Investec

OUT OF THE ORDINARY

Creating enduring worth

Investec annual report 2023

Investec Group 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 2023 sustainability report which is published and available on our website: www.investec.com

Reporting standard

Denotes our consideration of a reporting standard.

CONTENTS

01	Annual financial statements	Directors' responsibilities	4
		DLC Audit Committee report	6
		Independent auditor's report to the members of Investec plc	21
		Independent auditor's report to the members of Investec Limited	34
		Combined consolidated income statement	41
		Combined consolidated statement of total comprehensive income	42
		Combined consolidated balance sheet	43
		Combined consolidated statement of changes in equity	44
		Combined consolidated cash flow statement	48
		Accounting policies	49
		Notes to the annual financial statements	62
		Investec plc parent Company – Balance sheet	152
		Investec plc parent Company – Statement of changes in shareholders' equity	153
		Notes to Investec plc parent Company	154
02	Annexures	Alternative performance measures	165
		Definitions	167
		Glossary	168
		Corporate information	170

Annual financial statements

01

IN THIS SECTION

4 Directors' responsibilities

6 DLC Audit Committee report

21 Independent auditor's report to the members of Investec plc

34 Independent auditor's report to the members of Investec Limited

41 Combined consolidated income statement

42 Combined consolidated statement of total comprehensive income

43 Combined consolidated balance sheet

44 Combined consolidated statement of changes in equity

48 Combined consolidated cash flow statement

49 Accounting policies

62 Notes to the annual financial statements

152 Investec plc parent Company – Balance sheet

153 Investec plc parent Company – Statement of changes in shareholders' equity

154 Notes to Investec plc parent Company

DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 21 to 40, 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 those laws the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). At 31 March 2023, UK adopted IAS are identical in all material respects to current IFRS applicable to the Group, with differences only in the effective dates of certain standards. The parent Company financial statements have been prepared in accordance with Section 408 of the UK Companies Act 2006. Under Company law the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.
Under the Financial Conduct Authority's (FCA's) Disclosure Guidance and Transparency Rules (DTR), Group financial statements are required to be prepared in accordance with UK adopted international accounting standards and with IFRS as issued by the IASB.

In preparing the financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the UK Companies Act 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 127 to 131 of Investec Group's 2023 integrated and strategic annual report, confirm to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards and with IFRS as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company 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 2023 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
- That they consider that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

DIRECTORS RESPONSIBILITIES
CONTINUED

Chief Executive and Group Finance Director responsibility statement

"Each of the directors, whose names are stated below, hereby confirm that-

- the annual financial statements set out on pages 41 to 151, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, 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;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies"; and
- We are not aware of any fraud involving directors.

Signed by the CEO and the Financial Director

Fani Titi
Chief Executive
27 June 2023

Nishlan Samujh
Group Finance Director
27 June 2023

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 2023.

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 145 to 153 in Investec Group's 2023 integrated and strategic annual report, and pages 41 to 151 of the Investec Group's 2023 annual financial statements, respectively were approved by the Board of Directors on 27 June 2023.

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
27 June 2023

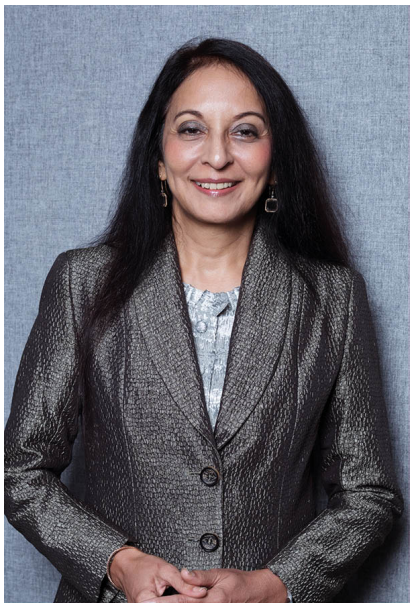
Fani Titi
Chief Executive
27 June 2023

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 2023, 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
27 June 2023

DLC AUDIT COMMITTEE REPORT



Robust challenge, integrity and effective governance are the pillars of a successful organisation.

Zarina Bassa
Chair of DLC Audit Committee

Introduction

I am pleased to present the DLC Audit Committee (the Committee) report for the financial year ended 31 March 2023 which provides details on how we accomplished our statutory obligations, as well as the Key Audit Matters (KAMs) we considered.

The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2022/23 annual report and financial statements.

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 and ensuring the integrity of the Group's financial reporting process, and satisfying itself that 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 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
- Managing the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of Risk Management including Operational Risk, Legal, Regulatory Compliance, internal audit, external audit and other assurance providers.

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

Committee composition, skills, experience and operation

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

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

David Friedland stepped down as a member of the Committee on retiring 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.

As I will be reaching my nine year tenure on 1 November 2023 I will be stepping down as Chair of the Committee at the August 2024 AGM. The DLC Nomdac will further embark on a process to appoint an additional member and new Chair of the Committee.

Further details of the experience of the members can be found in their biographies on pages 127 to 131 of the Investec Group's 2023 integrated and strategic report.

DLC AUDIT COMMITTEE REPORT
CONTINUED

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 Tax and business unit heads, are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the Group.

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

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

Members	Meetings attended / Eligible to attend
Zarina Bassa (Chair)	7/7
David Friedland[1]	2/2
Vanessa Olver[2]	5/5
Philisiwe Sibiya	7/7

1. David Friedland stepped down as a member of the Committee effective 4 August 2022.
2. Vanessa Olver was appointed as a member of the Committee effective 18 May 2022.

Structure of the Investec Group Audit Committees

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

The Investec plc Board, 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 Chair is also the Chair of the following Audit Committees:

- Investec plc
- Investec Limited
- Investec Bank Limited
- Investec Bank Mauritius (IBM)
- Investec Wealth and Investments International.

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 Operational Risk Committee

The Investec Limited Operational Risk Committee is mandated by the DLC BRCC to review, challenge and report matters related to operational risk, as well as to approve and recommend operational risk policies including issues relating to non-compliance. The detailed Operational Risk reports are tabled at the DLC BRCC but the head of Operational Risk is a standard attendee at the INL and DLC Audit Committee meetings to highlight areas of concern, if any, pertaining to the internal control environment.

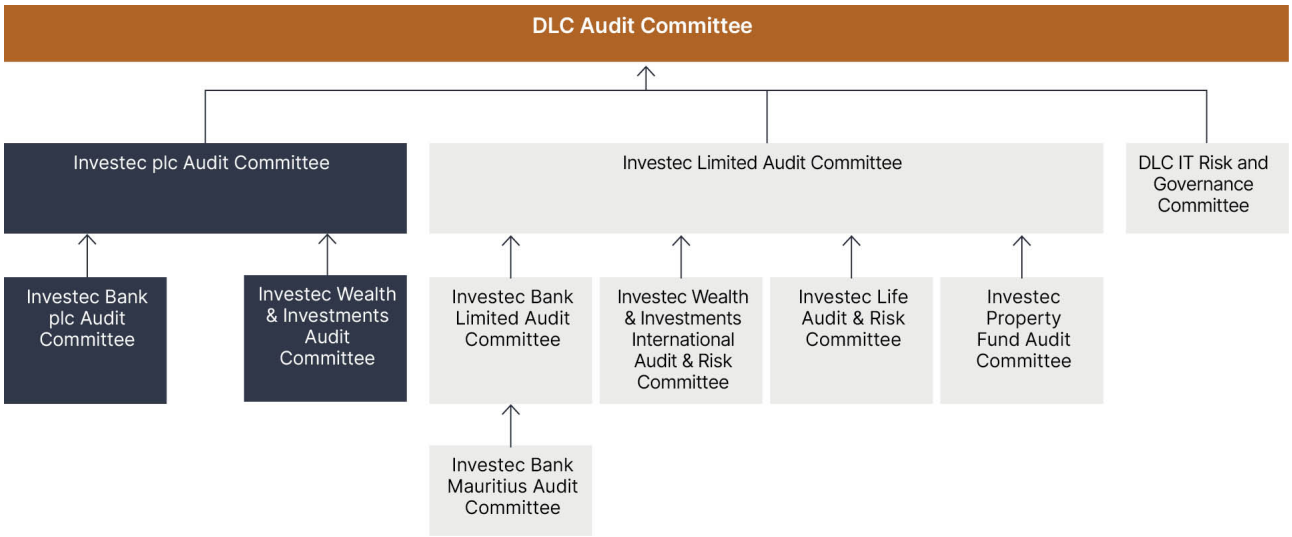
The DLC IT Risk and Governance Committee

The DLC IT Risk and Governance Committee is responsible for ensuring that technology risk management processes, investments, operations and governance support the purpose, 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 (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 the DLC Audit Committee.

DLC AUDIT COMMITTEE REPORT
CONTINUED



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:

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Expected credit losses (ECL) assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental.	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Group • Evaluated the impact of ECL on the interim and annual results • Reviewed the appropriateness of the ECL models and approved the forward-looking macro-economic scenarios applied in the UK and South Africa • Reviewed and monitored the Group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, Significant Increase in Credit Risk (SICR), and volatility • Reviewed and satisfied ourselves on in-model adjustments • Assessed the appropriateness of the ECL model overlays maintained for emerging risks for which there was insufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays • Reviewed and satisfied ourselves on staging of key exposures • 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 for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers.
Fair value of level 3 instruments and the resulting IFRS 13 fair value measurement disclosure • For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is a large degree of subjectivity surrounding the inputs to the valuations and valuations methodology. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.	• Received presentations on the material investments across the Group, including an analysis of the key judgements and assumptions applied, valuation methodology applied and approved the valuation adjustments proposed by management for the year ended 31 March 2023 • Challenged and debated significant subjective exposures and assumptions including: – The valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans – The appropriateness of the IFRS 13 disclosures regarding fair value.
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 • Evaluated the appropriateness of the accounting and disclosures regarding the investigation by the Office of the Public Prosecutor in Cologne, claims by the German Federal Tax Office in Bonn, and the potential related civil claims. This was done by having closed sessions with executive management and external audit. At these meetings considered the feedback as received from external and internal legal counsel and the probability of the outcomes including a commercial settlement. Refer to note 53 of the annual financial statements • Received regular updates from the Group Executive, Group Tax, Group Finance and Group Legal Counsel 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.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Uncertain tax and other legal matters (continue)	• 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. Refer to note 53 in the Investec Group's 2023 annual financial statements.
Investments in associates	• Evaluated the appropriateness of the accounting treatment of the investment in Ninety One at a DLC level, Investec Limited level and Investec plc level, that was previously accounted for as an associate prior to the distribution of the Ninety One shares and an investment measured at fair value through Other Comprehensive Income (OCI) post this distribution • Evaluated the appropriateness of the accounting treatment of the investment in IEP that was previously accounted for as an associate prior to the restructure of the investment in November 2022 and subsequently accounted for as a fair value instrument recognised in profit and loss • Reviewed the technical accounting memoranda prepared by Group Finance regarding the accounting treatment of Ninety One and IEP. The memoranda addressed the appropriate accounting treatment of the distribution of the Ninety One shares that resulted in the derecognition of the investment as an associate and the restructure of the investment in IEP that resulted in the derecognition of the investment as an associate for IEP • Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, impairment, valuation methods and assumptions applied.
Going concern and the viability statement	• Considered reports on the Group's budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any, on both going concern and the three-year Viability Statement • Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Group to continue as a going concern • Considered the reports issued by an independent external party post a regulator required liquidity simulation of Investec Limited and Investec DLC • Considered the impact of strategic corporate actions on the capital plans and the three year viability statement • 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.
Information technology systems, cyber security and controls impacting financial reporting	• Received and reviewed reports in respect of IT systems, cyber security and controls impacting financial reporting • Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process • Considered broader IT and Governance matters, including security, IT strategy and operations through attendance by the Audit Committee and BRCC Chairs at the DLC IT Risk and Governance Committee.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Information technology systems, cyber security and controls impacting financial reporting (continue)	• Focused on IT and cyber security throughout the year. Since 2015, Investec has been using Targeted Attack Simulations (TAS) to understand our cyber risk exposure and adequacy of our security controls. Received a presentation on the results of the 2022/23 TAS • Met with IT external auditors to discuss the results of the external audit of IT systems.
External audit and audit quality	• Managed the relationship with the external auditors, Ernst & Young LLP, Ernst & Young Inc., KPMG Inc. and PwC Inc. • 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 • 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 2022/23 audit plan, key areas of focus, findings, scope and conclusions • Approved the external audit plan, audit fee and the main areas of focus • Obtained feedback from the cross-reviews performed between the joint firms at an Investec Limited level, and by the DLC team across a DLC level. 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 • Discussed external audit feedback on the Group's critical accounting estimates and judgements • Monitored the rotation of PwC Inc. as the new external audit firm of Investec Property Fund (IPF) from 1 April 2022 • 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 2023. The Audit Committee ensured that it was comfortable that the level of unadjusted audit differences were within tolerable error for both actual and judgemental differences and that there was no bias towards over or understatement • Met separately with the leadership of Ernst & Young Inc., KPMG Inc., and Ernst & Young LLP to discuss JSE auditor accreditation, Independent Regulatory Board for Auditors (IRBA) ratings and accreditations, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners • Monitored the rotation of the Ernst & Young Inc. audit partner at an Investec Wealth & Investment International level • Monitored the rotation of the lead KPMG Inc. audit partner at an Investec Limited and Investec Bank Limited level • 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.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Mandatory audit firm rotation (MAFR)	• Managed the process in relation to the commencement of the shadow audit process by PwC Inc. for the audit of Investec Limited starting during the 2023 financial year. Oversaw the commencement of the shadow audit process by PwC Inc. • 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 the appointment of PwC Inc. as the external auditors of Investec Limited and Investec Bank Limited for the year ending 31 March 2024 • Concluded the comprehensive competitive tender process for the first joint audit firm rotation for Investec Limited during 2021. A competitive tender process for the second rotation commenced during 2022, for the second incoming audit firm to perform the audit for the financial year starting 1 April 2024, in accordance with the MAFR rules as published by the IRBA • Concluded a comprehensive tender process in respect of the rotation of the external auditors of Investec plc. Deloitte LLP was nominated as the new joint external auditor for the financial year starting 1 April 2024. A one year shadow period will commence, subject to shareholders approval at the AGM to be held in August 2023 • Deloitte Inc. was nominated as the new joint external auditor for the financial year starting 1 April 2024. A one year shadow period will commence, subject to shareholders approval at the AGM to be held in August 2023 • Monitored the non-audit services performed by PwC Inc. during the shadow process • Oversaw the allocation of non-audit work to the respective audit firms to ensure that there were no breaches of independence.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters considered by the DLC Audit Committee

The Committee considered the following matters during the year:

Other 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 • Considered regulatory developments and the potential impact on South Africa and the UK, following the addition of South Africa to the FATF Grey List in February 2023 • Reviewed the reporting obligations in line with the listing rules requirements in respect of the Investec Limited share buy-back of Investec plc shares and the distribution of the Ninety One shares.
Post balance sheet disclosure	• Considered any post balance sheet events that may require the AFS to be adjusted or require additional disclosure including in respect of regulatory matters and the proposed sale of the Investec Property Fund Limited (IPF) asset management function in South Africa and Europe and the proposed combination of Investec Wealth & Investment UK and Rathbones Group. Refer to note 62 in the Investec Group's 2023 annual financial statements • Reviewed and approved the publication of a no-change statement.
Climate, nature and biodiversity and 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

Other matters	What we did
Internal controls • The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans.	• Attended regular meetings of the DLC BRCC. Based on reports presented at those meetings, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • Attended the IBL liquidity simulation on 30 August 2022 facilitated by PwC Inc. which tested the Bank's response to a simulated liquidity crisis. The simulation focused on the liquidity of IBL, the collective behaviour of the Bank in response to the scenario and the Board approved Contingency Funding Plan (CFP) and Recovery Plan • Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames • Reviewed reports from the independent audit committees of the Group's subsidiaries • Evaluated the impact of working from home on the overall control environment and operational risk • Evaluated reports on the internal control environment from the internal and external auditors with specific emphasis on culture and conduct elements in the internal audit reports. Noted internal audit reports and conclusions on internal controls, internal financial controls and the risk management framework for the year under review • 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 • Reviewed the reports of the Investec Limited Customer Market and Conduct Committee • Evaluated reports on cyber security within the Group and received a presentation on the outcome of the 2022/23 TAS • Reviewed the work performed by Group Finance to support the control attestation made by the Group Chief Executive and Group 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
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 including 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.
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 refine 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 2023 were appropriate in ensuring that those statements were fair, balanced and understandable • Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report • Reviewed the outcomes of the combined assurance coverage model as discussed above • Reviewed the process put in place to provide assurance on the Group Chief Executive and Group Chief Financial Officer attestation.

