank. Once aggregated and netted off, Central Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependent on the requirement to identify a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the Group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the Group.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March £'000	Description of financial instrument designated as hedging instrument	Notional value of hedging	Fair value of hedging instrument	Cumulative fair value gains or (losses) on hedging instrument	Current year fair value gains or (losses) on hedging instrument	Cumulative fair value gains or (losses) on hedged item*	Current year fair value gains or (losses) on hedged item
2022							
Hedged assets	Interest rate swap	5 515 408	66 840	72 697	169 676	(70 870)	(170 044)
Hedged liabilities	Interest rate swap	2 455 015	(66 619)	(66 619)	(66 952)	66 460	66 764
		7 970 423	221	6 078	102 724	(4 410)	(103 280)
2021							
Hedged assets	Interest rate swap	4 330 351	(93 098)	(89 418)	9 220	90 406	(7 813)
Hedged liabilities	Interest rate swap	401 899	(445)	(445)	(1 582)	469	1 760
		4 732 250	(93 543)	(89 863)	7 638	90 875	(6 053)

There was no ineffective portion recognised in the income statement in the current and the prior year.

* Change in fair value used as the basis for recognising hedge effectiveness for the period.

Carrying amount of the hedged items

At 31 March £'000	2022	2021
Assets		
Sovereign debt securities	1 584 951	1 359 339
Bank debt securities	542 445	178 375
Other debt securities	95 568	64 855
Loans and advances to customers	3 250 658	2 600 554
Other assets	116 704	141 426
Liabilities		
Debt securities in issue	1 094 388	358 353
Customer accounts (deposits)	951 517	43 077
Subordinated liabilities	331 753	—

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55. Hedges *continued*

Maturity analysis of hedged items

At 31 March £'000	Up to one month	One month to three months	Three months to six months	Six months to one year	One to five years	Greater than five years	Total
2022							
Assets – notional							
Sovereign debt securities	—	12 997	90 979	103 976	847 144	477 851	1 532 947
Bank debt securities	—	10 398	118 637	67 793	283 960	—	480 788
Other debt securities	—	—	—	4 419	66 937	73 979	145 335
Loans and advances to customers	386	31 147	41 597	112 067	2 591 214	474 877	3 251 288
Other assets	2 496	5 001	7 564	15 383	86 260	—	116 704
Liabilities – notional							
Customer accounts (deposits)	—	—	230 000	723 001	2 533	—	955 534
Debt securities in issue	—	200 000	—	13 857	585 623	350 000	1 149 480
Subordinated liabilities	—	—	—	—	350 000	—	350 000
2021							
Assets – notional							
Sovereign debt securities	—	—	—	119 284	318 870	831 489	1 269 643
Bank debt securities	—	—	—	24 556	186 429	—	210 985
Other debt securities	—	—	—	1 770	68 916	57 363	128 049
Loans and advances to customers	—	2 254	18 421	73 955	2 125 771	362 140	2 582 541
Other assets	2 277	4 566	6 894	14 000	113 689	—	141 426
Liabilities – notional							
Customer accounts (deposits)	—	—	35 004	2 000	5 710	—	42 714
Debt securities in issue	—	—	—	—	353 894	5 292	359 186

Included within balance sheet management and other trading activities is £0.2 million loss (2021: £0.1 million gain) relating to hedge ineffectiveness.

There are no accumulated fair value hedge adjustments for hedged items that have ceased to be adjusted for hedging gains and losses.

Cash flow hedges

The Group is exposed to variability in cash flows on future liabilities arising from changes in base interest rates and foreign exchange rates. The aggregate expected cash flows are hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value are initially recognised in other comprehensive income and reclassified to the income statement when the cash flow affects the income statement.

At 31 March £'000	Description of financial instrument being hedged	Fair value of hedging instrument	Period cash flows are expected to occur and affect income statement
2022			
Cross-currency swap	Bonds	(47 725)	Three months
Forward exchange contracts	Dividends	4 055	Three months
2021			
Cross-currency swap	Bonds	(42 580)	Three months
Forward exchange contracts	Dividends	3 831	Three months

Cash flow hedges are held to mitigate interest rate and currency risk. A reconciliation of the cash flow hedge reserve can be found in the statement of changes in equity. There was no ineffective portion recognised in the income statement.

Realisations to the income statement for cash flow hedges of £2.8 million (2021: (£47.0 million)) are included in net interest income.

There are £4.1 million (2021: £3.8 million) accumulated cash flow hedge reserves for hedged items that have ceased to be adjusted for hedging gains and losses.

Hedges of net investments in foreign operations

Investec Bank plc has entered into foreign exchange contracts to hedge its balance sheet exposure to its net investment, in Australian Dollars, in the Australian operations of the Group.

At 31 March £'000	Hedging investment fair value
2022	—
2021	145

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56. Liquidity analysis of financial liabilities based on undiscounted cash flows

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
2022								
Liabilities								
Deposits by banks	371 966	87 822	35 895	12 739	37 220	2 796 328	2 692	3 344 662
Derivative financial instruments	1 825 541	44 890	138 148	83 367	203 012	232 587	(4 566)	2 522 979
– held for trading	1 784 799	—	—	—	—	—	—	1 784 799
– held for hedging risk	40 742	44 890	138 148	83 367	203 012	232 587	(4 566)	738 180
Other trading liabilities	275 589	—	—	—	—	—	—	275 589
Repurchase agreements and cash collateral on securities lent	285 851	61 871	1 797	2 167	15 013	536 705	3 229	906 633
Customer accounts (deposits)	17 942 685	1 987 035	6 629 020	5 442 646	4 281 298	4 206 619	387 200	40 876 503
Debt securities in issue	—	21 756	297 608	66 449	160 203	1 305 684	367 623	2 219 323
Liabilities arising on securitisation of own originated loans and advances	—	94 518	8 933	6 118	11 200	67 765	87 463	275 997
Liabilities arising on securitisation of other assets	—	—	3 459	3 322	6 632	43 125	62 856	119 394
Other liabilities*	641 940	707 907	336 579	83 462	117 141	363 440	102 004	2 352 473
Subordinated liabilities	—	76 298	152 832	20 895	151 003	286 260	908 936	1 596 224
Total on-balance sheet liabilities	21 343 572	3 082 097	7 604 271	5 721 165	4 982 722	9 838 513	1 917 437	54 489 777
Contingent liabilities	244 680	21 670	156 714	59 706	354 804	550 007	251 360	1 638 941
Commitments	529 698	164 857	603 056	213 928	332 973	1 935 742	1 834 046	5 614 300
Total liabilities	22 117 950	3 268 624	8 364 041	5 994 799	5 670 499	12 324 262	4 002 843	61 743 018

* Included within other liabilities are £878.2 million of non-financial instruments scoped out of IFRS 9.