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 by key subsidiaries and associates and considered regular reports from such entities, for example, IPF and Investec Life.
Finance function	• Considered the financial reporting as prepared by Group Finance regarding the interim results for the period ended 30 September 2022 and final results for the 31 March 2023 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.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
IFRS	• Reviewed various accounting papers prepared by Group Finance addressing subjective accounting treatments 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 • The 2022 AFS of Investec DLC were subject to a review by the Financial Reporting Council (FRC) in the current year. The outcome of the review confirmed compliance with IFRS and regulatory disclosure requirements.
Related party disclosures	• Considered and reviewed related party disclosures for the Group • DLC Nomdac reviewed key related party transactions during the year and ensured compliance with Investec related party policies.
Internal audit • The performance of Internal Audit and delivery of the Internal Audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the internal audit plan • The Committee is responsible for assessing audit quality and the effectiveness of the internal audit function.	• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan • 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 • 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) • 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.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Internal audit (continued)	• Discussed and considered the 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 • IT Audit and Data Analysis - Internal audit developed automated test scripts, allowing for more comprehensive testing of controls covering the full population. This full population testing provides greater coverage than the traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of the approach on the audit for the Group • Held a closed session regarding internal audit where the capacity, appropriate skills, independence and quality of the internal audit function was assessed • Considered succession and the skills matrix for internal audit • Subject to regulatory approval, Viola Gounden was appointed as the new Head of Internal Audit. Stuart Mansfield the previous Head of Internal Audit will assume a new role within the Group • Assessed the effectiveness of the internal audit function through completion of a questionnaire which is based on the Internal Audit Financial Code of Practice. The results of the exercise were shared with the Committee, together with action plans to address any concerns raised, which will be tracked to completion.

DLC AUDIT COMMITTEE REPORT
CONTINUED

External Audit

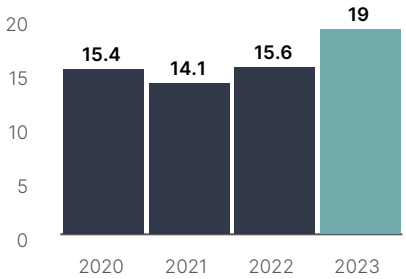
Non-audit services

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 2023 amounted to £19.0 million (2022: £15.6 million), of which £5.8 million (2022: £3.4 million) related to the provision of non-audit services. The non-audit services related to services required to be provided by the external auditor, such as, regulatory audits and work to be performed as reporting accountant. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment. The Committee also required the policy to be applied to any external services provided by PwC Inc. to ensure the independence of the firm prior to its appointment as joint external auditor for the financial year started 1 April 2023.

The Committee further required the policy to be applied to any external services provided by Deloitte Inc. and Deloitte LLP to ensure the independence of the firm prior to its appointment as external auditor for the financial year commencing 1 April 2024.

Total Audit Fees
(£m)



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. and KPMG Inc. (Investec Limited).

Auditor independence and objectivity and audit quality

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 feedback was received and evaluated.

- 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.

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

- Vanessa Mans from KPMG Inc. was appointed as the new designated lead audit partner for Investec Bank Limited for the financial year ended 31 March 2023
- Zaheer Wadee from Ernst & Young Inc. replaced Janneman Labuschagne for the March 2023 audit of Investec Wealth & Investments International
- Francois Prinsloo from PwC Inc. will be the new designated lead audit partner for the financial year ending 31 March 2024 subject to the approval of the appointment of PwC at the August 2023 AGM.

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 of non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

Mandatory Audit Firm Rotation

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 end of March 2024 at the latest. Following a comprehensive tender process Deloitte LLP have been nominated as the new external auditors for the financial year starting 1 April 2024.

The appointment of Deloitte LLP in a shadow capacity, for the 2024 financial year, will be recommended for approval by ordinary shareholders at the AGM to be held in August 2023.

Investec Limited

Investec Limited is required in terms of the South African Banks Act 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 ten 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 ten 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

DLC AUDIT COMMITTEE REPORT
CONTINUED

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, was recommended and approved by ordinary shareholders at the AGM held in August 2022. A formal transition process commenced during 2022, whereby PwC Inc. shadowed the full audit cycle performed by the incumbent joint external auditors. The purpose of the shadow period was 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. were reviewed and considered in advance of their appointment as external auditors to ensure their continued independence.

A competitive tender process for the second rotation commenced in 2022 and was concluded in March 2023 with Deloitte Inc. being proposed as the second incoming audit firm to perform the audit for the financial year starting 1 April 2024. The appointment of Deloitte Inc. in a shadow capacity, for the 2024 financial year, will be recommended for approval by the ordinary shareholders at the AGM to be held in August 2023.

Year	Auditors	Shadow Auditors
2022/23	EY Inc. (SA)	PwC Inc. (SA)
	KPMG Inc. (SA)	
	EY LLP(UK)	
2023/24	EY Inc. (SA)	Deloitte Inc. (SA)
	PwC Inc. (SA)	Deloitte LLP (UK)
	EY LLP (UK)	
2024/25	Deloitte Inc. (SA)	
	PwC Inc. (SA)	
	Deloitte LLP (UK)	

Re-election and appointment of auditors

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

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 IV™ 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 and appointment 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 appointment of PwC Inc, and the re-election of Ernst & Young Inc., as joint auditors of Investec Limited at the AGM in August 2023 for the financial year ending 31 March 2024. 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 2023 for the financial year ending 31 March 2024.

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
- Monitoring the impact of the FATF greylisting on compliance processes
- Ensuring a smooth transition of the external audit firms and maintaining audit quality
- 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
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls
- Identifying an additional Audit Committee member and a successor to take over from me as the Chair of the Committee.

Vote of thanks

I would like to thank the KPMG Inc. audit team for their robust challenge, advice and quality audits during their years of service.

The Audit Committee offers its sincere thanks to David Friedland for his exemplary service and commitment to the Committee.

Zarina Bassa

Chair, DLC Audit Committee

27 June 2023

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 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 2023 which comprise:

Group	Parent Company
Combined consolidated balance sheet as at 31 March 2023	Balance sheet as at 31 March 2023
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 j 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 Group annual financial statements, including accounting policies	
Information identified as 'audited' in the Group's remuneration report	
Information identified as 'audited' in the Group's 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 and IFRS as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 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 Investec plc and Investec Limited as well as for the group.

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

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

- understanding management's going concern assessment process, including obtaining an understanding of the business planning process, assessing the Board approved budgets and the reasonableness and completeness of assumptions applied. In assessing these assumptions, we considered the impact of the current macro-economic environment in which the group operates on future operating performance and the principal risks affecting the Group;
- involving specialists to assess the results of management's stress testing, including consideration of principal and emerging risks on funding, liquidity and regulatory capital. We performed independent 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. We also assessed the impact of the disclosed proposed combination of Investec Wealth & Investment UK and Rathbones Group;
- 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 consistency with 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 four 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 £42.4m 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
CONTINUED

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 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 eight 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 four 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 Wealth and Investment International Proprietary Limited	Specific
Investec Life Limited	Specific
Investec Property Group Holding Proprietary Limited	Specific
Investec Markets Proprietary Limited	Specific

* This component comprises of consolidation adjustments and certain other material balances at an Investec Limited level.

The reporting components where we performed audit procedures accounted for 99% (2022: 99%) of the Group's operating profit, 99% (2022: 99%) of the Group's revenue and 99% (2022: 99%) of the Group's total assets. For the current year, the full scope components contributed 94% (2022: 95%) of the Group's operating profit, 95% (2022: 97%) of the Group's revenue and 98% (2022: 98%) of the Group's total assets. The specific scope components contributed 5% (2022: 4%) of the Group's operating profit, 4% (2022: 3%) of the Group's revenue and 1% (2022: 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 less than 1% of the Group's operating profit. For these components we performed other procedures, including analytical review and ensuring journals for these components were included in the population from which we selected journals to test, in order to respond to potential risks of material misstatement to the Group financial statements.

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

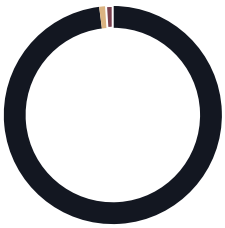
Operating profit

Full scope components	94%
Specific scope components	5%
Other procedures	<1%

Revenue

Full scope components	95%
Specific scope components	4%
Other procedures	<1%

Total assets



Full scope components	98%
Specific scope components	1%
Other procedures	<1%

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

Changes from the prior year

The scope of Investec Life Limited changed from out of scope in the prior year to being specific scope in the current year. The primary driver for this change was the contribution of this component to specific balances on the Group's Balance Sheet.

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. 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 audit, reviewing relevant audit working papers on risk areas and taking responsibility for the scope and direction of the audit process. For certain components we also attended audit team meetings with component management as well as 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 financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact companies. 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 Group's integrated and strategic annual report and in the ESG Risk and Climate, Nature and Biodiversity Risk section within the Group's risk and governance report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Accounting Policies note, how they have reflected the impact of climate change in their financial statements and the significant judgements and estimates relating to climate change. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards and IFRS as issued by the IASB.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of climate risks disclosed in the key management assumptions disclosed in the Accounting Policy note and whether these have been appropriately reflected in asset values where these are impacted by future cash flows and associated sensitivity disclosures, and in the timing and nature of liabilities recognised. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings are included in our explanation of key audit matters below, where relevant.

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
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 9); Accounting policies (pages 52-57 and 60); Note 6 and 29 of the Consolidated Financial Statements (page 75 and 109).
 	
The determination of the provision for expected credit losses ('ECL') is highly subjective. The subjectivity relates to the current uncertain geopolitical and economic outlook and the impact of climate change which were considered in our risk assessment.
 	
At year-end the Group reported gross loans and advances to customers subject to expected credit losses of £29,573 million (2022: £29,142 million); expected credit losses on loans and advances to customers at amortised cost and fair value through other comprehensive income ('FVOCI') of £288 million (2022: £270 million); and expected credit loss impairment charges of £67 million (2022: £23 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 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;
• **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 assets in each stage;
	• assessment of manual overrides to staging outcomes; and
	• data accuracy and completeness.
	
	We recalculated 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 staging criteria on the ECL.
	
	Multiple economic scenarios
	We assessed the design and tested the operating effectiveness of key controls focusing on management's review and approval of the base case scenario, the methodology and output of alternative scenarios, including the probability weights assigned.
	
	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 the current uncertain geopolitical and economic outlook.
	
	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 performed a risk assessment on all models involved in the ECL calculation to select a sample of models to test. We involved EY modelling specialists to assist us to test this sample of ECL models by testing the assumptions, inputs and formulae used.
	
	This included performing an assessment of:
	• the model design documentation against accepted industry principles;
	• the appropriateness of the methodology, considering alternative techniques including in-model adjustments; and
	• the programming code to review its consistency with the design documentation.
	
	To evaluate data quality, we agreed a sample of ECL calculation data points to source systems.
	
	Post model adjustments
	We obtained an understanding of the model limitations to evaluate the completeness and appropriateness of the related adjustments. We determined an independent range of adjustments based on our understanding of the models and the current economic environment to compare against management's estimate.
	
	For the commercial real estate South African portfolio, we assessed the management overlay against emerging risks identified for certain categories of borrowers, including assessments of internal risk indicators such as debt and interest service coverage ratios, as well as external reference data for the performance of the property sector.

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

Risk continued	**Our response to the risk** continued
	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 retailers and wholesalers, leisure, entertainment and tourism, construction and corporate commercial real estate. 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 significant differences arising. **Overall stand-back assessment** We performed a stand-back assessment of the ECL provision and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group's portfolios, risk profile, the impacts of the current economic conditions and geopolitical factors, and climate change on the Group's customers. We performed peer benchmarking where available to assess overall staging and provision coverage levels. We evaluated the adequacy of disclosures in the financial statements considering the accounting standards including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.
We performed full scope audit procedures over this risk area in three components. These three components covered 99% (2022: 99%) of the ECL provision.	
Key observations communicated to the Audit Committee	
Based on the testing performed we concluded that the ECL provision is within a reasonable range of outcomes and in compliance with IFRS 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 and operating deficiencies that required us to perform compensating substantive procedures to conclude that the ECL provision was not materially misstated; • Our testing of models and model assumptions highlighted some design deficiencies; however, these did not result in a material impact on the financial statements; • Overall, the post-model adjustments applied were reasonable and addressed model shortcomings identified; and • For individually assessed impairments, staging and multiple economic scenarios, judgemental differences both increasing and decreasing impairment levels were identified; however, none of these individually or in aggregate were material to the financial statements.	

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 (pages 52, 57 and 59-60); Note 17 and 35 of the Consolidated Financial Statements (page 94 and 115). As at 31 March 2023, the Group held fair value financial instruments; assets of £12,422 million and liabilities of £6,298 million (2022: assets £13,000 million and liabilities £6,275 million) and Investment properties of £722 million (2022: £821 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 and/or significant fair value adjustments; both of which may be reliant on inputs where there is limited market observability or liquidity. The estimation of the fair value is also subject to the current uncertain geopolitical and economic outlook and the impact of climate change. 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, investment properties, 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, investment properties 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 the current uncertain geopolitical and economic outlook throughout the procedures performed on the higher risk characteristic financial instruments by challenging whether the valuation methodologies and assumptions used remained appropriate. Throughout our audit procedures, we considered the impact of climate change on the valuation of financial instruments. **Complex 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 a search for potential contrary evidence by assessing trends in trading P&L and counterparty valuation differences. **Valuation techniques** We performed procedures on key judgments made by management in the calculation of fair value of a sample of unlisted investments (including those held within interests in associated undertakings), fair value loans, profit-sharing arrangements and investment properties, including: • assessing the suitability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations; • performing calculations to assess the appropriateness of discount rates used in discounted cashflow valuations, with reference to relevant industry and market data; • assessing external valuation reports received by management, where an external valuer has been engaged, and assessing their competence and objectivity in valuations which reference a net asset valuation; • 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. • assessing the appropriateness of any significant illiquidity or other uncertainty adjustments applied by management; and • performed independent valuation estimates for a sample of financial instruments and investment properties and compared them to management's estimate. **Illiquid inputs** We performed procedures on key judgments made by management on inputs used in the valuation of a sample of unlisted equity investments, illiquid securities, fair value corporate, aviation and property loans and unlisted investment portfolios, profit shares and investment properties, including: • for unlisted 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;

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

Risk continued	**Our response to the risk** continued
	• for the fair value corporate, aviation and property loans, profit shares and unlisted investment portfolios: we involved aircraft, real estate, and business valuation specialists to independently assess the valuations of a sample of positions. Our analyses considered the range of acceptable fair values taking account of other qualitative risk factors, such as company specific risk factors; and • for investment properties we assessed data inputs (such as market capitalisation rates) used to derive valuations against market available information and where we noted differences we made use of our real estate valuation specialists to evaluate these inputs in order to assess whether they were within a reasonable range. For all positions, we compared our determined ranges and estimates to management's fair values. We assessed the appropriateness of the disclosures in the consolidated financial statements in accordance with IFRS 13.
We performed full audit procedures over this risk area for five components, which covered 98% (2022: 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, and counterparty valuation differences; • For the valuation of fair value instruments with higher risk characteristics judgemental differences both increasing and decreasing valuation levels were identified; however, none of these individually or in aggregate were material to the financial statements.	

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

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 (pages 9 and 10); Accounting policies (pages 59 and 60); and Note 53 of the Consolidated Financial Statements (page 134). 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. Formal claims have also been made by the German Federal Tax Office in Bonn related to reclaims of tax related to the dividend tax arbitrage transactions. Further, whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. 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 remained consistent with the prior year.	We examined the latest court rulings impacting other participants in cum-ex activity and analysis performed by management which set out the basis for the judgements in relation to the historical German dividend tax arbitrage transactions, federal tax claim and related provision. We also inspected the correspondence between the group and its external legal advisors, between the Group and Office of the Public Prosecutor in Cologne, and between the Group and the German Federal Tax Office in Bonn. 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 made comparison 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, claims by the German Federal Tax Office in Bonn, 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 for historical German dividend tax arbitrage transactions, the federal tax claim and related potential civil claims. 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
CONTINUED

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. The Group has implemented a series of remediation programmes to address previously identified control deficiencies. However, we have still identified risks of inappropriate access and unauthorised changes to in-scope applications and production environments. 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. 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.
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
CONTINUED

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be £42.4 million (2022: £36.4 million), which is 5% (2022: 5%) of operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ('operating profit') £848.5million. 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 trading statements with market analysts and shareholders.

During the course of our audit we reassessed our initial materiality. This reassessment resulted in a higher final materiality level driven by the actual financial performance of the Group for the year. There were no changes to the basis for the materiality calculation from the planning stage.

We determined materiality for the parent Company to be £6.6 million (2022: £5.7 million), which is 0.5% (2022: 0.5%) of distributable equity.

We believe this reflects the most useful measure for users of the financial statements given 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% (2022: 50%) of our planning materiality, namely £21.2 million (2022: £18.2 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 £4.2 million to £11.7 million (2022: £3.6 million to £10.0 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 £2.1 million (2022: £1.8 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 145 to 151 of Group's 2023 integrated and strategic report), strategic report (set out on pages 5 to 104 of Group's 2023 integrated and strategic report), sustainability (set out on pages 107 to 122 of Group's 2023 integrated and strategic report), risk disclosures (set out on pages 4 to 91 of Group's 2023 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 169 to 172 of Group's 2023 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
CONTINUED

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 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 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 149, Directors' report in the Group's 2023 integrated and strategic report);
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate (set out on page 147, directors' report in the Group's 2023 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 149, directors' report in the Group's 2023 integrated and strategic report);
- Directors' statement on fair, balanced and understandable (set out on page 15);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 8 principal risks in the Group's 2023 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 14); 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 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.

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

- 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 requirements of the PRA, FRC, FCA, PA and other overseas regulatory requirements, and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We understood how the Group and the parent Company are complying with these legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and the parent Company and 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's and the parent Company's approach to governance.
- 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 and inspecting correspondence with the PRA, FCA and PA.
- The Group and the parent Company operate in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- 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 the parent Company has established to address risks identified by the Group and the parent Company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations 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 tested journal entries using a risk based approach analysing the general ledger data, with the focus on nonstandard journals.

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 23 years, covering the years ending 31 March 2001 to 31 March 2023.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the 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 parent 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 parent Company and the parent 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
27 June 2023

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 then ended	Page 41
Combined consolidated statement of total comprehensive income for the year	Page 42
Combined consolidated balance sheet as at 31 March 2023	Page 43
Combined consolidated statement of changes in equity for the year then ended	Pages 44
Combined consolidated cash flow statement for the year then ended	Page 48
Related notes 1 to 63 to the Annual financial statements, including accounting policies	Pages 49-151
Information identified as 'audited' in the Investec Group's 2023 remuneration report	2023 remuneration report
Information identified as 'audited' in the Investec Group's 2023 risk and governance Report	2023 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 2023, 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 9); Accounting policies (pages 52-57 and 60); Note 6 and 29 of the Consolidated Financial Statements (page 75 and 109)
 	
The determination of the provision for expected credit losses ('ECL') is highly subjective. The subjectivity relates to the current uncertain geopolitical and economic outlook and the impact of climate change which were considered in our risk assessment.
 	
At year-end the Group reported gross loans and advances to customers subject to expected credit losses of £29,573 million (2022: £29,142 million); expected credit losses on loans and advances to customers at amortised cost and fair value through other comprehensive income ('FVOCI') of £288 million (2022: £270 million); and expected credit loss impairment charges of £67 million (2022: £23 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 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.
• **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 assets in each stage;
	• assessment of manual overrides to staging outcomes; and
	• data accuracy and completeness.
	
	We recalculated 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 staging criteria on the ECL.
	
	Multiple economic scenarios
	
	We assessed the design and tested the operating effectiveness of key controls focusing on management's review and approval of the base case scenario, the methodology and output of alternative scenarios, including the probability weights assigned.
	
	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 the current uncertain geopolitical and economic outlook.
	
	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 performed a risk assessment on all models involved in the ECL calculation to select a sample of models to test. We involved EY modelling specialists to assist us to test this sample of ECL models by testing the assumptions, inputs and formulae used.
	
	This included performing an assessment of:
	
	• the model design documentation against accepted industry principles;
	• the appropriateness of the methodology, considering alternative techniques including in-model adjustments; and
	• the programming code to review its consistency with the design documentation.
	
	To evaluate data quality, we agreed a sample of ECL calculation data points to source systems.

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

Risk continued	**Our response to the risk** continued
	Post model adjustments We obtained an understanding of the model limitations to evaluate the completeness and appropriateness of the related adjustments. We determined an independent range of adjustments based on our understanding of the models and the current economic environment to compare against management's estimate. For the commercial real estate Southern African portfolio, we assessed the management overlay against emerging risks identified for certain categories of borrowers, including assessments of internal risk indicators such as debt and interest service coverage ratios, as well as external reference data for the performance of the property sector. We assessed the governance processes that the Group has put in place to review and approve post model adjustments. **Individually assessed provisions** We selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retailers and wholesalers, leisure, entertainment and tourism, construction and corporate commercial real estate. 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 significant differences arising. **Overall stand-back assessment** We performed a stand-back assessment of the ECL provision and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group's portfolios, risk profile, the impacts of the current economic conditions and geopolitical factors, and climate change on the group's customers. We performed peer benchmarking where available to assess overall staging and provision coverage levels. We evaluated the adequacy of disclosures in the financial statements considering the accounting standards including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
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 (pages 52, 57 and 59-60); Note 17 and 35 of the Consolidated Financial Statements (page 94 and 115). As at 31 March 2023, the Group held fair value financial instruments; assets of £12,422 million and liabilities of £6,298 million (2022: assets £13,000 million and liabilities £6,275 million) and Investment properties of £722 million (2022: £821 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 and/or significant fair value adjustments; both of which may be reliant on inputs where there is limited market observability or liquidity. The estimation of the fair value is also subject to the current uncertain geopolitical and economic outlook and the impact of climate change. 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 and investment properties 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, investment properties 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 the current uncertain geopolitical and economic outlook throughout the procedures performed on the higher risk characteristic financial instruments by challenging whether the valuation methodologies and assumptions used remained appropriate. Throughout our audit procedures, we considered the impact of climate change on the valuation of financial instruments. **Complex 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 a search for potential contrary evidence by assessing trends in trading P&L and counterparty valuation differences. **Valuation techniques** We performed procedures on key judgments made by management in the calculation of fair value of a sample of unlisted investments (including those held within interests in associated undertakings), fair value loans, profit sharing arrangements and investment properties, including: • assessing the suitability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations; • performing calculations to assess the appropriateness of discount rates used in discounted cashflow valuations, with reference to relevant industry and market data; • assessing external valuation reports received by management, where an external valuer has been engaged, and assessing their competence and objectivity in valuations which reference a net asset valuation; • 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. • assessing the appropriateness of any significant illiquidity or other uncertainty adjustments applied by management; and • performed independent valuation estimates for a sample of financial instruments and investment properties and compared them to management's estimate.

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 judgments made by management on inputs used in the valuation of a sample of unlisted equity investments, illiquid securities, fair value corporate, aviation and property loans and unlisted investment portfolios, profit shares and investment properties, including: • for unlisted 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, profit shares and unlisted investment portfolios: we involved aircraft, real estate, and business valuation specialists to independently assess the valuations of a sample of positions. Our analyses considered the range of acceptable fair values taking account of other qualitative risk factors, such as company specific risk factors; and • for investment properties we assessed data inputs (such as market capitalisation rates) used to derive valuations against market available information and where we noted differences we made use of our real estate valuation specialists to evaluate these inputs in order to assess whether they were within a reasonable range. For all positions, we compared our determined ranges and estimates to management's fair values. We assessed the appropriateness of the disclosures in the consolidated financial statements in accordance with IFRS 13.

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 (pages 9 and 10); Accounting policies (pages 59 and 60); and Note 53 of the Consolidated Financial Statements (page 134). 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. Formal claims have also been made by the German Federal Tax Office in Bonn related to reclaims of tax related to the dividend tax arbitrage transactions. Further, whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. 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.	We examined the latest court rulings impacting other participants in cum-ex activity and analysis performed by management which set out the basis for the judgements in relation to the historical German dividend tax arbitrage transactions, federal tax claim and related provision. We also inspected the correspondence between the Group and its external legal advisors, between the Group and Office of the Public Prosecutor in Cologne, and between the Group and the German Federal Tax Office in Bonn. 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 made comparison 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, claims by the German Federal Tax Office in Bonn, 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 manual controls. These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data. The Group has implemented a series of remediation programmes to address previously identified control deficiencies. However, we have still identified risks of inappropriate access and unauthorised changes to in-scope applications and production environments.	We evaluated the design and tested the operating effectiveness of IT general controls in the access management and change management IT processes for key applications, operating systems and databases that are material to financial reporting. We tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations and, the completeness and accuracy of system and data feeds. Certain systems are outsourced to third party service providers. For these systems, we tested IT general controls through evaluating the relevant Service Organisation Controls reports. This included assessing the timing of the reporting, the controls tested by the service auditor and whether they address relevant IT risks. 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 170-page document titled "Investec Group annual financial statements" which includes 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.

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

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 scepticism 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.

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 48 years.

Ernst & Young Inc.

Ernst & Young Inc.

Registered Auditor

Per Ranesh P Hariparsad

Chartered Accountant (SA)

Registered Auditor

Director

27 June 2023

COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March £'000	Notes	2023	2022
Interest income	2	3 397 341	1 951 209
Interest income calculated using the effective interest method		2 890 776	1 717 776
Other interest income		506 565	233 433
Interest expense	2	(2 101 584)	(1 005 939)
Net interest income	2	**1 295 757**	**945 270**
Fee and commission income	3	832 213	864 639
Fee and commission expense	3	(52 860)	(46 423)
Investment (loss)/income	4	(17 145)	27 974
Share of post-taxation profit of associates and joint venture holdings	31	29 149	79 556
Trading income/(loss) arising from			
– customer flow		131 204	128 277
– balance sheet management and other trading activities		57 714	(21 128)
Other operating income	5	4 386	12 190
Total operating income before expected credit loss impairment charges		**2 280 418**	**1 990 355**
Expected credit loss impairment charges	6	(81 089)	(28 828)
Operating income		**2 199 329**	**1 961 527**
Operating costs	7	(1 350 835)	(1 233 948)
Operating profit before goodwill, acquired intangibles and strategic actions		**848 494**	**727 579**
Impairment of goodwill	36	(890)	(1 962)
Amortisation of acquired intangibles	37	(15 160)	(15 477)
Amortisation of acquired intangibles of associates	31	(1 542)	(9 249)
Closure and rundown of the Hong Kong direct investments business	13	(450)	(1 203)
Operating profit		**830 452**	**699 688**
Net gain/(implementation costs) on distribution of associate to shareholders	13	154 438	(2 427)
Financial impact of Group restructures	13	(4 968)	—
Profit before taxation		**979 922**	**697 261**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	10	(179 704)	(143 309)
Taxation on acquired intangibles and strategic actions	10	17 213	2 422
Profit after taxation		**817 431**	**556 374**
Profit attributable to non-controlling interests	49	(12 566)	(40 170)
Earnings attributable to shareholders		**804 865**	**516 204**
Earnings attributable to ordinary shareholders		764 446	475 469
Earnings attributable to perpetual preferred securities and other Additional Tier 1 security holders		40 419	40 735

Earnings per share

For the year to 31 March	Notes	2023	2022
Basic earnings per share – pence	11	**85.8**	**52.0**
Diluted basic earnings per share – pence	11	**82.5**	**50.2**

COMBINED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March £'000	Notes	2023	2022
Profit after taxation		817 431	556 374
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	39 717	(4 311)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	10	(48 515)	(301)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	10	(2 960)	(2 010)
Foreign currency adjustments on translating foreign operations		(306 053)	173 160
Items that will not be reclassified to the income statement:			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9		(7)	617
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	10	(657)	3 420
Movement in post-retirement benefit liabilities		75	40
Net gain attributable to own credit risk	10	104	11 095
Total comprehensive income		**499 135**	**738 084**
Total comprehensive income attributable to ordinary shareholders		513 518	629 300
Total comprehensive (loss)/income attributable to non-controlling interests		(54 802)	68 049
Total comprehensive income attributable to perpetual preferred securities		40 419	40 735
Total comprehensive income		**499 135**	**738 084**

COMBINED CONSOLIDATED BALANCE SHEET

At 31 March £'000	Notes	2023	2022^	2021^
Assets				
Cash and balances at central banks	20	6 437 709	5 998 270	3 517 100
Loans and advances to banks	21	1 450 627	2 552 061	2 637 436
Non-sovereign and non-bank cash placements		644 065	684 983	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	22	3 632 658	4 609 778	3 575 713
Sovereign debt securities	23	4 751 646	4 148 867	3 711 623
Bank debt securities	24	939 509	1 515 210	1 121 730
Other debt securities	25	1 229 392	1 229 287	1 364 235
Derivative financial instruments	26	1 386 134	1 590 513	1 683 214
Securities arising from trading activities	27	1 632 391	683 329	1 024 671
Investment portfolio	28	1 330 907	912 872	909 050
Loans and advances to customers	29	29 911 158	29 561 088	26 041 087
Own originated loans and advances to customers securitised	30	272 879	375 763	401 912
Other loans and advances	29	142 726	128 284	102 135
Other securitised assets	30	103 151	123 888	140 087
Interests in associated undertakings and joint venture holdings	31	53 703	734 434	679 157
Current taxation assets		69 322	33 653	60 325
Deferred taxation assets	32	258 126	259 370	246 622
Other assets	33	1 581 693	2 139 354	2 237 646
Property and equipment	34	278 561	335 420	329 972
Investment properties	35	722 481	820 555	832 061
Goodwill	36	262 632	258 404	259 805
Software	37	15 401	9 443	58 968
Other acquired intangible assets	37	41 136	44 152	12 574
Non-current assets classified as held for sale		35 761	79 229	51 783
		57 183 768	**58 828 207**	**51 438 747**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	39	110 891	59 549	52 405
		57 294 659	**58 887 756**	**51 491 152**
Liabilities				
Deposits by banks		3 617 524	3 178 668	2 403 712
Derivative financial instruments	26	2 424 036	2 581 315	2 231 166
Other trading liabilities	40	202 256	275 589	326 189
Repurchase agreements and cash collateral on securities lent	22	936 564	863 285	1 003 312
Customer accounts (deposits)		39 555 669	40 118 412	34 449 430
Debt securities in issue	41	1 802 586	2 043 640	1 892 319
Liabilities arising on securitisation of own originated loans and advances	30	163 787	238 370	160 646
Liabilities arising on securitisation of other assets	30	81 609	95 885	108 281
Current taxation liabilities		83 183	41 631	78 790
Deferred taxation liabilities	32	26 545	19 624	40 333
Other liabilities	42	1 873 714	2 315 841	1 951 122
		50 767 473	**51 772 260**	**44 645 300**
Liabilities to customers under investment contracts	39	108 370	56 475	49 798
Insurance liabilities, including unit-linked liabilities	39	2 521	3 074	2 607
		50 878 364	**51 831 809**	**44 697 705**
Subordinated liabilities	43	1 084 630	1 316 191	1 480 951
		51 962 994	**53 148 000**	**46 178 656**
Equity				
Ordinary share capital	44	247	247	247
Ordinary share premium	46	1 208 161	1 516 024	1 517 852
Treasury shares	47	(564 678)	(318 987)	(267 508)
Other reserves		(850 742)	(650 228)	(788 222)
Retained income		4 553 011	4 069 776	3 772 628
Ordinary shareholders' equity		**4 345 999**	**4 616 832**	**4 234 997**
Perpetual preference share capital and premium	45	136 259	174 869	174 053
Shareholders' equity excluding non-controlling interests		**4 482 258**	**4 791 701**	**4 409 050**
Other Additional Tier 1 securities in issue	48	398 568	411 683	335 111
Non-controlling interests	49	450 839	536 372	568 335
– Perpetual preferred securities issued by subsidiaries		—	—	72 750
– Non-controlling interests in partially held subsidiaries		450 839	536 372	495 585
Total equity		**5 331 665**	**5 739 756**	**5 312 496**
Total liabilities and equity		**57 294 659**	**58 887 756**	**51 491 152**

^ 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 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	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Net gain 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 in treasury shares	—	—	(51 479)
Share-based payments adjustments	—	—	—
Transfer to regulatory general risk reserve	—	—	—
Share-buyback of ordinary share capital	—	(1 828)	—
Repurchase of perpetual preference share capital	—	—	—
Net equity impact of non-controlling interest movement	—	—	—
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												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**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**
(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
—	—	—	—	—	—	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	—	—	—	—	—	—
—	—	—	—	—	—	(34 322)	(36 150)	—	(36 150)	—	—	(36 150)
—	—	—	—	—	—	1 255	1 255	(7 922)	(6 667)	—	(71 168)	(77 835)
—	—	—	—	—	—	—	—	—	—	—	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 STATEMENT OF CHANGES IN EQUITY
CONTINUED

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 31 March 2022	**247**	**1 516 024**	**(318 987)**
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	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Net gain attributable to own credit risk	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Issue of other Additional Tier 1 security instruments	—	—	—
Repayment of other Additional Tier 1 security instruments	—	—	—
Repurchase of perpetual preference share capital	—	—	—
Share-buyback of ordinary share capital	—	(56 863)	—
Movement in treasury shares	—	—	(245 691)
Share-based payments adjustments	—	—	—
Transfer to regulatory general risk reserve	—	—	—
Employee benefit liability recognised	—	—	—
Transfer from share premium to retained income	—	(251 000)	—
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	—	—	—
Distribution to ordinary shareholders	—	—	—
At 31 March 2023	**247**	**1 208 161**	**(564 678)**

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**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**
(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**
—	—	—	—	—	—	804 865	804 865	—	804 865	—	12 566	817 431
—	—	—	39 717	—	—	—	39 717	—	39 717	—	—	39 717
—	(48 515)	—	—	—	—	—	(48 515)	—	(48 515)	—	—	(48 515)
—	(2 960)	—	—	—	—	—	(2 960)	—	(2 960)	—	—	(2 960)
—	—	—	—	(200 220)	—	—	(200 220)	(18 514)	(218 734)	(19 951)	(67 368)	(306 053)
—	(7)	—	—	—	—	—	(7)	—	(7)	—	—	(7)
—	(657)	—	—	—	—	—	(657)	—	(657)	—	—	(657)
—	—	—	—	—	—	75	75	—	75	—	—	75
—	—	—	—	—	104	—	104	—	104	—	—	104
—	**(52 139)**	**—**	**39 717**	**(200 220)**	**104**	**804 940**	**592 402**	**(18 514)**	**573 888**	**(19 951)**	**(54 802)**	**499 135**
—	—	—	—	—	—	—	—	—	—	22 787	—	22 787
—	—	—	—	—	—	—	—	—	—	(15 951)	—	(15 951)
—	—	—	—	—	—	717	717	(20 096)	(19 379)	—	—	(19 379)
—	—	—	—	—	—	—	(56 863)	—	(56 863)	—	—	(56 863)
5 683	—	—	—	—	—	—	(240 008)	—	(240 008)	—	—	(240 008)
—	—	—	—	—	—	25 904	25 904	—	25 904	—	—	25 904
—	—	6 341	—	—	—	(6 341)	—	—	—	—	—	—
—	—	—	—	—	—	(9 224)	(9 224)	—	(9 224)	—	—	(9 224)
—	—	—	—	—	—	251 000	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	118	118
—	—	—	—	—	—	(40 419)	(40 419)	8 568	(31 851)	31 851	—	—
—	—	—	—	—	—	—	—	(8 568)	(8 568)	(31 851)	—	(40 419)
—	—	—	—	—	—	(260 673)	(260 673)	—	(260 673)	—	—	(260 673)
—	—	—	—	—	—	—	—	—	—	—	(30 849)	(30 849)
—	—	—	—	—	—	(282 669)	(282 669)	—	(282 669)	—	—	(282 669)
(11 315)	**(50 562)**	**46 069**	**(63 496)**	**(772 255)**	**817**	**4 553 011**	**4 345 999**	**136 259**	**4 482 258**	**398 568**	**450 839**	**5 331 665**