The balances in the tables above and below will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. Trading liabilities and trading derivatives have been included in the 'Demand' time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time.

For an unaudited analysis based on discounted cash flows refer to pages 68 to 71 of the Investec Group's 2022 risk and governance report.

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56. Liquidity analysis of financial liabilities based on undiscounted cash flows *continued*

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
2021								
Liabilities								
Deposits by banks	224 967	161 161	4 386	14 631	878 475	1 189 262	14 447	2 487 329
Derivative financial instruments	1 657 192	53 980	60 624	59 000	111 150	231 563	72 296	2 245 805
– held for trading	1 401 140	—	—	—	—	—	—	1 401 140
– held for hedging risk	256 052	53 980	60 624	59 000	111 150	231 563	72 296	844 665
Other trading liabilities	326 189	—	—	—	—	—	—	326 189
Repurchase agreements and cash collateral on securities lent	300 769	357 535	82 554	1 930	178 251	39 405	101 894	1 062 338
Customer accounts (deposits)	14 388 643	2 760 284	6 023 899	4 502 436	3 128 094	4 026 100	252 760	35 082 216
Debt securities in issue	1 194	9 375	88 591	84 557	154 014	1 598 455	46 877	1 983 063
Liabilities arising on securitisation of own originated loans and advances	—	—	4 771	3 457	4 872	1 676	167 939	182 715
Liabilities arising on securitisation of other assets	—	—	2 348	2 178	4 256	31 307	85 503	125 592
Other liabilities ^{^*}	332 501	526 618	417 646	97 978	126 687	376 450	107 710	1 985 590
Subordinated liabilities	39	1 839	3 777	24 485	682 477	546 550	473 550	1 732 717
Total on-balance sheet liabilities	17 231 494	3 870 792	6 688 596	4 790 652	5 268 276	8 040 768	1 322 976	47 213 554
Contingent liabilities	182 476	31 293	27 827	130 047	332 682	608 079	104 661	1 417 065
Commitments	473 178	220 090	443 978	180 377	313 752	1 777 697	1 777 051	5 186 123
Total liabilities	17 887 148	4 122 175	7 160 401	5 101 076	5 914 710	10 426 544	3 204 688	53 816 742

[^] Restated as detailed in note 61.

^{*} Included within other liabilities are £840.8 million of non-financial instruments scoped out of IFRS 9.

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57. Principal subsidiaries, associated companies and joint venture holdings – Investec plc

At 31 March	Principal activity	Country of incorporation	Interest	
			2022	2021
Direct subsidiaries of Investec plc				
Investec 1 Limited	Investment holding	England and Wales	100.0%	100.0%
Indirect subsidiaries of Investec plc				
Investec Asset Finance PLC	Leasing	England and Wales	100.0%	100.0%
Investec Bank plc	Investment holding	England and Wales	100.0%	100.0%
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100.0%	100.0%
Investec Bank (Switzerland) AG	Banking institution and wealth manager	Switzerland	100.0%	100.0%
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100.0%	100.0%
Investec Holdings Australia Pty Limited	Holding company	Australia	100.0%	100.0%
Investec Investments (UK) Limited	Investment holding	England and Wales	100.0%	100.0%
Investec Europe Limited	MiFiD Firm	Ireland	100.0%	100.0%
Investec Securities (US) LLC	Financial services	USA	100.0%	100.0%
Investec Wealth & Investment Limited	Investment management services	England and Wales	100.0%	100.0%
Reichmans Geneva SA	Trading company	Switzerland	100.0%	100.0%

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

The subsidiaries listed above are only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements.

For more details on associated companies and joint venture holdings refer to note 31.



A complete list of subsidiary, associated undertakings and joint venture holdings as required by the Companies Act 2006 is included in note j to the Investec plc Company accounts on pages 151 to 156.

Consolidated structured entities

Investec plc has no equity interest in the following structured entities, which are consolidated. Typically, a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the Group has control over these structures include assessing the purpose and design of the entity and considering whether the Group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	Type of structured entity
Cavern Funding 2020 Plc	Securitised auto receivables
Landmark Mortgage Securities No 2 plc	Securitised residential mortgages
Tamarin Securities Limited	Structured debt and loan portfolios
Temese Funding 2 Plc	Securitised receivables
Yorker Trust	Structured debt and loan portfolios

For additional detail on the assets and liabilities arising on securitisation, refer to note 30.



For details of the risks to which the Group is exposed through all of its securitisations are included in the Investec Group's 2022 risk and governance report on pages 56 and 57.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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57. Principal subsidiaries, associated companies and joint venture holdings – Investec plc *continued*

The key assumptions for the main types of structured entities which the Group consolidates are summarised below:

Securitised residential mortgages

The Group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the Group's holdings of equity notes combined with its control over servicing activities. The Group is not required to fund any losses above those incurred on the notes it has retained; such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Structured debt and loan portfolios

The Group has structured debt and loan portfolios for the purpose of issuing asset-backed securities. These structured entities are consolidated due to the Group's retention of equity notes and because it continues to act as the collateral manager. The Group is not required to fund any losses above those incurred on the notes it has retained.

Securitised receivables

The Group has securitised portfolios of medium-term lease and hire purchase receivables. These structured entities are consolidated as the Group has retained the equity notes and control over servicing activities. The Group is not required to fund any losses above those incurred on the notes it has retained.

Other structured entities – commercial operations

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

The Group is not required to fund any losses above those which could be incurred on debt positions held or swaps which exist with these structured entities. The risks to which the Group is exposed from these structured entities are related to the underlying assets held in the structures. The total assets held in structured entities arising from commercial operations is £26 million (2021: £86 million).

Significant restrictions

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

These are considered below:

Regulatory requirements

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



Capital management within the Investec Group's 2022 risk and governance report on pages 84 to 92.

Statutory requirements

The Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits, and generally maintain solvency. These requirements restrict the ability of subsidiaries to remit dividends, except in the case of a legal capital reduction or liquidation.

Contractual requirements

Asset encumbrance – the Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks. Once encumbered, the assets are not available for transfer around the Group. The assets typically affected are disclosed in notes 30.

Structured associates

The Group has investments in a number of structured funds specialising in aircraft financing where the Group acts as adviser or fund manager in addition to holding units within the fund. As a consequence of these roles and funding, the Group has significant influence over the fund and therefore the funds are treated as associates.

The Group applies the venture capital exemption to these holdings and, as such, the investments in the funds are accounted for at fair value and held within the investment portfolio on the balance sheet.

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57. Principal subsidiaries, associated companies and joint venture holdings – Investec plc *continued*

Type of structured entity	Nature and purpose	Interest held by the Group/income earned
Aircraft investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees

The table below sets out an analysis of the carrying amounts of interests held by the Group in structured associate entities.

At 31 March 2022 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	15 297	Limited to the carrying value	Investment loss	1 782

At 31 March 2021 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	8 550	Limited to the carrying value	Investment loss	204

The table below describes the types of structured entities that the Group does not consolidate, but in which it holds an interest as originally set up. In making the assessment of whether to consolidate these structured entities, the Group has concluded that it does not have control after consideration in line with the accounting policies as set out on pages 47 to 59.

Type of structured entity	Nature and purpose	Interest held by the Group/income earned
Investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees
Residential mortgage securitisations	To generate a return for investors by providing exposure to residential mortgage risk	Investments in notes
	These vehicles are financed through the issue of notes to investors	

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57. Principal subsidiaries, associated companies and joint venture holdings – Investec plc *continued*

The table below sets out an analysis of the carrying amounts held by the Group in unconsolidated structured entities.

The maximum exposure to loss is the carrying amount of the assets held.

At 31 March 2022 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss of the Group	Total assets of the entity £'000	Income earned from structured entity	£'000
Investment funds	Investment portfolio	—	Limited to the carrying value	—	Investment loss	—
Residential mortgage securitisations	Other Debt Securities	—	Limited to the carrying value	—	Net interest expense	—
					Investment loss	
	Other loans and advances	—	Limited to the carrying value	—	Net interest expense	71

At 31 March 2021 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss of the Group	Total assets of the entity £'000	Income earned from structured entity	£'000
Investment funds	Investment portfolio	193	Limited to the carrying value	—	Investment loss	(61)
Residential mortgage securitisations	Other Debt Securities	—	Limited to the carrying value	—	Net interest expense	—
					Investment loss	—
	Other loans and advances	627	Limited to the carrying value	1 583	Net interest expense	—

Financial support provided to the unconsolidated structured entities

There are no contractual agreements which require the Group to provide any additional financial or non-financial support to these structured entities.

During the year, the Group has not provided any such support and does not have any current intentions to do so in the future.

Sponsoring

The Group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity.

Interests in structured entities which the Group has not set up

Purchased securitisation positions

The Group buys and sells interests in structured entities that it has not originated as part of its trading activities, for example, residential mortgage securities, commercial mortgage securities, loans to corporates and resecuritisations. In such cases the Group typically has no other involvement with the structured entity other than the securities it holds as part of its trading activities, and its maximum exposure to loss is restricted to the carrying value of the asset.

Details of the value of these interests is included on pages 56 and 57 of the Investec Group's 2022 risk and governance report.

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58. Principal subsidiaries, associated companies and joint venture holdings – Investec Limited

At 31 March	Principal activity	Country of incorporation	Interest	
			2022	2021
Material direct subsidiaries of Investec Limited				
Investec Bank Limited	Banking institution	South Africa	100.0%	100.0%
Investec Employee Benefits Holdings Proprietary Limited	Investment holding	South Africa	100.0%	100.0%
Investec Wealth and Investment International Proprietary Limited*	Registered stockbroker	South Africa	100.0%	100.0%
Investec Property Group Holdings Proprietary Limited	Investment holding	South Africa	100.0%	100.0%
Investec Investments Proprietary Limited	Investment company	South Africa	100.0%	100.0%
Investec Specialist Investments (RF) Limited	Investment holding	South Africa	100.0%	100.0%
Investec Markets Proprietary Limited	Stockbroking	South Africa	100.0%	100.0%
Investec Property Fund Limited	Engage in long-term immovable property investment	South Africa	24.3%	24.3%
Material indirect subsidiaries of Investec Limited				
Investec Bank (Mauritius) Limited	Banking institution	Mauritius	100.0%	100.0%
Investec Property Proprietary Limited	Property trading	South Africa	100.0%	100.0%
Investec Life Limited	Long-term insurance	South Africa	100.0%	100.0%

* Previously Investec Securities Proprietary Limited.

Details on associated companies and joint venture holdings refer to note 31.

The following subsidiary is not consolidated for regulatory purposes:

Investec Employee Benefits Holdings Proprietary Limited and its subsidiaries, including Investec Life Limited.

There are no subsidiaries which are consolidated for regulatory, but not for accounting purposes.

The Group considers that it has control over Investec Property Fund Limited as a result of the common directors with the holding Company, control over the management Company and the impact this has on the beneficial returns. Any change in the holding in Investec Property Fund Limited would require a reassessment of the facts and circumstances.

Consolidated structured entities

Investec Limited has residual economic interests in the following structured entities which are consolidated. Typically a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the Group has control over these structures include assessing the purpose and design of the entity, considering whether the Group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	Type of structured entity
Fox Street 1 (RF) Limited	Securitised residential mortgages
Fox Street 2 (RF) Limited	Securitised residential mortgages
Fox Street 3 (RF) Limited	Securitised residential mortgages
Fox Street 4 (RF) Limited	Securitised residential mortgages
Fox Street 5 (RF) Limited	Securitised residential mortgages
Fox Street 6 (RF) Limited	Securitised residential mortgages
Fox Street 7 (RF) Limited	Securitised residential mortgages
Integer Home Loans Proprietary Limited	Securitised third party originated residential mortgages
Grayston Drive Autos (RF) Limited	Securitised vehicle instalment sale agreements
Richefond Circle (RF) Limited	Securitised commercial mortgages

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58. Principal subsidiaries, associated companies and joint venture holdings – Investec Limited continued

The key assumptions for the main types of structured entities which the Group consolidates are summarised below:

Securitised residential mortgages

The Group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the Group's holdings of subordinated notes. The Group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Securitised third party originated residential mortgages

The Group has a senior and subordinated investment in a third party originated structured entity. This structured entity is consolidated due to the Group's exposure to residual economic benefits. The Group is not required to fund any losses above those incurred on the investments made.

Securitised vehicle instalment sale agreements

The Group has securitised vehicle instalment sale agreements in order to provide investors with exposure to vehicle instalment sale risk and to raise funding. The structured entity is consolidated due to the Group's holdings of subordinated notes. The Group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of instalment sale agreements as those assets have not been derecognised.

Securitised commercial mortgages

The Group has securitised commercial mortgages in order to provide investors with exposure to commercial mortgage risk and to raise funding. The relevant structured entity is consolidated due to the Group's holding of subordinated notes and a subordinated loan. The Group is not required to fund any losses above those incurred on the notes and subordinated loan it has retained, such losses are reflected in any impairment of securitised commercial mortgages as those assets have not been derecognised.

Interest in Wealth & Investment Funds

Management has concluded that the investment funds in the Wealth & Investment business do not meet the definition of structured entities as the Group does not hold material interests in these funds and currently does not provide financial support or other support. Support transactions with these funds are conventional customer-supply relationships.