COMBINED CONSOLIDATED CASH FLOW STATEMENT

For the year to 31 March £'000	Notes	2023	2022^
Cash inflow from operating activities			
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	51	1 009 019	816 404
Taxation paid		(171 292)	(152 140)
Increase in operating assets	51	(2 710 850)	(3 321 970)
Increase in operating liabilities	51	2 342 880	5 729 246
Net cash inflow from operating activities		**469 757**	**3 071 540**
Cash flows from investing activities			
Cash flow on acquisition of Group operations, net of cash acquired		(9 720)	—
Cash inflow on disposal of Group operations		12	14 274
Derecognition of cash on disposal of subsidiaries		—	(4 152)
Cash outflow on acquisition of associates and joint venture holdings	31	—	(8 780)
Cash flow on disposal of associates and joint venture holdings	31	565	39 222
Cash flow on acquisition of property, equipment, software and other intangible assets	34/37	(30 337)	(9 323)
Cash flow on disposal of property, equipment, software and other intangible assets	34/37	25 487	4 324
Net cash (outflow)/inflow from investing activities		**(13 993)**	**35 565**
Cash flows from financing activities			
Dividends paid to ordinary shareholders	12	(260 673)	(178 418)
Dividends paid to other equity holders		(71 268)	(83 524)
Acquisition of non-controlling interest		118	443
Repurchase of perpetual preference shares		(19 379)	(77 835)
Proceeds on issue of other Additional Tier 1 securities in issue	48	22 787	67 552
Repayment of other Additional Tier 1 securities in issue	48	(15 951)	—
Cash flow on acquisition of treasury shares, net of related costs		(262 248)	(71 836)
Share buyback of ordinary share capital		(56 863)	(36 150)
Proceeds on subordinated liabilities raised	43	460 934	421 506
Repayment of subordinated liabilities	43	(665 648)	(583 918)
Lease liabilities paid	42	(46 493)	(45 743)
Net cash outflow from financing activities		**(914 684)**	**(587 923)**
Effects of exchange rates on cash and cash equivalents		**(196 806)**	**90 928**
Net (decrease)/increase in cash and cash equivalents		**(655 726)**	**2 610 110**
Cash and cash equivalents at the beginning of the year		9 099 740	6 489 630
Cash and cash equivalents at the end of the year		**8 444 014**	**9 099 740**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		6 437 709	5 998 270
On demand loans and advances to banks		1 359 689	2 414 562
Non-sovereign and non-bank cash placements		644 065	684 983
Expected credit loss on cash and cash equivalents		2 551	1 925
Cash and cash equivalents at the end of the year		**8 444 014**	**9 099 740**

^ 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 £527.2 million (31 March 2022: £530.2 million). These are included in cash and cash equivalents.

ACCOUNTING POLICIES

Basis of presentation

The Group annual financial statements are prepared in accordance with UK adopted international accounting standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 83 to 91 of the Investec Group's 2023 risk and governance report.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the in the Investec Group's 2023 remuneration report on pages 25 to 44 .

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 or joint control commences until the date that significant influence or joint control ceases. In circumstances where interests in associated undertakings and joint venture holdings arise in which the Group has no strategic intention, these investments are classified as 'venture capital' holdings and are elected as held at fair value through profit or loss.

For equity accounted associates and joint venture holdings, the 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 53 to 82 of the divisional review section of the Investec Group's 2023 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

ACCOUNTING POLICIES
CONTINUED

model at each reporting date. The changes in fair value will be recognised as an employee benefit expense. The liability is included in other liabilities on the balance sheet.

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 are 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. 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 a 12-month ECL.

Stage 2

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

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

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

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

Stage 3

Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The Group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the

ACCOUNTING POLICIES
CONTINUED

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

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

Financial 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 their performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the Group's key management personnel; or
- A financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the Group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Changes in 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.

ACCOUNTING POLICIES
CONTINUED

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

ACCOUNTING POLICIES
CONTINUED

hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%

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

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

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

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

For qualifying hedges of a net investment in a foreign operation including a hedge of a monetary item that is accounted for as part of the net investment 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 applies the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform. 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 requires 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 also applies the IBOR reform Phase 2. 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 page 73 of the Investec Group's 2023 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.

ACCOUNTING POLICIES
CONTINUED

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.

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 amount of income recognised in accordance with IFRS 15 and the best estimate of expected credit loss calculated for the financial guarantee. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Property and equipment

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

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

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

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal 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.

ACCOUNTING POLICIES
CONTINUED

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

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

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

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

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

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

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

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

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.

ACCOUNTING POLICIES
CONTINUED

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.

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 for the Group for the year starting 1 April 2023 and has not been early adopted. The Standard will bring significant changes to the accounting for insurance and reinsurance contracts but is not expected to have a material impact on the Group.

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

Key management assumptions

In preparation of the annual financial statements, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year.

Key areas in which estimates are made include:

- In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 are determined using valuation techniques including discounted cash flow analysis 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.

ACCOUNTING POLICIES
CONTINUED

Details of unlisted investments can be found in note 28 with further analysis contained in the risk management section on pages 57 and 58 in the Investec Group's 2023 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 budgeted 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 57 and 58 in the Investec Group's 2023 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 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 reduced the level of but still maintained an overlay provision in SA and the UK. Detail of the approach followed and management's assumptions are set out on page 50 of the Investec Group's 2023 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.
- The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings, commercial outcomes and advice from internal and external legal counsel when considering the accounting implications
- 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 are based on management's best estimate of the operational results, including the near-term impact of climate risk. The Group did not consider any additional adjustments to the cash flows to account for this risk given the time frame of the cash flows that were considered
  - The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

ACCOUNTING POLICIES
CONTINUED

Key areas in which judgement is applied include:

- 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 applies IBOR reform Phase 2, which provides 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
- The Group derecognises financial assets and financial liabilities if there has been a substantial modification of their terms and conditions. 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 applies IBOR reform Phase 2 which requires 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
- On the basis of current financial projections and having made appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 31 March 2026, which is a period greater than twelve months from the date of issue of the financial statements that aligns with internal budgeting processes. Accordingly, the going concern basis is adopted in the preparation of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Combined consolidated segmental analysis

For the year to 31 March 2023 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – income statement			
Net interest income	731 602	564 155	1 295 757
Net fee and commission income	433 667	345 686	779 353
Investment (loss)/income	18 215	(35 360)	(17 145)
Share of post-taxation profit of associates and joint venture holdings	9 844	19 305	29 149
Trading income arising from			
– customer flow	86 114	45 090	131 204
– balance sheet management and other trading activities	13 123	44 591	57 714
Other operating income/(loss)	6 879	(2 493)	4 386
Total operating income before expected credit loss impairment charges	**1 299 444**	**980 974**	**2 280 418**
Expected credit loss impairment charges	(66 712)	(14 377)	(81 089)
Operating income	**1 232 732**	**966 597**	**2 199 329**
Operating costs	(837 694)	(513 141)	(1 350 835)
Operating profit before goodwill, acquired intangibles and strategic actions	**395 038**	**453 456**	**848 494**
Profit attributable to non-controlling interests	—	(12 566)	(12 566)
Adjusted operating profit	**395 038**	**440 890**	**835 928**
Impairment of goodwill	(805)	(85)	(890)
Amortisation of acquired intangibles	(12 625)	(2 535)	(15 160)
Amortisation of acquired intangibles of associates	(1 003)	(539)	(1 542)
Closure and rundown of the Hong Kong direct investments business	(450)	—	(450)
Net gain/(implementation costs) on distribution of associate to shareholders	86 945	67 493	154 438
Financial impact of Group restructures	(4 968)	—	(4 968)
Earnings attributable to shareholders before taxation	**462 132**	**505 224**	**967 356**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(76 701)	(103 003)	(179 704)
Taxation on acquired intangibles and strategic actions	2 031	15 182	17 213
Earnings attributable to shareholders	**387 462**	**417 403**	**804 865**
Selected returns and key statistics			
Cost to income ratio	64.5%	53.0%	59.6%
Staff compensation to operating income	46.3%	37.8%	42.7%
Adjusted operating profit per employee (£'000)	111.4	95.9	102.7
Effective operational tax rate	19.9%	23.7%	21.9%
Total assets (£'million)	28 433	28 862	57 295

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

For the year to 31 March 2022 £'000	UK and Other^^	Southern Africa^^	Total
Segmental geographic analysis – income statement			
Net interest income	481 421	463 849	945 270
Net fee and commission income	488 638	329 578	818 216
Investment income	10 849	17 125	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	59 178	69 099	128 277
– balance sheet management and other trading activities	(6 797)	(14 331)	(21 128)
Other operating income	11 533	657	12 190
Total operating income before expected credit loss impairment charges	**1 092 088**	**898 267**	**1 990 355**
Expected credit loss impairment charges	(25 175)	(3 653)	(28 828)
Operating income	**1 066 913**	**894 614**	**1 961 527**
Operating costs	(764 099)	(469 849)	(1 233 948)
Operating profit before goodwill, acquired intangibles and strategic actions	**302 814**	**424 765**	**727 579**
Profit attributable to other non-controlling interests	—	(40 170)	(40 170)
Adjusted operating profit	**302 814**	**384 595**	**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)
Net gain/(implementation costs) on distribution of associate to shareholders	(1 016)	(1 411)	(2 427)
Earnings attributable to shareholders before taxation	**281 642**	**375 449**	**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	**245 708**	**270 496**	**516 204**
Selected returns and key statistics			
Cost to income ratio	70.0%	54.8%	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	14.7%	26.9%	22.1%
Total assets (£'million)^	27 805	31 083	58 888

^ Restated as detailed in note 61.

^^ Restated: Following a strategic review, our Swiss operations have been earmarked to play a key role in the Group's strategic expansion of its international wealth services. To ensure strategic alignment, the operational results of the Switzerland wealth business are now reported as part of the Southern Africa Wealth & Investment business (previously reported as part of UK & Other Wealth & Investment business). The comparative period has been restated to reflect this change. There has been no change in the legal or ownership structures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

	UK and Other						
	Private Client	Specialist Banking					
For the year to 31 March 2023 **£'000**	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	**Total Specialist Banking**	Group Investments	Group Costs	**Total**
Net interest income/(expense)	22 763	128 945	579 894	708 839	—	—	731 602
Net fee and commission income	324 907	1 946	106 814	108 760	—	—	433 667
Investment (loss)/ income	—	141	4 864	5 005	13 210	—	18 215
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	4 951	4 951	4 893	—	9 844
Trading income/(loss) arising from							
– customer flow	—	4 449	81 665	86 114	—	—	86 114
– balance sheet management and other trading activities	—	13	13 110	13 123	—	—	13 123
Other operating income/(loss)	—	—	6 879	6 879	—	—	6 879
Total operating income before expected credit loss impairment charges	**347 670**	**135 494**	**798 177**	**933 671**	**18 103**	**—**	**1 299 444**
Expected credit loss impairment charges	—	(6 344)	(60 368)	(66 712)	—	—	(66 712)
Operating income	**347 670**	**129 150**	**737 809**	**866 959**	**18 103**	**—**	**1 232 732**
Operating costs	(255 914)	(58 996)	(504 575)	(563 571)	—	(18 209)	(837 694)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**91 756**	**70 154**	**233 234**	**303 388**	**18 103**	**(18 209)**	**395 038**
Profit attributable to non-controlling interests	—	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**91 756**	**70 154**	**233 234**	**303 388**	**18 103**	**(18 209)**	**395 038**
Selected returns and key statistics							
Cost to income ratio	73.6%	43.5%	63.2%	60.4%	n/a	n/a	64.5%
Total assets (£'million)	996	5 202	22 063	27 265	172	n/a	28 433

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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**
10 172	299 154	286 643	585 797	(31 814)	—	564 155	1 295 757
108 063	59 373	128 249	187 622	50 001	—	345 686	779 353
382	15 000	4 574	19 574	(55 316)	—	(35 360)	(17 145)
—	(158)	125	(33)	19 338	—	19 305	29 149
1 196	—	54 889	54 889	(10 995)	—	45 090	131 204
399	50	663	713	43 479	—	44 591	57 714
(38)	6	(2 461)	(2 455)	—	—	(2 493)	4 386
120 174	**373 425**	**472 682**	**846 107**	**14 693**	**—**	**980 974**	**2 280 418**
(3)	(11 333)	(2 798)	(14 131)	(243)	—	(14 377)	(81 089)
120 171	**362 092**	**469 884**	**831 976**	**14 450**	**—**	**966 597**	**2 199 329**
(87 372)	(182 476)	(224 991)	(407 467)	(2 959)	(15 343)	(513 141)	(1 350 835)
32 799	**179 616**	**244 893**	**424 509**	**11 491**	**(15 343)**	**453 456**	**848 494**
—	—	(752)	(752)	(11 814)	—	(12 566)	(12 566)
32 799	**179 616**	**244 141**	**423 757**	**(323)**	**(15 343)**	**440 890**	**835 928**
72.7%	48.9%	47.7%	48.2%	n/a	n/a	53.0%	59.6%
229	10 460	16 817	27 277	1 356	n/a	28 862	57 295

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

	UK and Other						
	Private Client	Specialist Banking					
For the year to 31 March 2022 **£'000**	Wealth & Investment^^	Private Banking	Corporate, Investment Banking and Other	**Total Specialist Banking**	Group Investments	Group Costs	**Total**
Net interest income/(expense)	970	70 692	409 759	480 451	—	—	481 421
Net fee and commission income	337 352	1 556	149 730	151 286	—	—	488 638
Investment income/(loss)	—	816	10 033	10 849	—	—	10 849
Share of post-taxation profit of associates and joint venture holdings	—	—	13 879	13 879	33 387	—	47 266
Trading income/(loss) arising from							
– customer flow	—	2 228	56 950	59 178	—	—	59 178
– balance sheet management and other trading activities	—	2	(6 799)	(6 797)	—	—	(6 797)
Other operating income	—	—	11 533	11 533	—	—	11 533
Total operating income before expected credit loss impairment charges	**338 322**	**75 294**	**645 085**	**720 379**	**33 387**	**—**	**1 092 088**
Expected credit loss impairment charges	—	(2 432)	(22 743)	(25 175)	—	—	(25 175)
Operating income	**338 322**	**72 862**	**622 342**	**695 204**	**33 387**	**—**	**1 066 913**
Operating costs	(247 729)	(42 034)	(459 517)	(501 551)	—	(14 819)	(764 099)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**90 593**	**30 828**	**162 825**	**193 653**	**33 387**	**(14 819)**	**302 814**
Profit attributable to non-controlling interests	—	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**90 593**	**30 828**	**162 825**	**193 653**	**33 387**	**(14 819)**	**302 814**
Selected returns and key statistics							
Cost to income ratio	73.2%	55.8%	71.2%	69.6%	n/a	n/a	70.0%
Total assets (£'million)^	1 062	4 528	21 985	26 513	230	n/a	27 805

^ Restated as detailed in note 61.