For additional detail on the assets and liabilities arising on securitisation refer to note 30. For details of the risks to which the Group is exposed through all of its securitisations are included in the Investec Group's 2022 risk and governance report on pages 56 and 57.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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59. Offsetting

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on-balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
2022						
Assets						
Cash and balances at central banks	5 998 270	—	5 998 270	—	—	5 998 270
Loans and advances to banks	2 944 622	(392 561)	2 552 061	—	(45 950)	2 506 111
Non-sovereign and non-bank cash placements	684 983	—	684 983	—	—	684 983
Reverse repurchase agreements and cash collateral on securities borrowed	4 661 032	(51 254)	4 609 778	(252 892)	(15 538)	4 341 348
Sovereign debt securities	4 148 867	—	4 148 867	(92 519)	—	4 056 348
Bank debt securities	1 515 210	—	1 515 210	(70 573)	—	1 444 637
Other debt securities	1 229 287	—	1 229 287	(64 236)	—	1 165 051
Derivative financial instruments	1 923 624	(306 384)	1 617 240	(558 337)	(209 749)	849 154
Securities arising from trading activities	1 172 909	(489 580)	683 329	(54 768)	—	628 561
Investment portfolio	912 872	—	912 872	—	—	912 872
Loans and advances to customers	29 561 088	—	29 561 088	—	—	29 561 088
Own originated loans and advances to customers securitised	375 763	—	375 763	—	—	375 763
Other loans and advances	128 284	—	128 284	—	(5 930)	122 354
Other securitised assets	123 888	—	123 888	—	—	123 888
Other assets	2 068 615	—	2 068 615	—	—	2 068 615
	57 449 314	(1 239 779)	56 209 535	(1 093 325)	(277 167)	54 839 043
Liabilities						
Deposits by banks	3 384 941	(206 273)	3 178 668	—	(215 054)	2 963 614
Derivative financial instruments	3 029 975	(492 672)	2 537 303	(584 231)	(47 482)	1 905 590
Other trading liabilities	275 589	—	275 589	(38 287)	—	237 302
Repurchase agreements and cash collateral on securities lent	914 539	(51 254)	863 285	(385 514)	(4 348)	473 423
Customer accounts (deposits)	40 118 412	—	40 118 412	—	(10 233)	40 108 179
Debt securities in issue	2 043 640	—	2 043 640	(46 142)	(50)	1 997 448
Liabilities arising on securitisation of own originated loans and advances	238 370	—	238 370	—	—	238 370
Liabilities arising on securitisation of other assets	95 885	—	95 885	—	—	95 885
Other liabilities	2 805 421	(489 580)	2 315 841	—	—	2 315 841
Subordinated liabilities	1 316 191	—	1 316 191	—	—	1 316 191
	54 222 963	(1 239 779)	52 983 184	(1 054 174)	(277 167)	51 651 843

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

59. Offsetting continued

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on-balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
2021						
Assets						
Cash and balances at central banks	3 517 100	—	3 517 100	—	—	3 517 100
Loans and advances to banks^	3 190 314	(552 878)	2 637 436	(14 496)	(124 649)	2 498 291
Non-sovereign and non-bank cash placements	439 841	—	439 841	—	—	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	3 624 108	(48 395)	3 575 713	(283 710)	(43 280)	3 248 723
Sovereign debt securities	3 711 623	—	3 711 623	(691 286)	—	3 020 337
Bank debt securities	1 121 730	—	1 121 730	(73 588)	—	1 048 142
Other debt securities	1 364 235	—	1 364 235	(138 898)	—	1 225 337
Derivative financial instruments	1 940 113	(225 370)	1 714 743	(798 661)	(144 900)	771 182
Securities arising from trading activities	1 501 869	(477 198)	1 024 671	(114 091)	—	910 580
Investment portfolio	909 050	—	909 050	—	—	909 050
Loans and advances to customers	26 189 978	(148 891)	26 041 087	—	—	26 041 087
Own originated loans and advances to customers securitised	401 912	—	401 912	—	—	401 912
Other loans and advances	102 135	—	102 135	—	(4 628)	97 507
Other securitised assets	140 087	—	140 087	—	—	140 087
Other assets	2 165 438	—	2 165 438	—	—	2 165 438
	50 319 533	(1 452 732)	48 866 801	(2 114 730)	(317 457)	46 434 614
Liabilities						
Deposits by banks	2 482 561	(78 849)	2 403 712	—	(219 440)	2 184 272
Derivative financial instruments	2 889 886	(699 399)	2 190 487	(1 031 253)	(63 783)	1 095 451
Other trading liabilities	326 189	—	326 189	(25 830)	—	300 359
Repurchase agreements and cash collateral on securities lent	1 051 707	(48 395)	1 003 312	(854 233)	(4 551)	144 528
Customer accounts (deposits)	34 598 321	(148 891)	34 449 430	—	(29 336)	34 420 094
Debt securities in issue	1 892 319	—	1 892 319	(118 690)	(347)	1 773 282
Liabilities arising on securitisation of own originated loans and advances	160 646	—	160 646	—	—	160 646
Liabilities arising on securitisation of other assets	108 281	—	108 281	—	—	108 281
Other liabilities^	2 428 320	(477 198)	1 951 122	—	—	1 951 122
Subordinated liabilities	1 480 951	—	1 480 951	—	—	1 480 951
	47 419 181	(1 452 732)	45 966 449	(2 030 006)	(317 457)	43 618 986

[^] Restated as detailed in note 61.

* The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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60. Derecognition

Transfers of financial assets that do not result in derecognition

The Group has been party to securitisation transactions whereby assets continue to be recognised on-balance sheet (either fully or partially) although they have been subject to legal transfer to another entity. Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. The associated liabilities represent the amount of external notes in issue.

	2022		2021	
	Carrying amount of assets that are continued to be recognised	Carrying amount of associated liabilities	Carrying amount of assets that are continued to be recognised	Carrying amount of associated liabilities
At 31 March				
£'000				
No derecognition achieved				
Loans and advances to customers	730 310	—	648 612	—
Loans and advances to banks	53 192	—	113 864	—
	783 502	—	762 476	—

The transferred assets above in both the current and prior year are held within structured entities which are wholly-owned and consolidated by the Group. There are no external parties participating in these vehicles and therefore the Group continues to have full exposure to the risks and rewards associated with the assets and the associated liabilities are eliminated on consolidation. There are no restrictions or limitations on the Group's recourse to the assets held within the structured entities.

For transfer of assets in relation to repurchase agreements see note 22.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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61. Restatements

Balance sheet restatements

Loans and advances to banks and other liabilities

As at 31 March 2021, there was a gross up on-balance sheet in loans and advances to banks and other liabilities as a result of client funds being recorded on-balance sheet. The prior year balance sheet has been restated to correct the gross up previously reported. This change has no impact on the Income Statement.

The impact of this change on the 31 March 2021 balance sheet is:

£'000	At 31 March 2021 as previously reported	Restatement	At 31 March 2021 restated
Assets			
Loans and advances to banks	2 699 317	(61 881)	2 637 436
Total assets	51 512 354	(61 881)	51 450 473
Liabilities			
Other liabilities	2 013 003	(61 881)	1 951 122
Total liabilities	46 199 858	(61 881)	46 137 977

As at 31 March 2020, the gross up on-balance sheet in loans and advances to banks and other liabilities as a result of client funds being recorded on-balance sheet was £13.1 million.

The impact of this change on the 31 March 2021 cash flow statement is:

£'000	Year to 31 March 2021 as previously reported	Restatement	Year to 31 March 2021 restated
Net cash outflow from operating activities	(557 837)	(61 881)	(619 718)
Cash and cash equivalents at the end of the year	6 551 511	(61 881)	6 489 630

62. Events after the reporting date

On 31 May 2022, a distribution of 138.4 million Ninety One shares (representing a 15% shareholding in Ninety One DLC) was successfully completed. The total value of the distribution of the 15% shareholding was £315.3 million. Considering the equity accounted carrying value of the 25% investment in Ninety One DLC at 31 March 2022 of £382.6 million and the total market value of the 25% stake as at 30 May 2022 of £527.8 million, a gain of approximately £145.2 million (pre-tax) would be recognised in profit and loss as a result of the distribution. This gain will be adjusted by the equity accounted earnings between 1 April 2022 and 30 May 2022 when that information is available. The remaining shareholding in Ninety One will be accounted for at fair value through other comprehensive income from 31 May 2022.

The distribution was classified as a non-adjusting event after the reporting date as defined by IAS 10 Events after the Reporting Period.

63. Investec Limited parent company accounts

For regulatory compliance purposes the Investec Limited parent Company accounts are presented in the Investec Limited Annual Financial Statements and audited by EY Inc and KPMG Inc as statutory auditors.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

Balance sheet

At 31 March 2022 £'000	Notes	2022	2021
Assets			
Fixed assets			
Investments in subsidiary undertakings	b	1 701 774	1 701 774
Securities and subordinated liabilities issued by subsidiary undertaking	c	599 967	250 000
		2 301 741	1 951 774
Current assets			
Investments in listed equities		355 801	358 341
Amounts owed by Group undertakings		523 320	517 696
Taxation		15 006	11 790
Deferred tax assets		—	900
Prepayments and accrued income		1 471	1 035
Cash at bank and in hand			
– with subsidiary undertakings		261 089	136 264
– balances with other banks		578	520
		1 157 265	1 026 546
Current liabilities			
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings		—	6 244
Other liabilities		3 748	5 467
Accruals and deferred income		10 533	8 513
		1 142 984	1 006 322
Net current assets			
Creditors: amounts falling due after one year			
Debt securities in issue	d	537 215	418 980
Subordinated liabilities	e	349 967	—
		2 557 543	2 539 116
Net assets			
Capital and reserves			
Ordinary share capital	h	202	202
Ordinary share premium	h	806 812	806 812
Capital reserve	h	180 606	180 606
Fair value reserve		159 661	136 798
Retained earnings	h	1 135 468	1 139 904
		2 282 749	2 264 322
Ordinary shareholders' equity			
Perpetual preference share capital and premium	h	24 794	24 794
		2 307 543	2 289 116
Shareholders' equity excluding non-controlling interests			
Other Additional Tier 1 securities in issue	h	250 000	250 000
		2 557 543	2 539 116
Total capital and reserves			
		2 557 543	2 539 116

The notes on pages 149 to 156 form an integral part of the financial statements.

The Company's profit for the year, determined in accordance with the Companies Act 2006, was £76 115 356 (2021: £15 284 317). Approved and authorised for issue by the Board of Directors on 22 June 2022 and signed on its behalf by:



Fani Titi

Chief Executive

22 June 2022

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

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Statement of changes in shareholders' equity

£'000	Ordinary share capital	Ordinary Share premium	Capital reserve	Fair value reserve	Retained earnings	Ordinary shareholders' equity	Perpetual preference share capital and premium	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Total equity
At 31 March 2020	202	806 812	180 606	37 515	1 159 109	2 184 244	24 794	2 209 038	250 000	2 459 038
Total comprehensive income	—	—	—	99 283	16 119	115 402	—	115 402	—	115 402
Dividends paid to preference shareholders	—	—	—	—	(437)	(437)	—	(437)	—	(437)
Dividends paid to ordinary shareholders	—	—	—	—	(18 007)	(18 007)	—	(18 007)	—	(18 007)
Dividends declared to other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
At 31 March 2021	202	806 812	180 606	136 798	1 139 904	2 264 322	24 794	2 289 116	250 000	2 539 116
Total comprehensive income	—	—	—	22 863	76 107	98 970	—	98 970	—	98 970
Dividends paid to preference shareholders	—	—	—	—	(347)	(347)	—	(347)	—	(347)
Dividends paid to ordinary shareholders	—	—	—	—	(63 316)	(63 316)	—	(63 316)	—	(63 316)
Dividends declared to other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
At 31 March 2022	202	806 812	180 606	159 661	1 135 468	2 282 749	24 794	2 307 543	250 000	2 557 543

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

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a. Basis of preparation

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

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

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

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments,

capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

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

Foreign currencies

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

Investments

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

Equity securities measured at fair value with fair value movements presented in other comprehensive income

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

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

Income

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

Taxation

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

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

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

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

a. Basis of preparation *continued*

- Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised
- Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Company's own profit and loss account

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

b. Investments in subsidiary undertakings

At 31 March		
£'000	2022	2021
At the beginning of the year	1 701 774	1 701 774
Additions	—	—
Disposals	—	—
At the end of the year	1 701 774	1 701 774

c. Securities issued by subsidiary undertaking

On 16 October 2017, the Company acquired £200 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities ('AT1 securities') issued by Investec Bank plc. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment date, Investec Bank plc can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and the Company will lose their entire investment in the securities should the Common Equity Tier 1 capital ratio of the Investec Bank plc Group as defined in the PRA's rules fall below 7%. The AT1 securities are redeemable at the option of Investec Bank plc on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA. On 22 January 2019, the Company acquired a further £50m of AT1 securities issued by Investec Bank plc.

d. Debt securities in issue

On 5 May 2015, the Company issued £300 million 4.50% Senior Unsecured Notes from its European Medium Term Note programme ('EMTN'). The notes mature on 5 May 2022 and pay interest at a fixed rate annually in arrears. On 7 August 2017 the Company issued a further £100 million of the 4.5% Senior Unsecured Notes due 2022, at a premium of 108.479%, which has been consolidated with and form a single series with the existing notes.