^^ Restated: Following a strategic review, our Swiss operations have been earmarked to play a key role in the Group's strategic expansion of its international wealth services. To ensure strategic alignment, the operational results of the Switzerland wealth business are now reported as part of the Southern Africa Wealth & Investment business (previously reported as part of UK & Other Wealth & Investment business). The comparative period has been restated to reflect this change. There has been no change in the legal or ownership structures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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**
5 670	274 895	221 456	496 351	(38 172)	—	463 849	945 270
107 963	56 194	115 361	171 555	50 060	—	329 578	818 216
620	15 967	(11 164)	4 803	11 702	—	17 125	27 974
—	117	254	371	31 919	—	32 290	79 556
923	—	47 945	47 945	20 231	—	69 099	128 277
304	(145)	135	(10)	(14 625)	—	(14 331)	(21 128)
10	3	644	647	—	—	657	12 190
115 490	**347 031**	**374 631**	**721 662**	**61 115**	**—**	**898 267**	**1 990 355**
(5)	17 843	(20 910)	(3 067)	(581)	—	(3 653)	(28 828)
115 485	**364 874**	**353 721**	**718 595**	**60 534**	**—**	**894 614**	**1 961 527**
(82 943)	(166 047)	(202 920)	(368 967)	(1 946)	(15 993)	(469 849)	(1 233 948)
32 542	**198 827**	**150 801**	**349 628**	**58 588**	**(15 993)**	**424 765**	**727 579**
—	—	(252)	(252)	(39 918)	—	(40 170)	(40 170)
32 542	**198 827**	**150 549**	**349 376**	**18 670**	**(15 993)**	**384 595**	**687 409**
71.8%	47.8%	54.2%	51.1%	9.2%	n/a	54.8%	63.3%
205	11 629	17 577	29 206	1 672	n/a	31 083	58 888

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

At 31 March 2023 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	5 400 401	1 037 308	6 437 709
Loans and advances to banks	889 034	561 593	1 450 627
Non-sovereign and non-bank cash placements	—	644 065	644 065
Reverse repurchase agreements and cash collateral on securities borrowed	1 338 699	2 293 959	3 632 658
Sovereign debt securities	1 221 744	3 529 902	4 751 646
Bank debt securities	204 691	734 818	939 509
Other debt securities	697 275	532 117	1 229 392
Derivative financial instruments	633 649	752 485	1 386 134
Securities arising from trading activities	127 537	1 504 854	1 632 391
Investment portfolio	489 204	841 703	1 330 907
Loans and advances to customers	15 567 809	14 343 349	29 911 158
Own originated loans and advances to customers securitised	—	272 879	272 879
Other loans and advances	142 665	61	142 726
Other securitised assets	78 231	24 920	103 151
Interests in associated undertakings and joint venture holdings	52 320	1 383	53 703
Current taxation assets	69 257	65	69 322
Deferred taxation assets	134 564	123 562	258 126
Other assets	959 421	622 272	1 581 693
Property and equipment	121 014	157 547	278 561
Investment properties	—	722 481	722 481
Goodwill	255 267	7 365	262 632
Software	9 415	5 986	15 401
Other acquired intangible assets	40 550	586	41 136
Non-current assets classified as held for sale	—	35 761	35 761
	28 432 747	**28 751 021**	**57 183 768**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	110 891	110 891
	28 432 747	**28 861 912**	**57 294 659**
Liabilities			
Deposits by banks	2 168 795	1 448 729	3 617 524
Derivative financial instruments	701 282	1 722 754	2 424 036
Other trading liabilities	28 184	174 072	202 256
Repurchase agreements and cash collateral on securities lent	119 321	817 243	936 564
Customer accounts (deposits)	19 115 554	20 440 115	39 555 669
Debt securities in issue	1 449 545	353 041	1 802 586
Liabilities arising on securitisation of own originated loans and advances	—	163 787	163 787
Liabilities arising on securitisation of other assets	81 609	—	81 609
Current taxation liabilities	40 303	42 880	83 183
Deferred taxation liabilities	22 216	4 329	26 545
Other liabilities	1 229 580	644 134	1 873 714
	24 956 389	**25 811 084**	**50 767 473**
Liabilities to customers under investment contracts	—	108 370	108 370
Insurance liabilities, including unit-linked liabilities	—	2 521	2 521
	24 956 389	**25 921 975**	**50 878 364**
Subordinated liabilities	731 483	353 147	1 084 630
	25 687 872	**26 275 122**	**51 962 994**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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	897 538	1 590 513
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	1 007 610	2 139 354
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	**31 023 708**	**58 828 207**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	59 549	59 549
	27 804 499	**31 083 257**	**58 887 756**
Liabilities			
Deposits by banks	2 022 679	1 155 989	3 178 668
Derivative financial instruments	859 922	1 721 393	2 581 315
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	**27 306 786**	**51 772 260**
Liabilities to customers under investment contracts	—	56 475	56 475
Insurance liabilities, including unit-linked liabilities	—	3 074	3 074
	24 465 474	**27 366 335**	**51 831 809**
Subordinated liabilities	758 739	557 452	1 316 191
	25 224 213	**27 923 787**	**53 148 000**

^ Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

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

	Private Client					
		Specialist Banking				
For the year to 31 March 2023 **£'000**	**Wealth & Investment^**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total Group**
UK and Other	91 756	70 154	233 234	18 103	(18 209)	395 038
Southern Africa	32 799	179 616	244 141	(323)	(15 343)	440 890
Adjusted operating profit	**124 555**	**249 770**	**477 375**	**17 780**	**(33 552)**	**835 928**
Non-controlling interest*						12 566
Adjusted operating profit before non-controlling interests						**848 494**

	Private Client					
		Specialist Banking				
For the year to 31 March 2022 **£'000**	**Wealth & Investment^**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total Group**
UK and Other	90 593	30 828	162 825	33 387	(14 819)	302 814
Southern Africa	32 542	198 827	150 549	18 670	(15 993)	384 595
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**

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

^ Restated: Following a strategic review, our Swiss operations have been earmarked to play a key role in the Group's strategic expansion of its international wealth services. To ensure strategic alignment, the operational results of the Switzerland wealth business are now reported as part of the Southern Africa Wealth & Investment business (previously reported as part of UK & Other Wealth & Investment business). The comparative period has been restated to reflect this change. There has been no change in the legal or ownership structures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Net interest income

For the year to 31 March 2023 £'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	9 311 384	210 981	2.29%	9 292 880	503 720	5.03%	18 604 264	714 701
Core loans	2	15 268 383	913 761	6.00%	15 199 345	1 428 285	8.75%	30 467 728	2 342 046
Private client		5 085 272	212 142	4.22%	11 079 276	1 029 729	8.65%	16 164 548	1 241 871
Corporate, Investment Banking and Other		10 183 111	701 619	6.89%	4 120 069	398 556	9.02%	14 303 180	1 100 175
Other debt securities and other loans and advances		731 308	38 862	5.31%	618 067	34 674	5.23%	1 349 375	73 536
Other	3	225 900	264 059	n/a	50 054	2 999	n/a	275 954	267 058
		25 536 975	**1 427 663**		**25 160 346**	**1 969 678**		**50 697 321**	**3 397 341**

For the year to 31 March 2023 £'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	3 766 167	(50 257)	1.34%	2 351 057	(117 157)	4.50%	6 117 224	(167 414)
Customer accounts (deposits)		19 002 059	(382 561)	2.02%	21 179 824	(1 228 310)	5.25%	40 181 883	(1 610 871)
Subordinated liabilities		737 888	(33 615)	4.56%	128 489	(38 459)	8.06%	866 377	(72 074)
Other	5	352 681	(229 628)	n/a	432 265	(21 597)	n/a	784 946	(251 225)
		23 858 795	**(696 061)**		**24 091 635**	**(1 405 523)**		**47 950 430**	**(2 101 584)**
Net interest income			**731 602**			**564 155**			**1 295 757**
Net interest margin			**2.88%**			**2.22%****			

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 R20.45 (2022: R20.28).

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 24.3% interest. Excluding this debt funding cost, the net interest margin amounted to 2.31%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Net interest income continued

For the year to 31 March 2022 £'000	Notes	UK and Other# Average balance sheet value	UK and Other# Interest income	UK and Other# Average yield	Southern Africa# Average balance sheet value	Southern Africa# Interest income	Southern Africa# Average yield	Total Average balance sheet value	Total Interest income
Cash, near cash and bank debt and sovereign debt securities	1	8 071 461	24 761	0.30%	8 339 200	264 057	3.31%	16 410 661	288 818
Core loans	2	13 435 691	623 499	4.65%	14 505 948	933 643	6.71%	27 941 639	1 557 142
Private client		4 013 304	122 723	3.08%	10 843 207	674 607	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	50 395	n/a	25 528	6 740	n/a	259 329	57 135
		22 350 067	**716 702**		**23 658 768**	**1 234 507**		**46 008 835**	**1 951 209**

For the year to 31 March 2022 £'000	Notes	UK and Other# Average balance sheet value	UK and Other# Interest expense	UK and Other# Average yield	Southern Africa# Average balance sheet value	Southern Africa# Interest expense	Southern Africa# Average yield	Total Average balance sheet value	Total Interest expense
Deposits by banks and other debt-related securities	4	3 308 178	(32 940)	1.00%	2 090 804	(58 446)	2.99%	5 398 982	(91 386)
Customer accounts (deposits)		16 761 883	(93 085)	0.56%	19 729 284	(651 348)	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	(59 759)	n/a	131 534	(22 250)	n/a	494 727	(82 009)
		21 304 208	**(235 281)**		**22 584 234**	**(770 658)**		**43 888 442**	**(1 005 939)**
Net interest income			**481 421**			**463 849**			**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 (2022: R20.38).

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 24.3% interest. Excluding this debt funding cost, the net interest margin amounted to 2.06%.

Restated between geographies. Refer to page 63.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

3. Net fee and commission income

For the year to 31 March 2023 £'000	UK and Other	Southern Africa	Total
Wealth & Investment net fee and commission income	**324 907**	**108 063**	**432 970**
Fund management fees/fees for funds under management	287 779	66 418	354 197
Private client transactional fees*	37 128	44 614	81 742
Fee and commission expense	—	(2 969)	(2 969)
Specialist Banking net fee and commission income	**108 760**	**187 622**	**296 382**
Specialist Banking fee and commission income**	123 511	219 128	342 639
Specialist Banking fee and commission expense	(14 751)	(31 506)	(46 257)
Group Investments net fee and commission income	**—**	**50 001**	**50 001**
Group Investments fee and commission income**^	—	53 635	53 635
Group Investments fee and commission expense	—	(3 634)	(3 634)
Net fee and commission income	**433 667**	**345 686**	**779 353**
Annuity fees (net of fees payable)	303 522	252 893	556 415
Deal fees	130 145	92 793	222 938

For the year to 31 March 2022 £'000	UK and Other#	Southern Africa#	Total
Wealth & Investment net fee and commission income	**337 352**	**107 963**	**445 315**
Fund management fees/fees for funds under management	296 006	61 641	357 647
Private client transactional fees*	41 346	48 740	90 086
Fee and commission expense	—	(2 418)	(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	**488 638**	**329 578**	**818 216**
Annuity fees (net of fees payable)	312 324	259 114	571 438
Deal fees	176 314	70 464	246 778

* Trust and fiduciary fees amounted to £0.4 million (2022: £0.4 million) and are included in Private client transactional fees.

** Included in Group Investments and Specialist Banking is fee and commission income of £78.0 million (2022: £85.0 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers. Refer to note 14 for detail on operating lease disclosures.

^ Included within Group Investments fee and commission income is a net contribution from rental activities resulting from the consolidation of IPF of £56.0 million (2022: £55.8 million) comprising property revenue of £90.3 million (2022: £87.9 million) and property expenses of £34.3 million (2022: £32.1 million).

Restated between geographies. Refer to page 63.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

4. Investment (loss)/income

For the year to 31 March 2023 £'000	Listed equities	Unlisted equities*	Fair value investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset and liability categories	**Total**
UK and Other									
Realised	(994)	53 495	—	1 062	53 563	(529)	(1 118)	(38 758)	13 158
Unrealised^	1 147	(51 330)	—	(1 281)	(51 464)	(5 649)	(2 325)	43 874	(15 564)
Dividend income	13 210	6 312	—	—	19 522	—	—	234	19 756
Funding and other net related income	—	—	—	—	—	—	865	—	865
	13 363	**8 477**	**—**	**(219)**	**21 621**	**(6 178)**	**(2 578)**	**5 350**	**18 215**
Southern Africa									
Realised	159	1 522	(10 462)	4 326	(4 455)	9 867	2 296	5 768	13 476
Unrealised^	(978)	(8 253)	(58 220)	487	(66 964)	1 238	(377)	4 789	(61 314)
Dividend income	1 894	5 242	—	—	7 136	—	—	782	7 918
Funding and other net related income (costs)	—	(1 977)	—	—	(1 977)	—	6 537	—	4 560
	1 075	**(3 466)**	**(68 682)**	**4 813**	**(66 260)**	**11 105**	**8 456**	**11 339**	**(35 360)**
Investment (loss)/income	**14 438**	**5 011**	**(68 682)**	**4 594**	**(44 639)**	**4 927**	**5 878**	**16 689**	**(17 145)**

For the year to 31 March 2022 £'000	Listed equities	Unlisted equities*	Fair value investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset and liability categories	**Total**
UK and Other#									
Realised	2 414	18 028	—	552	20 994	512	(4 383)	11 866	28 989
Unrealised^	(4 169)	2 352	—	1 176	(641)	(457)	4 274	(29 901)	(26 725)
Dividend income	37	6 667	—	—	6 704	—	—	213	6 917
Funding and other net related income	—	—	—	—	—	—	1 668	—	1 668
	(1 718)	**27 047**	**—**	**1 728**	**27 057**	**55**	**1 559**	**(17 822)**	**10 849**
Southern Africa#									
Realised	414	1 993	5 149	8 383	15 939	2 990	2 087	19 100	40 116
Unrealised^	1 078	(31 211)	10 910	—	(19 223)	589	(25 536)	2 288	(41 882)
Dividend income	1 344	10 782	—	—	12 126	—	—	323	12 449
Funding and other net related costs	—	(1 078)	—	—	(1 078)	—	7 520	—	6 442
	2 836	**(19 514)**	**16 059**	**8 383**	**7 764**	**3 579**	**(15 929)**	**21 711**	**17 125**
Investment income/(loss)	**1 118**	**7 533**	**16 059**	**10 111**	**34 821**	**3 634**	**(14 370)**	**3 889**	**27 974**

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item and recognised in the realised line item.
* Includes income/(losses) from unlisted equities classified as non-current assets held for sale in Southern Africa.
\# Restated between geographies. Refer to page 63.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

5. Other operating income

For the year to 31 March £'000	2023	2022
Income from government grants*	6 184	7 833
Gains on realisation of properties	76	36
Unrealised (losses)/gains on other investments	(6 342)	2 782
Income from operating leases	4 468	1 539
	4 386	**12 190**

* 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	2023	2022
Expected credit loss impairment charges/(releases) is recognised on the following assets:		
Loans and advances to customers	67 207	22 524
Expected credit loss impairment charges (refer to note 29)	88 455	70 301
Post write-off recoveries	(21 248)	(47 777)
Own originated loans and advances to customers securitised	(348)	89
Core loans	**66 859**	**22 613**
Other loans and advances	593	9
Other balance sheet assets	5 367	6 884
Undrawn commitments and guarantees	8 270	(678)
	81 089	**28 828**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

7. Operating costs

For the year to 31 March £'000	2023	2022
Staff costs	973 277	911 734
Salaries and wages^	497 773	467 712
Variable remuneration^	289 259	279 779
Share-based payments expense^	46 406	45 648
Pension and provident fund contributions^	51 927	46 894
Other	87 912	71 701
Business expenses*	163 884	134 952
Equipment expenses (excluding depreciation)	100 316	84 532
Premises expenses	58 520	56 032
Premises expenses (excluding depreciation)	30 671	24 567
Premises depreciation	27 849	31 465
Marketing expenses	40 801	30 007
Depreciation, amortisation and impairment on property, equipment, intangibles and software	14 037	16 691
Total operating costs	**1 350 835**	**1 233 948**
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 audit fees	**10 533**	**9 514**
Audit of the Group's accounts	3 443	3 098
Audit of the Group's subsidiaries	7 090	6 416
Total non-audit fees	**3 518**	**2 490**
Audit-related assurance services[1]	2 004	1 364
Other assurance services[2]	1 020	861
Services related to corporate finance transactions[3]	87	128
Other non-audit services	407	137
Total auditors remuneration	**14 051**	**12 004**
KPMG fees		
Total audit fees	**2 724**	**2 613**
Audit of Investec Limited and its subsidiaries	2 724	2 613
Total non-audit fees	**2 241**	**988**
Audit-related assurance services	292	360
Other assurance services	8	112
Tax compliance and advisory services for Investec plc	125	18
Other non-audit services for Investec plc	1 816	498
Total auditors remuneration	**4 965**	**3 601**
Total	**19 016**	**15 605**

* 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 25 to 49 in the Investec Group's 2023 remuneration report.
1 Audit-related assurance services consist of review of interim financial information and reporting accountant services.
2 Other assurance services relate to services required by law or regulation (including reporting on regulatory returns, agreed-upon-procedures relating to statutory and regulatory filings and reporting to regulators on client assets) and assurance on sustainability reporting.
3 Services related to corporate finance transactions relate to comfort letters on debt issuances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 2023 remuneration report on pages 45 and 46 and on our website.

For the year to 31 March £'000	**2023**	2022
Weighted average fair value of awards granted in the year		
UK schemes	25 576	42 990
South African schemes	33 152	24 250

Equity-settled options

	UK schemes				**South African schemes**			
	2023		2022		**2023**		2022	
Details of equity-settled awards outstanding during the year	**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	29 590 241	—	22 431 650	0.02	26 601 046	—	24 206 796	—
Sale of business	—	—	(94 076)	—	—	—	—	—
Granted during the year	5 542 176	—	14 657 836	—	8 509 927	22.14^	7 922 242	—^
Exercised during the year	(4 788 744)	0.01	(5 595 039)	—	(5 635 542)	—	(4 647 193)	—
Awards forfeited during the year	(1 558 256)	—	(1 810 130)	0.04	(933 124)	—	(880 799)	—
Outstanding at the end of the year	**28 785 417**	**—**	**29 590 241**	**—**	**28 542 307**	**6.60**	**26 601 046**	**—**
Vested and exercisable at the end of the year	**932 470**	**—**	**487 445**	**—**	**492 909**	**—**	**396 541**	**—**

^ In the current year, equity-settled options with a strike price and with a zero strike price, were granted to participants. In 2022, only equity-settled options with a zero strike price were granted.