Financial assets

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

Financial liabilities

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

e. Subordinated liabilities

On 4 October 2021, Investec plc issued £350 000 000 of 2.625% subordinated notes due 2032 at a discount (2032 Notes). Interest, after the initial short period distribution paid on 4 January 2022, is paid annually commencing on 4 January 2023 and ending on the maturity date. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 4 January 2032. The issuer may redeem the notes at par on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions.

f. Audit fees

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

g. Dividends

Details of the Company's dividends are set out in note 12 of the Group financial statements.

h. Share capital

Details of the Company's ordinary share capital are set out in note 44 of the Group financial statements. Details of the perpetual preference shares are set out in note 45 of the Group financial statements. Details of the Additional Tier 1 securities are set out in note 48 of the Group financial statements.

i. Audit opinion

The audit opinion on the financial statements of the Investec plc parent Company is included within the independent auditor's report to the members of Investec plc within the combined consolidated Investec annual financial statements of Investec plc and Investec Limited for the year ended 31 March 2022.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

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j. Subsidiaries

At 31 March 2022	Principal activity	Interest held
United Kingdom		
Registered office: 30 Gresham Street, London, EC2V 7QP, UK		
Investec 1 Limited*	Investment holding company	100%
Investec Holding Company Limited*	Investment holding company	100%
Investec (UK) Limited	Holding company	100%
Guinness Mahon Group Limited	Holding company	100%
Investec Bank plc	Banking institution	100%
PIF Investments Limited	Dormant	100%
Beeson Gregory Index Nominees Limited	Dormant	100%
EVO Nominees Limited	Dormant	100%
Evolution Securities Nominees Limited	Dormant	100%
IEC UK Investment Management Limited	Leasing company	100%
Investec Finance Limited	Debt issuance	100%
Investec Group Investments (UK) Limited	Investment holding company	100%
Investec Capital Solutions Limited	Lending company	100%
Diagonal Nominees Limited	Nominee	100%
F&K SPF Limited	Property company	100%
GFT Holdings Limited	Holding company	100%
Investec Investment Trust plc	Debt issuer	100%
Investec Investments (UK) Limited	Investment holding company	100%
Inv-German Retail Ltd	Property company	100%
Investec Securities Limited	Investment holding company	100%
Technology Nominees Limited	Nominee	100%
Torteval LM Limited	Investment holding company	100%
Torteval Funding LLP	Financing company	100%
Nars Holdings Limited	Holding company	100%
Tudor Tree Properties Limited	Property company	100%
Willbro Nominees Limited	Nominee	100%
Evolution Capital Investment Limited	Investment holding company	100%

* Directly owned by Investec plc.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

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j. Subsidiaries *continued*

At 31 March 2022	Principal activity	Interest held
Investec Investments Limited	Investment holding Company	100%
PSV Marine Limited	Shipping holding Company	100%
PSV Anjali Limited	Shipping holding Company	100%
PSV Randeep Limited	Shipping holding Company	100%
Investec India Holdco Limited	Investment holding Company	84%
Investec Alternative Investment Management Limited	Fund management activities	100%
Investec Capitalmind Investment Ltd	Non-trading Company	100%
Registered office: 30 Gresham Street, London EC2V 7QN, UK		
Investec Wealth & Investment Limited	Investment management services	100%
Anston Trustees Limited	Non-trading	100%
Bell Nominees Limited	Non-trading	100%
Carr Investment Services Nominees Limited	Non-trading	100%
Carr PEP Nominees Limited	Non-trading	100%
Click Nominees Limited	Non-trading	100%
Ferlim Nominees Limited	Nominee services	100%
Investec Wealth & Investment Trustees Limited	Trustee services	100%
Investment Administration Nominees Limited	Non-trading	100%
PEP Services (Nominees) Limited	Non-trading	100%
R & R Nominees Limited	Non-trading	100%
Rensburg Client Nominees Limited	Nominee services	100%
Scarwood Nominees Limited	Non-trading	100%
Spring Nominees Limited	Non-trading	100%
Tudor Nominees Limited	Non-trading	100%
Registered office: Reading International Business Park, Reading, RG2 6AA, UK		
Mann Island Finance Limited	Leasing Company	100%
CF Corporate Finance Limited	Leasing Company	100%
MI Vehicle Finance Limited	Leasing Company	100%
Quantum Funding Limited	Leasing Company	100%
Investec Asset Finance plc	Leasing Company	100%
Australia		
Registered office: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000, Australia		
Investec Holdings Australia Pty Limited	Holding Company	100%
Investec Australia Property Investments Pty Limited	Holding Company for property investment	100%
Investec Australia Finance Pty Limited	Lending Company	100%
Investec Australia Pty Limited	Financial services	100%
Bowden (Lot 32) Direct Pty Limited	Development Company	100%
Investec Australia Funds Management Pty Limited	Aviation trustee Company	100%
Investec (Australia) Investment Management Pty Limited	Aviation fund Company	100%
IWPE Nominees Pty Limited	Custodian	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

j. Subsidiaries *continued*

At 31 March 2022	Principal activity	Interest held
British Virgin Islands		
Registered office: Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands		
Finistere Directors Limited	Corporate director	100%
GFT Directors Limited	Corporate director	100%
Registered office: Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands		
Fertile Sino Global Development Limited	Holding company	100%
France		
Registered office: 27 Rue Maurice Flandin – 69003 Lyon Cedex 03, France		
SCI CAP Philippe	Property Company	100%
Guernsey		
Registered office: Gategny Court, Gategny Esplanade, St. Peter Port, GY1 1WR, Guernsey, Channel Islands		
Investec Wealth & Investment (Channel Islands) Limited	Investment management services	100%
Torch Nominees Limited	Nominee	100%
Registered office: Gategny Court, Gategny Esplanade, St. Peter Port, GY1 3LP, Guernsey, Channel Islands		
Investec Bank (Channel Islands) Limited	Banking institution	100%
Investec Bank (Channel Islands) Nominees Limited	Nominee	100%
Registered office: PO Box 290, Gategny Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3RP, Channel Islands		
Hero Nominees Limited	Nominee	100%
Bayeux Limited	Corporate director	100%
Finistere Limited	Corporate nominee	100%
Finistere Secretaries Limited	Corporate secretary	100%
ITG Limited	Corporate director	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