The weighted average share price during the year was £4.59 (2022: £3.40) for the UK schemes and R92.95 (2022: R68.09) for the South African schemes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments continued

Equity-settled options (continued)

	UK schemes		South African schemes	
Additional information relating to awards	**2023**	2022	**2023**	2022
Long-term incentive options with strike prices				
Exercise price range	n/a	£3.58 - £4.18	R93.31	n/a
Weighted average remaining contractual life	n/a	0.22 years	3.16 years	n/a
Weighted average fair value of options and long-term grants during the period	n/a	n/a	R14.42	n/a
Long-term incentive shares with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	1.99 years	2.26 years	1.81 years	1.98 years
Weighted average fair value of options and long-term grants granted during the period	£4.61	£2.93	R95.89	R60.18
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	£4.70 - £4.81	£3.06 - £3.80	R95.89 - R100.81	R57.61 - R80.10
Exercise price	£nil	£nil	Rnil, R93.31	Rnil
Expected volatility	n/a	n/a	25.42%	n/a
Option life	3.66 - 7.01 years	3 - 7.01 years	2.50 - 5.00 years	2.50 - 5.68 years
Expected dividend yields	n/a	n/a	5.89% - 6.06%	n/a
Risk-free rate	n/a	n/a	7.07% - 7.52%	n/a

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments continued

Cash-settled options

	South African schemes			
	2023		2022	
Details of cash-settled awards outstanding during the year	**Number of awards**	**Weighted average exercise price R**	Number of awards	Weighted average exercise price R
Outstanding at the beginning of the year	3 606 097	54.03	—	—
Granted during the year	—	—	3 606 097	54.03
Outstanding at the end of the year	**3 606 097**	**54.03**	**3 606 097**	**54.03**
Vested and exercisable at the end of the year	**—**	**—**	**—**	**—**

The cash-settled award to employees was a once-off award in the prior year and has subsequently been replaced by the equity-settled award with a strike price.

The liability is valued at £3.3 million (2022: £1.6 million) and £1.7 million (2022: £1.6 million) has been recognised in share-based payments expense within operating costs in the income statement.

The fair value of the liability was calculated by using the Black-Scholes option pricing model.

	South African schemes	
At 31 March	**2023**	2022
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	R98.12	R97.51
Exercise price	R54.03	R54.03
Expected volatility	30.61%	25.33 %
Option life	1.41 - 3.08 years	2.41 - 4.08 years
Expected dividend yields	5.94% - 6.34%	3.24% - 3.39%
Risk-free rate	7.75% - 7.92%	6.20% - 6.73%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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, 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 DLC has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as an other long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £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.

In the current year, on 30 May 2022, the Group's 15% shareholding in Ninety One DLC was distributed to ordinary shareholders. Each participant of the Investec share option and long-term share incentive plans for employees, received the right to receive 0.13751 Ninety One shares for each Investec share option they had.

In addition, management approved the acceleration of certain remaining Ninety One awards. Participants had 90 days to exercise the acceleration. The acceleration excluded awards made to senior management.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2023 was a loss of £5.4 million (2022: loss of £7.7 million).

	UK schemes				**South African schemes**			
	2023		2022		**2023**		2022	
Details of awards outstanding during the year	**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	4 312 508	0.01	6 655 601	0.01	4 940 271	—	7 445 581	—
Sale of business	—	—	(30 412)	—	—	—	—	—
Grant linked to Ninety One Distribution	4 316 708	—	—	—	4 411 398	—	—	—
Granted during the year^	1 120	—	3 961	—	—	—	—	—
Exercised during the year	(5 706 136)	—	(2 058 445)	—	(8 281 466)	—	(2 341 563)	—
Lapsed during the year	(189 052)	0.17	(258 197)	0.12	(117 205)	—	(163 747)	—
Outstanding at the end of the year	**2 735 148**	**—**	**4 312 508**	**0.01**	**952 998**	**—**	**4 940 271**	**—**
Exercisable at the end of the year	**1 054 811**	**—**	**237 106**	**—**	**789 931**	**—**	**208 673**	**—**

^ 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 one Ninety One share for every two Investec shares.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

9. Long-term employee benefits continued

	UK schemes		South African schemes	
At 31 March	**2023**	2022	**2023**	2022
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	n/a	£2.90 - £3.39	n/a	n/a
Weighted average remaining contractual life	n/a	0.25 years	n/a	n/a
Long-term awards with no strike price				
Exercise price	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	1.51 years	1.05 years	1.08 years	0.92 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	£1.85	£2.55	R40.54	R49.01
Exercise price	Nil	Nil, £2.90 - £3.39	Rnil	Rnil
Expected volatility	37.67%	35.03%	31.27%	35.03%
Option life	0 - 5.41 years	0 - 4.42 years	0.15 - 3.08 years	0 - 2.16 years
Expected dividend yields	0% - 9.82%	0% - 7.41%	0% - 8.49%	0% - 6.25%
Risk-free rate	3.67% - 4.45%	0.69% - 2.03%	7.63% - 8.02%	4.16% - 6.40%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. Taxation

For the year to 31 March £'000	2023	2022
Income statement taxation charge		
Current taxation		
UK		
– in respect of the current year	85 799	53 932
– in respect of prior year adjustments	(7 769)	1 170
Corporation tax before double tax relief	78 030	55 102
– Double taxation relief	(335)	(435)
	77 695	**54 667**
Southern Africa		
– in respect of the current year	95 196	110 115
– in respect of release of taxation provisions no longer required	—	(2 120)
– in respect of prior year adjustments	2 494	6 657
	97 690	**114 652**
Europe	5 478	1 505
Australia	438	329
Other*	638	3 055
Withholding taxation on companies	421	379
Total current taxation	**182 360**	**174 587**
Deferred taxation		
UK	(9 675)	(21 407)
Southern Africa	(10 291)	(10 078)
Europe	102	(2 447)
Australia	—	1 008
Other	(5)	(776)
Total deferred taxation	**(19 869)**	**(33 700)**
Total taxation charge for the year	**162 491**	**140 887**
Total taxation charge for the year comprises:		
Taxation on operating profit before acquired intangibles	179 704	143 309
Taxation on acquired intangibles	(17 213)	(2 422)
	162 491	**140 887**

* Where Other largely includes India and North America.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. Taxation continued

For the year to 31 March £'000	2023	2022
Deferred taxation comprises:		
Origination and reversal of temporary differences	(12 247)	(22 028)
Changes in taxation rates	(6 915)	(9 361)
Adjustment in respect of prior years	(707)	(2 311)
	(19 869)	**(33 700)**
The deferred taxation movements in the income statement arise from:		
Deferred capital allowance	(11 616)	(8 371)
Income and expenditure accruals	(7 091)	(5 023)
Asset in respect of unexpired options	(2 025)	(12 485)
Unrealised fair value adjustments on financial instruments	(1 978)	(8 342)
Movement in deferred tax assets related to assessed losses	6 091	13 156
Liability in respect of pension surplus	11	(68)
Deferred taxation on acquired intangibles	1 217	(2 321)
Revaluation of investment properties	396	(10 174)
Finance lease accounting	(5 003)	(201)
Other temporary differences	129	129
	(19 869)	**(33 700)**
The rates of corporation taxation for the relevant years are:	%	%
UK	19	19
South Africa	27	28
Europe (average)	10	10
Australia	30	30
Profit before taxation	**979 922**	**697 261**
Taxation on profit before taxation	**162 491**	**140 887**
Effective taxation rate (%)	16.58%	20.21%
Taxation on profit on ordinary activities before taxation at UK rate of 19% (2022: 19%) and SA rate of 27% (2022: 28%)	227 608	170 148
The standard rate of UK and South African normal taxation has been affected by:		
Qualifying distribution	(3 815)	(12 010)
Release of provisions	—	(2 106)
Tax impact of equity accounted earnings of associate	(6 221)	(15 344)
Release of deferred tax on demerger	(14 735)	—
Taxation adjustments relating to foreign earnings	(11 482)	(7 364)
Unrealised capital losses	2 022	8 086
Bank surcharge*	17 068	10 481
Impairment of goodwill and non-operating items	1 239	(6)
Taxation relating to prior years	(5 830)	5 524
Share options accounting expense	980	(2 658)
Non-taxable income	(20 080)	(15 682)
Net other permanent differences	9 401	6 677
Change in tax rate	(6 915)	(9 129)
Tax rate differential on profits of a capital nature	2 510	(4 426)
Movement in unrecognised trading losses	5 335	1 299
Impairment of deferred taxation asset	—	7 397
Change in expected tax consequences due to distribution	(34 594)	—
Total taxation charge as per income statement	**162 491**	**140 887**

* The bank surcharge rate of 8% was reduced to 3% and the surcharge allowances available for the banking group was increased to £100 million from £25 million with effect from 1 April 2023. This increases 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
CONTINUED

10. Taxation continued

For the year to 31 March £'000	2023	2022
Other comprehensive income taxation effects		
Fair value movements on cash flow hedges taken directly to other comprehensive income	39 717	(4 311)
– Pre-taxation	48 557	(3 757)
– Taxation effect	(8 840)	(554)
Gains on realisation of debt instruments at FVOCI recycled through the income statement	(2 960)	(2 010)
– Pre-taxation	(4 153)	(2 822)
– Taxation effect	1 193	812
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(48 515)	(301)
– Pre-taxation	(49 144)	(642)
– Deferred taxation	629	341
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(657)	3 420
– Pre-taxation	(1 021)	2 840
– Deferred taxation	364	580
Net gain/(loss) attributable to own credit risk	104	11 095
– Pre-taxation	131	15 813
– Taxation effect	(27)	(4 718)
Statement of changes in equity taxation effects		
Share-based payment IFRS 2 adjustment taxation effect	491	4 538
Additional Tier 1 Capital taxation effect	(16 880)	(16 875)
IFRS 9 transitional adjustments taxation effect	(7)	617

Global Minimum Tax

To address concerns about uneven profit distribution and the tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 countries to introduce a global minimum tax rate of 15% for certain of the Group's subsidiaries. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance in March 2022. This is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Enactment is currently expected to occur with effect from 1 January 2024. We are closely monitoring these developments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Earnings per share

For the year to 31 March	2023	2022
Earnings	**£'000**	£'000
Earnings attributable to shareholders	804 865	516 204
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 419)	(40 735)
Gain on repurchase of perpetual preference shares	717	1 255
Earnings and diluted earnings attributable to ordinary shareholders	**765 163**	**476 724**
Adjusted earnings		
Earnings attributable to shareholders	804 865	516 204
Impairment of goodwill	890	1 962
Amortisation of acquired intangibles	15 160	15 477
Amortisation of acquired intangibles of associates	1 542	9 249
Closure and rundown of the Hong Kong direct investments business	450	1 203
Net gain/(implementation costs) on distribution of associate to shareholders	(154 438)	2 427
Financial impact of Group restructures	4 968	—
Taxation on acquired intangibles and strategic actions	(17 213)	(2 422)
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 419)	(40 735)
Accrual adjustment on earnings attributable to other equity holders*	(1 453)	1 802
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**614 352**	**505 167**
Headline earnings		
Earnings attributable to shareholders	804 865	516 204
Impairment of goodwill	890	1 962
Gain on distribution of associate to shareholders	(155 146)	—
Taxation on gain on distribution of associate to shareholders	(14 501)	—
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(40 419)	(40 735)
Headline adjustments of associates	561	5 625
Property revaluation, net of taxation and non-controlling interests**	(1 355)	5 066
Gain on repurchase of perpetual preference shares	717	1 255
Headline earnings attributable to ordinary shareholders* **	**595 612**	**489 377**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 003 063 501	1 014 217 111
Weighted average number of treasury shares held by Investec Limited	(11 201 481)	—
Weighted average number of treasury shares held by share schemes	(99 921 608)	(96 765 211)
Weighted average number of shares in issue during the year	**891 940 412**	**917 451 900**
Weighted average number of shares resulting from future dilutive potential shares	35 365 704	31 296 653
Adjusted weighted number of shares potentially in issue	**927 306 116**	**948 748 553**
Basic earnings per share – pence	**85.8**	**52.0**
Diluted basic earnings per share– pence	82.5	50.2
Adjusted earnings per share – pence	**68.9**	**55.1**
Diluted adjusted earnings per share – pence	66.3	53.2
Headline earnings per share – pence* **	**66.8**	**53.3**
Diluted headline earnings per share – pence*** **	64.2	51.6

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive obligation 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 £1.0 million (2022: £2.9 million) with an impact of £3.6 million (2022: £14.1 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

12. Dividends

For the year to 31 March	2023 Pence per share	2023 Total £'000	2022 Pence per share	2022 Total £'000
Ordinary dividend				
Final dividend for prior year	14.0	134 796	7.5	72 361
Interim dividend for current year	13.5	125 877	11.0	106 057
Total dividend attributable to ordinary shareholders recognised in current financial year	**27.5**	**260 673**	**18.5**	**178 418**

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

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 423 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 17.5 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec Limited on the SA DAS share of 17.5 pence per ordinary share
- The final dividend to shareholders registered on 18 August 2023 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 3 August 2023 and, if approved, will be paid on 4 September 2023.

On 30 May 2022, c.15% shareholding in Ninety One DLC was distributed to ordinary shareholders which amounted to £282.7 million.

For the year to 31 March £'000	2023	2022
Perpetual preference dividend*		
Final dividend for prior year	4 139	6 681
Interim dividend for current year	4 429	7 297
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**8 568**	**13 978**
* Perpetual preference share dividends from Investec Limited and Investec plc.		
The directors have declared a final dividend in respect of the financial year ended 31 March 2023 of 21.58904 pence (Investec plc shares traded on the JSE Limited) and 21.58904 pence (Investec plc shares traded on the International Stock Exchange), 490.94179 cents (Investec plc Rand-denominated shares) and 401.90045 cents (Investec Limited). All outstanding Investec Bank Limited preference shares were repurchased in the prior year. The final dividend will be payable to shareholders on the register at the close of business on 23 June 2023 for all dividends.		
Dividend attributable to other Additional Tier 1 securities in issue	**31 851**	**26 757**
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	**40 419**	**40 735**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

13. Financial impact of strategic actions

For the year to 31 March £'000	2023	2022
Closure and rundown of the Hong Kong direct investments business*	(450)	(1 203)
Net gain/(implementation costs) on distribution of associate to shareholders^	154 438	(2 427)
Transaction costs on Group restructures**	(4 968)	—
Financial impact of strategic actions	**149 020**	**(3 630)**
Taxation on financial impact of strategic actions	14 501	633
Net financial impact of strategic actions	**163 521**	**(2 997)**

* In the prior year included within the balance are fair value gains of £0.7 million.
** Includes transaction costs relating to the proposed combination of Investec Wealth & Investment UK and Rathbones Group. Refer to note 62.

^ Net gain on loss of significant influence over Ninety One £'000	2023
The gain on the distribution is calculated as follows:	
Fair value of the distribution	282 669
Remaining shares held in Ninety One	244 590
Derecognition of the previously equity accounted investment in Ninety One	(386 019)
Foreign currency translation reserve recycled to the income statement on distribution	13 906
Gain on the distribution of Ninety One shares before tax	**155 146**
Implementation costs	(708)
Gain on distribution of Ninety One shares before tax	**154 438**
Taxation benefit (release of deferred taxation)	14 501
Gain on distribution of Ninety One shares net of taxation and implementation costs	**168 939**

14. Operating lease disclosures

For the year to 31 March £'000	2023	2022
Operating lease income recognised in operating income	**77 993**	**85 028**
Rental income from leasing properties is included in 'other operating income' and 'fee and commission income' respectively.		
Operating lease receivables		
Future minimum lease payments receivable under non-cancellable operating leases:		
Less than one year	61 354	72 649
One to five years	126 931	162 464
Greater than five years	40 518	98 327
	228 803	**333 440**

The Group leases property to third parties under operating lease arrangements. The term of the leases range between three and ten 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 Trading**	Non-trading**	Designated at inception
2023			
Interest income	235 759	127 579	109 505
Interest expense	(224 580)	(3 309)	(70 051)
Fee and commission income	26 352	1 169	—
Fee and commission expense	(326)	(397)	—
Investment (loss)/income	(6 427)	(35 498)	10 185
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	134 035	(2 576)	1 218
– balance sheet management and other trading activities	23 660	20 271	10 463
Other operating income/(loss)	—	(3 090)	—
Total operating income before expected credit loss impairment charges	**188 473**	**104 149**	**61 320**
Expected credit loss impairment charges	—	—	(1 095)
Operating income	**188 473**	**104 149**	**60 225**
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**

* 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**
240 155	—	2 650 621	13 620	20 102	3 397 341
—	—	(1 789 912)	(13 732)	—	(2 101 584)
—	—	220 000	66 853	517 839	832 213
(152)	—	(34 230)	(247)	(17 508)	(52 860)
5 193	13 210	(5 490)	(373)	2 055	(17 145)
—	—	—	29 149	—	29 149
—	—	(1 413)	—	(60)	131 204
—	—	2 512	448	360	57 714
(1)	—	4 456	633	2 388	4 386
245 195	**13 210**	**1 046 544**	**96 351**	**525 176**	**2 280 418**
(2 130)	—	(86 134)	—	8 270	(81 089)
243 065	**13 210**	**960 410**	**96 351**	**533 446**	**2 199 329**
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**

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		
At 31 March 2023 **£'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	—	5 909	—
Reverse repurchase agreements and cash collateral on securities borrowed	179 433	782 357	—
Sovereign debt securities	—	399 897	—
Bank debt securities	—	75 265	—
Other debt securities	—	115 158	—
Derivative financial instruments	1 386 134	—	—
Securities arising from trading activities	1 610 154	9 321	12 916
Investment portfolio	8 812	1 134 431	—
Loans and advances to customers	—	625 309	639 632
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	78 231
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation asset	—	—	
Deferred taxation assets	—	—	—
Other assets	166 366	91 012	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	
Non-current assets classified as held for sale	—	—	—
	3 350 899	**3 238 659**	**730 779**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 350 899	**3 238 659**	**730 779**
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	2 424 036	—	—
Other trading liabilities	202 256	—	—
Repurchase agreements and cash collateral on securities lent	169 063	—	—
Customer accounts (deposits)	—	—	3 188 859
Debt securities in issue	—	—	21 554
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	81 609
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	47 292	52 400	—
	2 842 647	**52 400**	**3 292 022**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 842 647	**52 400**	**3 292 022**
Subordinated liabilities	—	—	—
	2 842 647	**52 400**	**3 292 022**