j. Subsidiaries continued

At 31 March 2022	Principal activity	Interest held
Registered office: P.O. Box 188, Glatigny Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3LP, Channel Islands Investec Asset Finance (Channel Islands) Limited	Leasing company	100%
Registered office: Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH, Channel Islands Investec Captive Insurance Limited	Captive insurance company	100%
Jersey Registered office: 2nd Floor One The Splanade, St Helier, Channel Islands, Jersey, JE2 3QA Appleton Resources (Jersey) Limited	Holding company	100%
Hong Kong Registered office: Suites 3901-3908, 39/F, Jardine House, 1 Connaught Place, Central, Hong Kong Investec Capital Markets Limited	Investment banking	100%
India Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India Investec Credit Finance Private Limited Investec Global Services (India) Private Limited	Lending platform ITES Outsourcing	99% 100%
Ireland Registered office: The Harcourt Building, Harcourt Street, Dublin 2, Ireland Aksala Limited Investec Holdings (Ireland) Limited Investec Ireland Limited Investec International Limited Neontar Limited Investec Securities Holdings Ireland Limited Investec Private Finance Ireland Limited Investec Ventures Ireland Limited Venture Fund Private Principals Limited Investec Europe Limited	Property company Holding company Financial services Aircraft leasing Holding company Holding company Retail credit firm Investment Management Services Investment Services MiFiD firm	100% 100% 100% 100% 100% 100% 100% 100% 100% 100%
Luxembourg Registered office: 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg Investec Finance SARL	Dormant	100%
Singapore Registered office: 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 Investec Singapore Pte Limited	Securities services	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

j. Subsidiaries *continued*

At 31 March 2022	Principal activity	Interest held
Switzerland		
Registered office: 23 Avenue de France, CH – 1202, Geneva, Switzerland		
Reichmans Geneva SA	Trading company	100%
Registered offices: Löwenstrasse 29, CH-8001 Zurich, Switzerland		
Investec Bank (Switzerland) AG	Banking institution and wealth manager	100%
United States of America		
Registered office: 10 E. 53rd St., 22nd floor, New York, NY 10022, USA		
US Multifamily GP LLC	Investment holding company	100%
Investec USA Holdings Corporation Inc	Holding company	100%
Investec Inc	Investment holding company	100%
Fuel Cell IP 1 LLC Investment	Investment holding company	100%
Fuel Cell IP 2 LLC Investment	Investment holding company	100%
Investec Securities (US) LLC	Financial services	100%
Registered office: One Carbon Center-Suite 501, McCorkle Ave. SE, Chesapeake, WV 25315		
13905		
Appleton Coal LLC	Investment holding company	100%
Carbon Resources Development Inc	Mining company	100%
Maben Coal LLC	Investment holding company	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

CONTINUED

j. Subsidiaries *continued*

Associates and joint ventures holdings

At 31 March 2022	Principal activity	Interest held
Australia Registered office: Point Cook Road, Point Cook, Victoria, Australia Point Cook (Trust Project No 9)	Property development	50%
British Virgin Islands Registered office: Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands imarkets (Holdings) Limited	Online trading platform	33%
Luxembourg Registered office: 19, Rue Eugene Ruppert, L-2453 Luxembourg Grovepoint S.a.r.l.	Investment and advisory	42%
India Registered office: 32/1. 14th Cross, 9th Main, 6th Sector H.S.R. Layout, Bangalore, Karnataka 560102, India JSM Advisers Private Limited	Fund management	55%
Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai-400051 Investec Capital Services (India) Private Limited	Merchant Banking & Stock Broking	80.3%
France Registered Office: 151 Boulevard Haussman, 75008 Paris, France Capitalmind SAS	Advisory services	30%
Germany Registered Office: Sonnenberger Strabe 16, 65193 Wiesbaden Capitalmind GmbH	Advisory services	30%
Netherlands Registered Office: Reitschweg 49, 5232BX's-Hertogenbosch, the Netherlands Capitalmind Partner B.V.	Advisory services	30%
Hong Kong Registered office: Suites 3901-3908, 39/F, Jardine House, 1 Connaught Place, Central, Hong Kong Templewater Hong Kong Limited	Investment banking	50%

Annexures



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ALTERNATIVE PERFORMANCE MEASURES



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

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro-forma financial information. The pro-forma financial information is the responsibility of the Board of Directors and is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, and results in operations or cash flows. External auditors Ernst & Young Inc. performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

Adjusted earnings attributable to ordinary shareholders	Earnings attributable to shareholders adjusted to remove goodwill, acquired intangibles, strategic actions, and earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders. Refer to note 11 on page 81 for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders
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Adjusted earnings per share	Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. Refer to note 11 on page 81 for calculation
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Adjusted operating profit	Refer to the calculation in the table below:
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£'000	31 March 2022	31 March 2021
Operating profit before goodwill, acquired intangibles and strategic actions	727 579	377 110
Less: Profit attributable to other non-controlling interests	(40 170)	472
Adjusted operating profit	687 409	377 582

Adjusted operating profit per employee	Adjusted operating profit divided by average total employees including permanent and temporary employees. Refer to calculation on page 58 of the Investec Group's 2022 year-end results booklet
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Annuity income	Net interest income (refer to note 2 page 69 and 70) plus net annuity fees and commissions (refer to note 3 on page 71)
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Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans
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ALTERNATIVE PERFORMANCE MEASURES

CONTINUED

	UK and Other		Southern Africa		Total Group	
£'million	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Loans and advances to customers per the balance sheet	14 426	12 336	15 135	13 705	29 561	26 041
Add: own originated loans and advances to customers per the balance sheet	—	—	376	402	376	402
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(3)	(5)	—	—	(3)	(5)
Net core loans	14 423	12 331	15 511	14 107	29 934	26 438
of which subject to ECL*	13 814	11 819	15 431	14 030	29 245	25 849
Net core loans at amortised cost and FVOCI	13 814	11 819	14 431	12 935	28 245	24 754
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	1 000	1 095	1 000	1 095
of which FVPL (excluding fixed rate loans above)	609	512	80	77	689	589
Add: ECL	134	170	140	134	274	304
Gross core loans	14 557	12 501	15 651	14 241	30 208	26 742
of which subject to ECL*	13 948	11 989	15 571	14 164	29 519	26 153
of which FVPL (excluding fixed rate loans above)	609	512	80	77	689	589

^ Fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (£1.0 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: £1.1 billion). The ECL on the portfolio is £3.9 million (31 March 2021: £5.2 million).

Core loans to equity ratio

Net core loans divided by total shareholders' equity per the balance sheet

Cost to income ratio

Refer to calculation in the table below:

£'000	31 March 2022	31 March 2021
Operating costs (A)	1 233 948	1 164 513
Total operating income before expected credit losses	1 990 355	1 641 061
Less: Profit/loss attributable to other non-controlling interests	(40 170)	472
Total (B)	1 950 185	1 641 533
Cost to income ratio (A/B)	63.3%	70.9%

ALTERNATIVE PERFORMANCE MEASURES

CONTINUED

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	Annualised ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Dividend payout ratio	Ordinary dividend per share divided by adjusted earnings per share
Gearing ratio	Total assets excluding assurance assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net tangible asset value per share	→ Refer to calculation on page 59 of the Investec Group's 2022 year-end results booklet.
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets. → Refer to calculation on pages 69 and 70
Return on average ordinary shareholders' equity (ROE)	Adjusted earnings attributable to ordinary shareholders divided by average ordinary shareholders' equity → Refer to calculation on pages 60 to 63 of the Investec Group's 2022 year-end results booklet
Return on average tangible ordinary shareholders' equity	Adjusted earnings attributable to ordinary shareholders divided by average tangible ordinary shareholders' equity → Refer to calculation on pages 60 to 63 of the Investec Group's 2022 year-end results booklet
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pound Sterling)
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

DEFINITIONS

Cash and near cash

Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.

Refer to page 81 for the calculation of diluted earnings per share.

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.

Refer to page 81 for the calculation of earnings per share.

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit before goodwill and acquired intangibles and excluding share of post-taxation profit of associates and joint venture holdings.

Headline earnings per share

Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants. Headline earnings per share calculated by dividing the Group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to page 81 for the calculation of headline earnings per share.

Interest-bearing liabilities

Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), subordinated liabilities, liabilities arising on securitisation of own originated loans and advances, and finance lease liabilities. Refer to page 69 for calculation.

Interest-earning assets

Cash and near cash, bank debt securities, sovereign debt securities, core loans, other debt securities, other loans and advances, other securitised assets, and finance lease receivables. Refer to page 69 for calculation.

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) excluding treasury shares, multiplied by the closing share price of Investec plc on the London Stock Exchange.

Ninety One and Ninety One Group

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

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of Group restructures.

Subject to ECL

Includes financial assets held at amortised cost and FVOCI as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis.

Total Group

Total Group represents the Group's results including the results of discontinued operations in the prior period.

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the Group less treasury shares. Refer to calculation on page 81.

GLOSSARY

AFS	Available for sale	GDP	Gross Domestic Product
AGM	Annual general meeting	GFSC	Guernsey Financial Services Commission
ALCO	Asset and Liability Committee	GM	Guinness Mahon
ANC	African National Congress	HNW	High net worth
AT1	Additional Tier 1	IAM	Investec Asset Management
BCBS	Basel Committee of Banking Supervision	IASB	International Accounting Standards Board
BIS	Bank for International Settlements	IASs	International Accounting Standards
BoE	Bank of England	IBL	Investec Bank Limited
BOM	Bank of Mauritius	IBL BRCC	IBL Board Risk and Capital Committee
BSE	Botswana Stock Exchange	IBL ERC	IBL Executive Risk Committee
CA	Chartered Accountant	IBP	Investec Bank plc
CDO	Collateralised debt obligation	IBP BRCC	IBP Board Risk and Capital Committee
CEO	Chief Executive Officer	IBP ERC	IBP Executive Risk Committee
CET1	Common Equity Tier 1	IFRS	International Financial Reporting Standard
CFO	Chief Financial Officer	ISAs (UK)	International Standards on Auditing (UK)
CLF	Committed liquidity facility	JSE	Johannesburg Stock Exchange
CLO	Collateralised loan obligation	LCR	Liquidity Coverage Ratio
CMD	Capital Markets Day	LGD	Loss given default
CMI	Continuous Mortality Investigation	LIBOR	London Inter-Bank Offered Rate
COO	Chief Operating Officer	LSE	London Stock Exchange
CPI	Consumer Price Index	MD	Managing Director
CPR	Conditional prepayment rate	MiFID	Markets in Financial Instruments Directive
CRDIV (BASEL III)	Capital Requirements Directive IV	NCI	Non-controlling interests
CRO	Chief Risk Officer	NSFR	Net Stable Funding Ratio
CVA	Credit value adjustment	NSX	Namibian Stock Exchange
DCF	Discounted cash flow	OCI	Other comprehensive income
DLC	Dual listed Company	OECD	Organisation for Economic Co-operation and Development
DLC BRCC	DLC Board Risk and Capital Committee	OTC	Over the counter
DLC Nomdac	DLC Nominations and Directors Affairs Committee	PACCC	Prudential Assurance Conduct and Controls Committee
DLC Remco	DLC Remuneration Committee	PCCC	Prudential Conduct and Controls Committee
DLC SEC	DLC Social and Ethics Committee	PD	Probability of default
EAD	Exposure at default	Policy ERRF	Policy Executive Risk Review Forum
EBA	European Banking Authority	PRA	Prudential Regulation Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation	PRASA	Passenger Rail Agency of South Africa
ECB	European Central Bank	ROE	Return on equity
ECL	Expected credit losses	ROU	Right use of asset
EPS	Earnings per share	RPI	Retail Price Index
ESG	Environmental, social and governance	S&P	Standard & Poor's
ERV	Expected rental value	SARS	South African Revenue Service
ESMA	European Securities and Markets Authority	SDGs	Sustainable Development Goals
EU	European Union	SME	Small and Medium-sized Enterprises
FCA	Financial Conduct Authority	SMMEs	Small, Medium & Micro Enterprises
FINMA	Swiss Financial Market Supervisory Authority	South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
FIRB	Foundation Internal Ratings-Based	SOE	State-Owned Enterprise
FRC	Financial Reporting Council	SPPI	Solely payments of principal and interest
FSB	Financial Services Board	UKLA	United Kingdom Listing Authority
FSC	Financial Sector Code	W&I	Wealth & Investment
FSCS	Financial Services Compensation Scheme	WACC	Weighted average cost of capital
FUM	Funds under management	YES	Youth Employment Service
FVOCI	Fair value through other comprehensive income		
FVPL	Fair value through profit and loss		

CORPORATE INFORMATION

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www.investec.com

Registration number

Investec plc
 Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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 Ernst & Young Inc.

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 Marshalltown 2107
 Telephone (27) 11 370 5000

Directorate as at 22 June 2022**Executive directors**

Fani Titi (Chief Executive)
 Nishlan Samujh (Group Finance Director)
 Richard Wainwright (Executive Director)
 Ciaran Whelan (Executive Director)

Non-executive directors

Philip Hourquebie (Chair)
 Zarina Bassa (Senior Independent Director)
 Henrietta Baldock
 David Friedland
 Stephen Koseff
 Nicky Newton-King
 Jasandra Nyker
 Vanessa Olver
 Philisiwe Sibiya
 Khumo Shuenyane
 Brian Stevenson

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