* 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
CONTINUED

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**
—	—	—	—	6 437 709	—	6 437 709
—	—	—	—	1 450 627	—	1 450 627
—	—	—	5 909	638 156	—	644 065
—	—	—	961 790	2 670 868	—	3 632 658
3 127 326	—	—	3 527 223	1 224 423	—	4 751 646
537 665	—	—	612 930	326 579	—	939 509
294 486	—	—	409 644	819 748	—	1 229 392
—	—	—	1 386 134	—	—	1 386 134
—	—	—	1 632 391	—	—	1 632 391
—	187 664	—	1 330 907	—	—	1 330 907
843 428	—	—	2 108 369	27 802 789	—	29 911 158
—	—	—	—	272 879	—	272 879
—	—	—	—	142 726	—	142 726
—	—	—	78 231	24 920	—	103 151
—	—	—	—	—	53 703	53 703
—	—	—	—	—	69 322	69 322
—	—	—	—	—	258 126	258 126
—	—	—	257 378	811 379	512 936	1 581 693
—	—	—	—	—	278 561	278 561
—	—	—	—	—	722 481	722 481
—	—	—	—	—	262 632	262 632
—	—	—	—	—	15 401	15 401
—	—	—	—	—	41 136	41 136
—	—	—	—	—	35 761	35 761
4 802 905	**187 664**	**—**	**12 310 906**	**42 622 803**	**2 250 059**	**57 183 768**
—	—	110 891	110 891	—	—	110 891
4 802 905	**187 664**	**110 891**	**12 421 797**	**42 622 803**	**2 250 059**	**57 294 659**
—	—	—	—	3 617 524	—	3 617 524
—	—	—	2 424 036	—	—	2 424 036
—	—	—	202 256	—	—	202 256
—	—	—	169 063	767 501	—	936 564
—	—	—	3 188 859	36 366 810	—	39 555 669
—	—	—	21 554	1 781 032	—	1 802 586
—	—	—	—	163 787	—	163 787
—	—	—	81 609	—	—	81 609
—	—	—	—	—	83 183	83 183
—	—	—	—	—	26 545	26 545
—	—	—	99 692	916 649	857 373	1 873 714
—	**—**	**—**	**6 187 069**	**43 613 303**	**967 101**	**50 767 473**
—	—	108 370	108 370	—	—	108 370
—	—	2 521	2 521	—	—	2 521
—	**—**	**110 891**	**6 297 960**	**43 613 303**	**967 101**	**50 878 364**
—	—	—	—	1 084 630	—	1 084 630
—	**—**	**110 891**	**6 297 960**	**44 697 933**	**967 101**	**51 962 994**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 2022^ **£'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	—	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	1 590 513	—	—
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 assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	226 663	121 965	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	25 880	—
	2 929 187	**3 740 576**	**1 152 558**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	2 929 187	**3 740 576**	**1 152 558**
Liabilities			
Deposits by banks	—	—	—
Derivative financial instruments	2 581 315	—	—
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	—
	3 078 350	**49 418**	**3 087 908**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	3 078 350	**49 418**	**3 087 908**
Subordinated liabilities	—	—	—
	3 078 350	**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.

^ Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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
—	—	—	1 590 513	—	—	1 590 513
—	—	—	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
—	—	—	348 628	1 349 259	441 467	2 139 354
—	—	—	—	—	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**	**—**	**12 940 759**	**42 897 201**	**2 990 247**	**58 828 207**
—	—	59 549	59 549	—	—	59 549
5 104 256	**14 182**	**59 549**	**13 000 308**	**42 897 201**	**2 990 247**	**58 887 756**
—	—	—	—	3 178 668	—	3 178 668
—	—	—	2 581 315	—	—	2 581 315
—	—	—	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
—	**—**	**—**	**6 215 676**	**44 617 170**	**939 414**	**51 772 260**
—	—	56 475	56 475	—	—	56 475
—	—	3 074	3 074	—	—	3 074
—	**—**	**59 549**	**6 275 225**	**44 617 170**	**939 414**	**51 831 809**
—	—	—	—	1 316 191	—	1 316 191
—	**—**	**59 549**	**6 275 225**	**45 933 361**	**939 414**	**53 148 000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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).

		Fair value category		
At 31 March 2023 **£'000**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	5 909	—	5 909	—
Reverse repurchase agreements and cash collateral on securities borrowed	961 790	—	961 790	—
Sovereign debt securities	3 527 223	3 527 223	—	—
Bank debt securities	612 930	406 088	206 842	—
Other debt securities	409 644	102 035	213 677	93 932
Derivative financial instruments	1 386 134	—	1 332 950	53 184
Securities arising from trading activities	1 632 391	1 611 233	17 156	4 002
Investment portfolio	1 330 907	200 252	2 691	1 127 964
Loans and advances to customers*	2 108 369	—	771 498	1 336 871
Other securitised assets	78 231	—	—	78 231
Other assets	257 378	257 378	—	—
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	110 891	110 891	—	—
	12 421 797	**6 215 100**	**3 512 513**	**2 694 184**
Liabilities				
Derivative financial instruments	2 424 036	—	2 364 578	59 458
Other trading liabilities	202 256	154 473	47 783	—
Repurchase agreements and cash collateral on securities lent	169 063	—	169 063	—
Customer accounts (deposits)	3 188 859	—	3 188 859	—
Debt securities in issue	21 554	—	21 554	—
Liabilities arising on securitisation of other assets	81 609	—	—	81 609
Other liabilities	99 692	—	47 292	52 400
Liabilities to customers under investment contracts	108 370	—	108 370	—
Insurance liabilities, including unit-linked liabilities	2 521	—	2 521	—
	6 297 960	**154 473**	**5 950 020**	**193 467**
Net financial assets/(liabilities) at fair value	**6 123 837**	**6 060 627**	**(2 437 507)**	**2 500 717**

* 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

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	1 590 513	19	1 546 544	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^	348 628	348 628	—	—
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	—	—
	13 000 308	**4 851 710**	**5 749 930**	**2 398 668**
Liabilities				
Deposits by banks	—	—	—	—
Derivative financial instruments^	2 581 315	36 289	2 499 257	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	—
	6 275 225	**147 562**	**5 936 591**	**191 072**
Net financial assets/(liabilities) at fair value	**6 725 083**	**4 704 148**	**(186 661)**	**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.
^ Restated as detailed in note 61.

Transfers between level 1 and level 2

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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	Yield curves, 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	Yield curves, 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	Yield curves, 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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.

	Investment portfolio	Loans and advances to customers	Other securitised assets	Other level 3 assets^^	Total
Assets					
Balance at 1 April 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**
Total gains/(losses)	(40 039)	92 109	1 000	5 253	58 323
In the income statement	(40 039)	92 365	1 000	5 253	58 579
In the statement of comprehensive income	—	(256)	—	—	(256)
Purchases	138 597	1 692 584	—	26 056	1 857 237
Sales	(45 897)	(762 668)	—	(36 946)	(845 511)
Issues	680	8 305	—	—	8 985
Settlements	(60 665)	(983 912)	(15 856)	(31 148)	(1 091 581)
Transfers into level 3	6 304	—	—	4 746	11 050
Transfers from interests in associated undertakings^	277 542	—	—	—	277 542
Foreign exchange adjustments	(22 266)	38 221	—	3 516	19 471
Balance at 31 March 2023	**1 127 964**	**1 336 871**	**78 231**	**151 118**	**2 694 184**

^ The IEP Group and Bud Group shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including the Investec Group, by way of a share buyback. The restructure entails the transfer of certain assets to a Newco, to facilitate the orderly disposal of those assets. As a result the nature of the holding in IEP has changed to that of a fair value investment and has been transferred to the investment portfolio line on the balance sheet, where it is measured at fair value through profit or loss.

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

The Group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change. Transfers are deemed to occur at the end of each semi-annual reporting period.

For the year ended 31 March 2023, investment portfolio of £6.3 million, derivatives financial instruments assets of £4.7 million were transferred from level 2 to level 3, and derivative financial instruments liability of £8,000 was transferred from level 3 to level 2. In the prior year, 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.

£'000	Liabilities arising on securitisation of other assets	Other level 3 liabilities^	Total
Liabilities			
Balance at 1 April 2021	**108 281**	**73 592**	**181 873**
Net losses/(gains) 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**
Net gains in the income statement	1 384	6 814	8 198
Purchases	—	6 324	6 324
Settlements	(15 660)	(562)	(16 222)
Transfers out of level 3	—	(8)	(8)
Foreign exchange adjustments	—	4 103	4 103
Balance at 31 March 2023	**81 609**	**111 858**	**193 467**

^ Comprises level 3 derivative financial instruments and other liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

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 £'000	Total	Realised	Unrealised
2023			
Total gains/(losses) included in the income statement for the year			
Net interest income	98 169	86 175	11 994
Investment (loss)/ income*	(41 148)	605	(41 753)
Trading income arising from customer flow	160	1	159
Trading income arising from balance sheet management and other trading activities	2 996	—	2 996
	60 177	**86 781**	**(26 604)**
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	433	433	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(256)	—	(256)
	177	**433**	**(256)**
2022			
Total gains/(losses) included in the income statement for the year			
Net interest income	66 069	58 038	8 031
Investment income/(loss)*	4 901	47 671	(42 770)
Trading loss 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)**

* In the prior year included within the balance are fair value gains of £0.7 million.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

At 31 March 2023	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	93 932	Potential impact on income statement		2 702	(5 253)
		Credit spreads	1.05%-1.87%	108	(254)
		Cash flow adjustments	CPR 14.81%	10	(10)
		Other^	^	2 584	(4 989)
Derivative financial instruments	53 184	Potential impact on income statement		5 260	(5 136)
		Volatilities	7.5%-18.9%	13	(25)
		Underlying asset value^^	^^	3 999	(4 100)
		Cash flow adjustment	CPR 14.81%	6	(5)
		Other^	^	1 242	(1 006)
Securities arising from trading activities	4 002	Potential impact on income statement			
		Cash flow adjustments	CPR 14.17%	206	(235)
Investment portfolio	1 127 964	Potential impact on income statement		120 618	(158 986)
		Price earnings multiple	5.5x-11.2x	11 718	(21 695)
		Underlying asset value^^	^^	9 378	(20 883)
		EBITDA	**	11 003	(12 331)
		EBITDA	(10%)-10%	21 341	(21 341)
		Cash flows	**	1 915	(1 414)
		Underlying asset value^^	^^	1 425	(3 104)
		Precious and industrial metal prices	(5%)-5%	1 249	(1 249)
		Property prices	#	45 698	(49 011)
		Other^	^	16 891	(27 958)
Loans and advances to customers	1 336 871	Potential impact on income statement		36 255	(50 330)
		Credit spreads	0.28%-5.2%	10 994	(22 971)
		Property value	**	14 934	(9 659)
		Price earnings multiple	3.5x-4x	4 276	(7 083)
		Underlying asset value^^	^^	1 663	(1 841)
		Other^	^	4 388	(8 776)
		Potential impact on other comprehensive income		15 756	(31 758)
		Credit spreads	0.29%-5.5%	15 753	(31 751)
		Other		3	(7)
Other securitised assets*	78 231	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	701	(669)
Total level 3 assets	**2 694 184**			**181 498**	**(252 367)**
Liabilities					
Derivative financial instruments	59 458	Potential impact on income statement		(4 098)	4 099
		Volatilities	9%-18.9%	(1)	2
		Underlying asset value^^	^^	(4 097)	4 097
Liabilities arising on securitisation of other assets*	81 609	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	(351)	363
Other liabilities	52 400	Potential impact on income statement		(5 561)	5 930
		Property prices	#	(4 929)	5 298
		Other		(632)	632
Total level 3 liabilities	**193 467**			**(10 010)**	**10 392**
Net level 3 assets	**2 500 717**			**171 488**	**(241 975)**

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

^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, 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 significant unobservable input for these valuations. The capitalisation rates have been stressed by 0.25bp when valuing these properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

At 31 March 2022	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: 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)
		Cash flow adjustments	CPR 8.4%	—	(6)
		Underlying asset value	^^	4 026	(4 028)
		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)
		Property values	#	51 361	(51 361)
		Precious and industrial metal prices	(5%)-5%	1 424	(1 424)
		Underlying asset value	^^	1 614	(3 214)
		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)
		Price earnings multiple	3.5x-4.2x	7 824	(1 136)
		Underlying asset value	^^	3 641	(5 778)
		Property values	#	7 776	(12 428)
		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 significant unobservable input for these valuations. The capitalisation rates have been stressed by 0.25bp when valuing these properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

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 investee'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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

18. Fair value of financial instruments at amortised cost

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

Financial instruments for which fair value does not approximate carrying value

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

At 31 March 2023 **£'000**	**Carrying amount**	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	**Fair value of balances that do not approximate carrying amounts**	Level 1	Level 2	Level 3
Assets							
Cash and balances at central banks	6 437 709	6 437 709	—	—	—	—	—
Loans and advances to banks	1 450 627	1 450 627	—	—	—	—	—
Non-sovereign and non-bank cash placements	638 156	638 156	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 670 868	1 267 814	1 403 054	1 402 885	—	1 402 885	—
Sovereign debt securities	1 224 423	4 370	1 220 053	1 240 625	1 240 625	—	—
Bank debt securities	326 579	4 805	321 774	323 941	323 941	—	—
Other debt securities	819 748	137 429	682 319	676 397	121 505	554 892	—
Loans and advances to customers	27 802 789	13 334 165	14 468 624	14 331 553	—	1 016 300	13 315 253
Own originated loans and advances to customers securitised	272 879	272 879	—	—	—	—	—
Other loans and advances	142 726	69 827	72 899	72 976	—	72 976	—
Other securitised assets	24 920	24 920	—	—	—	—	—
Other assets	811 379	811 379	—	—	—	—	—
	42 622 803	**24 454 080**	**18 168 723**	**18 048 377**	**1 686 071**	**3 047 053**	**13 315 253**
Liabilities							
Deposits by banks	3 617 524	873 033	2 744 491	2 765 632	—	2 765 632	—
Repurchase agreements and cash collateral on securities lent	767 501	162 872	604 629	630 983	—	630 983	—
Customer accounts (deposits)	36 366 810	20 291 966	16 074 844	15 992 582	—	15 992 582	—
Debt securities in issue	1 781 032	297 489	1 483 543	1 440 357	911 762	528 595	—
Liabilities arising on securitisation of own originated loans and advances	163 787	163 787	—	—	—	—	—
Other liabilities	916 649	913 925	2 724	1 572	—	—	1 572
Subordinated liabilities	1 084 630	262 141	822 489	831 177	831 138	39	—
	44 697 933	**22 965 213**	**21 732 720**	**21 662 303**	**1 742 900**	**19 917 831**	**1 572**

For the year ended 31 March 2023, gains of £2.7 million were made on the derecognition of debt securities held at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

18. Fair value of financial instruments at amortised cost continued

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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						
2023						
Securities arising from trading activities	12 916	930	(638)	(120)	(57)	12 916
Loans and advances to customers	639 632	(26 535)	(21 143)	(13 404)	(16 809)	660 774
Other securitised assets	78 231	(2 352)	(7 459)	(2 352)	(7 459)	78 927
	730 779	**(27 957)**	**(29 240)**	**(15 876)**	**(24 325)**	**752 617**
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**

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						
2023						
Customer accounts (deposits)	3 188 859	3 209 928	(14 861)	(20 169)	(123)	(907)
Debt securities in issue	21 554	20 097	(274)	5 146	(85)	(67)
Liabilities arising on securitisation of other assets	81 609	86 985	250	(5 441)	250	(5 441)
	3 292 022	**3 317 010**	**(14 885)**	**(20 464)**	**42**	**(6 415)**
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)**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

20. Cash and balances at central banks

At 31 March £'000	2023	2022
Gross cash and balances at central banks	6 437 710	5 998 270
Expected credit loss on amortised cost	(1)	—
Net cash and balances at central banks	**6 437 709**	**5 998 270**
The country risk of cash and balances at central banks lies in the following geographies:		
South Africa	1 009 926	590 513
United Kingdom	5 380 358	5 326 540
Europe (excluding UK)	20 044	53 454
Africa (excluding RSA)	27 381	27 763
	6 437 709	**5 998 270**

21. Loans and advances to banks

At 31 March £'000	2023	2022
Gross loans and advances to banks	1 450 877	2 552 253
Expected credit loss on amortised cost	(250)	(192)
Net loans and advances to banks	**1 450 627**	**2 552 061**
The country risk of loans and advances to banks lies in the following geographies:		
South Africa	125 807	95 685
United Kingdom	580 710	927 030
Europe (excluding UK)	453 932	1 015 496
North America	125 227	249 521
Africa (excluding RSA)	110 127	174 831
Asia	21 488	29 343
Australia	32 090	59 770
Other	1 246	385
	1 450 627	**2 552 061**

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

At 31 March £'000	2023	2022
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	3 632 710	4 609 991
Expected credit loss on amortised cost	(52)	(213)
Net reverse repurchase agreements and cash collateral on securities borrowed	**3 632 658**	**4 609 778**
Reverse repurchase agreements	3 383 814	3 926 254
Cash collateral on securities borrowed	248 844	683 524
	3 632 658	**4 609 778**
As part of the reverse repurchase and securities borrowing agreements the Group has received securities that it is allowed to sell or re-pledge. £92.4 million (2022: £78.6 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	860 293	464 816
Cash collateral on securities lent	76 271	398 469
	936 564	**863 285**

The assets transferred and not derecognised in the above repurchase agreements are fair valued at £909.1 million (2022: £411.9 million). They are pledged as security for the term of the underlying repurchase agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

23. Sovereign debt securities

At 31 March £'000	2023	2022
Gross sovereign debt securities	4 752 964	4 148 986
Expected credit loss on amortised cost	(1 318)	(119)
Net sovereign debt securities	**4 751 646**	**4 148 867**
The country risk of the sovereign debt securities lies in the following geographies:		
South Africa	3 079 522	2 816 131
United Kingdom	447 087	378 941
Europe (excluding UK)	190 232	93 004
North America	1 022 350	818 926
Africa (excluding RSA)	12 455	—
Asia	—	41 865
	4 751 646	**4 148 867**

24. Bank debt securities

At 31 March £'000	2023	2022
Gross bank debt securities	939 708	1 515 670
Expected credit loss on amortised cost	(199)	(460)
Net bank debt securities	**939 509**	**1 515 210**
Bonds	722 148	1 052 255
Floating rate notes	217 361	462 955
	939 509	**1 515 210**
The country risk of the bank debt securities lies in the following geographies:		
South Africa	334 897	370 193
United Kingdom	211 197	493 091
Europe (excluding UK)	194 165	355 251
North America	130 721	122 024
Africa (excluding RSA)	8 027	13 756
Asia	—	105 335
Australia	60 502	55 560
	939 509	**1 515 210**

25. Other debt securities

At 31 March £'000	2023	2022
Gross other debt securities	1 230 483	1 234 928
Expected credit loss on amortised cost	(1 091)	(5 641)
Net other debt securities	**1 229 392**	**1 229 287**
Bonds	430 830	662 071
Floating rate notes	151 107	176 993
Asset-based securities	647 455	390 223
	1 229 392	**1 229 287**
The country risk of the other debt securities lies in the following geographies:		
South Africa	401 630	393 850
United Kingdom	154 557	319 497
Europe (excluding UK)	203 343	90 769
North America	416 263	376 920
Asia	53 599	48 251
	1 229 392	**1 229 287**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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.

	2023			2022^		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	30 560 279	406 944	336 748	17 953 609	391 657	345 035
Currency swaps	2 739 197	47 130	84 278	14 500 680	91 809	129 347
OTC options bought and sold	5 839 905	65 578	81 096	4 516 072	57 192	65 884
Other foreign exchange contracts	4 063	—	—	86 025	256	—
	39 143 444	**519 652**	**502 122**	**37 056 386**	**540 914**	**540 266**
Interest rate derivatives						
Caps and floors	12 137 008	157 968	156 929	10 391 928	66 032	62 375
Swaps	181 919 819	344 797	507 658	90 390 818	265 255	481 124
Forward rate agreements	53 384 899	22 805	18 292	24 495 332	8 149	3 018
OTC options bought and sold	195 052	1 019	539	49 233	573	68
Other interest rate contracts	351 532	16 595	3 215	357 085	10 447	2 120
OTC derivatives	**247 988 310**	**543 184**	**686 633**	**125 684 396**	**350 456**	**548 705**
	247 988 310	**543 184**	**686 633**	**125 684 396**	**350 456**	**548 705**
Equity and stock index derivatives						
OTC options bought and sold*	5 019 275	238 144	1 236 199	5 769 167	585 911	1 169 827
Equity swaps and forwards*	2 395 903	135 027	151 962	2 541 109	39 284	369 500
OTC derivatives	**7 415 178**	**373 171**	**1 388 161**	**8 310 276**	**625 195**	**1 539 327**
Exchange traded futures	229 125	—	—	169 227	—	—
Exchange traded options	11 453 984	64 588	45	15 492 162	8 115	25 831
Warrants	26 572	—	1 490	—	19	—
	19 124 859	**437 759**	**1 389 696**	**23 971 665**	**633 329**	**1 565 158**
Commodity derivatives						
OTC options bought and sold	251 899	39 853	59 145	235 387	40 978	51 206
Commodity swaps and forwards	881 797	131 795	120 880	4 555 446	338 655	319 466
	1 133 696	**171 648**	**180 025**	**4 790 833**	**379 633**	**370 672**
Credit derivatives	**75 633**	**21 390**	**11 882**	**22 774**	**13 263**	**5 174**
Other derivatives		**5 043**	**57**		**6 029**	**—**
Cash collateral		**(160 775)**	**(194 612)**		**(206 273)**	**(321 822)**
Effect of on-balance sheet netting*		**(151 767)**	**(151 767)**		**(126 838)**	**(126 838)**
Derivatives per balance sheet		**1 386 134**	**2 424 036**		**1 590 513**	**2 581 315**

^ Restated as detailed in note 61.

* In the prior year, amounts that met the netting principles of IAS 32, totalling £100.1 million, were presented net in equity and stock index OTC derivatives and have been grossed up in this year's comparative disclosure. The effect of on-balance sheet netting is now disclosed in a separate line 'Effect of on-balance sheet netting'.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

27. Securities arising from trading activities

At 31 March £'000	2023	2022
Bonds	281 362	51 332
Government securities	—	13 210
Listed equities	1 296 673	574 180
Floating rate notes	50 354	39 827
Other investments	4 002	4 780
	1 632 391	**683 329**

28. Investment portfolio

At 31 March £'000	2023	2022
Listed equities*	200 440	30 422
Unlisted equities**	458 866	496 021
Fair value investments^	671 601	386 429
	1 330 907	**912 872**

* Included in listed equities is an investment of £15.4 million (2022: £14.1 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 £1.3 million (2022: £0.8 million). The Group measures these investments at FVOCI as it considers them to be strategic investments. On 30 May 2022, c.15% shareholding in Ninety One DLC was distributed to ordinary shareholders. The distribution resulted in the shareholding in Ninety One DLC being reduced from 25% to c.10%. The reduction in shareholding resulted in the loss of significant influence and the remaining stake in Ninety One DLC of £172.3 million being accounted for at fair value through other comprehensive income. Dividends recognised on this investment amounted to £13.2 million for the year ended 31 March 2023.

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

^ The IEP Group and Bud Group shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including the Investec Group, by way of a share buyback. The restructure entails the transfer of certain assets to a Newco, to facilitate the orderly disposal of those assets. As a result the nature of the holding in IEP has changed to that of a fair value investment and has been transferred to the investment portfolio line on the balance sheet, where it is measured at fair value through profit or loss.

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

At 31 March £'000	2023	2022
Gross loans and advances to customers at amortised cost	28 077 331	27 452 160
Gross loans and advances to customers at FVOCI#	843 428	685 386
Gross loans and advances to customers designated at FVPL at inception^	652 677	1 004 402
Gross loans and advances to customers subject to expected credit losses	**29 573 436**	**29 141 948**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(287 587)	(269 505)
	29 285 849	**28 872 443**
Loans and advances to customers at fair value through profit and loss	625 309	688 645
Net loans and advances to customers	**29 911 158**	**29 561 088**
Gross other loans and advances	142 752	129 557
Expected credit losses on other loans and advances	(26)	(1 273)
Net other loans and advances	**142 726**	**128 284**

^ 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 £5.3 million (2022: £3.3 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	2023	2022
Expected credit losses on loans and advances to customers at amortised cost and FVOCI		
Balance at the beginning of the year	269 505	297 191
Charge to the income statement	88 455	70 301
Utilised	(55 284)	(73 820)
Exchange adjustment	(15 089)	(24 167)
Balance at the end of the year	**287 587**	**269 505**

For further analysis on loans and advances refer to pages 31 to 43 of the Investec Group's 2023 risk and governance report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

30. Securitised assets and liabilities arising on securitisation

At 31 March £'000	2023	2022
Gross own originated loans and advances to customers securitised	273 799	377 148
Expected credit loss of own originated loans and advances to customers securitised	(920)	(1 385)
Net own originated loans and advances to customers securitised	**272 879**	**375 763**
Other securitised assets are made up of the following categories of assets:		
Cash and cash equivalents	24 920	30 801
Loans and advances to customers	74 226	88 004
Other debt securities	4 005	5 083
Total other securitised assets	**103 151**	**123 888**
The associated liabilities are recorded on-balance sheet in the following line items:		
Liabilities arising on securitisation of own originated loans and advances	**163 787**	**238 370**
Liabilities arising on securitisation of other assets	**81 609**	**95 885**
Expected credit losses on own originated loans and advances to customers securitised at amortised cost		
Balance at the beginning of year	1 385	1 218
(Release)/charge to the income statement	(348)	89
Exchange adjustment	(117)	78
Balance at the end of year	**920**	**1 385**

31. Interests in associated undertakings and joint venture holdings

At 31 March £'000	2023	2022
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of the year	734 434	679 157
Acquisitions	—	9 213
Derecognition of investment in Ninety One DLC following distribution	(386 019)	—
Disposals*	(565)	(2 476)
Share of post-taxation profit of associates and joint venture holdings (excluding recycling of foreign exchange losses)	29 149	79 556
Profits or losses recognised in other comprehensive income and equity	—	6 788
Dividends declared by associate	(26 449)	(49 484)
Transfer to investment portfolio (refer to note 28)	(277 542)	—
Exchange adjustments	(17 763)	20 929
Amortisation of acquired intangibles of associates	(1 542)	(9 249)
At the end of the year	**53 703**	**734 434**

* The sale of UK Nestor, an associate of Investec Property Fund was effective 31 March 2021, the proceeds were received post 31 March 2021. The cash flow on disposal of associates and joint venture holdings for the year ended 31 March 2022 includes these proceeds.

On 30 May 2022, c.15% shareholding in Ninety One DLC was distributed to ordinary shareholders. The distribution resulted in the shareholding in Ninety One DLC being reduced from 25% to c.10%. The reduction in shareholding resulted in the loss of significant influence and the remaining stake in Ninety One DLC will be accounted for at fair value through other comprehensive income within investment portfolio on the balance sheet.

In November 2022, the IEP Group and Bud Group shareholders approved a restructure to facilitate an exit by certain IEP shareholders, including the Investec Group, by way of a share buyback. The restructure entails the transfer of certain assets to a Newco, to facilitate the orderly disposal of those assets. As a result the nature of the holding in IEP has changed to that of a fair value investment and has been transferred to the investment portfolio line on the balance sheet with a value of £213.4 million at 31 March 2023, where it is measured at fair value through profit or loss. As a result, only eight months of equity accounted earnings of £17.0 million have been accounted for, and disclosed in the above table. At 31 March 2023, a £9.1 million fair value loss was recognised to align the carrying value with the realisable value. Subsequent to year end and the realisation of certain assets in IEP, Investec's stake in IEP has reduced to 38.3%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

31. Interests in associated undertakings and joint venture holdings continued

	IEP Group Proprietary Limited		Ninety One	
	2023	2022	**2023**	2022
Details of material associated companies				
Summarised financial information (£'000):				
For the year to 31 March				
Revenue	609 481*	815 688	107 933**	663 900
Profit after taxation	34 227*	45 269	28 233**	205 300
Total comprehensive income after non-controlling interests	24 497*	46 453	28 333**	216 500
At 31 March				
Assets				
Non-current assets		1 005 920		151 200
Current assets		350 868		11 530 900
Liabilities				
Non-current liabilities		437 481		160 200
Current liabilities		165 115		11 180 300
Net asset value		**754 192**		**341 600**
Non-controlling interest		151 598		—
Shareholders' equity		602 594		341 600
Effective interest in issued share capital		47.4%		25.0%
Net asset value		282 648^		177 436^^
Goodwill		—		205 202
Carrying value of interest – equity method	**—**	**282 648**	**—**	**382 638**

* The IEP summarised information is only shown for the eight months until date of derecognition as an equity accounted interest in associated undertaking on 30 November 2022.

** The Ninety One summarised information is only shown for the two months until date of distribution to ordinary shareholders on 30 May 2022.

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

^^ The difference between the carrying value of Ninety One in the prior year and the Group's share of the net asset value related to goodwill and intangibles recognised within the value of Ninety One at the time of gaining significant influence. In the prior year, the fair value of Ninety One was £587.8 million.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

32. Deferred taxation

At 31 March £'000	2023	2022
Deferred taxation assets	258 126	259 370
Deferred taxation liabilities	(26 545)	(19 624)
Net deferred taxation assets	**231 581**	**239 746**
The net deferred taxation assets arise from:		
Deferred capital allowances	60 275	48 742
Income and expenditure accruals	87 312	94 476
Asset in respect of unexpired options	30 859	28 343
Unrealised fair value adjustments on financial instruments	27 007	31 470
Losses carried forward	15 381	23 348
Assets in respect of pensions surplus	372	383
Deferred tax on acquired intangibles	(10 357)	(9 296)
Revaluation of property	(5 929)	(6 296)
Finance lease accounting	7 476	2 547
Cash flow hedges	19 184	25 942
Other temporary differences	1	87
Net deferred taxation assets	**231 581**	**239 746**
Reconciliation of net deferred taxation assets		
At the beginning of the year	239 746	206 289
Recovery to the income statement	19 869	33 700
Charge directly in other comprehensive income	(5 584)	(3 157)
Arising on acquisitions/disposals	(2 998)	(463)
Exchange adjustments	(19 452)	3 377
At the end of the year	**231 581**	**239 746**

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 and excess management expenses as crystallisation of capital gains and the eligibility of potential losses is uncertain.

There are trading losses carried forward of £99.5 million (2022: £90.7 million), capital losses carried forward of £199.5 million (2022: £167.3 million) and excess management expenses of £2.5 million (2022: £2.5 million) on which deferred tax assets have not been recognised due to uncertainty regarding future profits against which these losses can be utilised. Of the £99.5 million trading losses, £12.0 million will expire in the next five years.

During the prior 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 were adjusted to reflect this substantively enacted rate change.

The UK rate of corporation tax increased to 25% from 19% from 1 April 2023.

The bank surcharge rate of 8% was reduced to 3% and the surcharge allowances available for the banking groups was increased to £100 million from £25 million with effect from 1 April 2023. This increases the combined rate of corporation tax applicable to banking entities from 27% to 28% with effect from 1 April 2023.

As these rates were substantively enacted at the year-end, deferred tax has been calculated based on these rates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

33. Other assets

At 31 March £'000	2023	2022^
Gross other assets	1 581 693	2 139 354
Expected credit loss on amortised cost	—	—
Net other assets	**1 581 693**	**2 139 354**
Settlement debtors	657 792	1 216 637
Trading properties	123 052	64 035
Prepayments and accruals	93 539	83 226
Trading initial margin	216 399	290 037
Other investments	40 979	58 591
Commodities	66 401	40 975
Finance lease receivables (refer to note 50)	207 203	223 902
Fee debtors	6 556	9 448
Indirect taxation assets receivable	2 144	2 658
Other	167 628	149 845
	1 581 693	**2 139 354**

^ Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

34. Property and equipment

At 31 March £'000	Freehold properties	Right-of-use assets*	Leasehold improvements	Furniture and vehicles	Equipment	Operating leases**	Total
2023							
Cost							
At the beginning of the year	183 611	148 184	81 209	17 018	61 354	3 466	494 842
Exchange adjustments	(23 025)	279	2 374	(1 333)	(2 944)	—	(24 649)
Additions	5 341	7 641	2 327	1 604	8 323	—	25 236
Disposals and modifications	—	(6 182)	(24 562)	(716)	(3 604)	(2 035)	(37 099)
Acquisition of subsidiaries	—	—	—	—	183	—	183
Write-offs	—	—	—	—	(94)	—	(94)
Reclassifications	—	—	—	497	(407)	—	90
At the end of the year	**165 927**	**149 922**	**61 348**	**17 070**	**62 811**	**1 431**	**458 509**
Accumulated depreciation							
At the beginning of the year	(20 171)	(49 892)	(29 388)	(10 374)	(46 377)	(3 220)	(159 422)
Exchange adjustments	2 856	(316)	358	924	2 575	1	6 398
Disposals	—	4 831	320	524	2 599	1 992	10 266
Acquisition of subsidiaries	—	—	—	—	(167)	—	(167)
Depreciation	(5 351)	(16 391)	(6 107)	(1 273)	(7 849)	(56)	(37 027)
Write-offs	—	—	—	—	94	—	94
Reclassifications	—	—	(53)	(497)	460	—	(90)
At the end of the year	**(22 666)**	**(61 768)**	**(34 870)**	**(10 696)**	**(48 665)**	**(1 283)**	**(179 948)**
Net carrying value	**143 261**	**88 154**	**26 478**	**6 374**	**14 146**	**148**	**278 561**
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 and modifications	—	(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**

* Right-of-use assets primarily comprises property leases under IFRS 16.
** These are assets held by the Group, in circumstances where the Group is lessor.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

35. Investment properties

At 31 March £'000	2023	2022
At the beginning of the year	820 555	832 061
Additions	14 467	11 498
Disposals	(1 976)	(6 521)
Fair value movement	4 352	(20 872)
Reclassifications*	(12 511)	(44 076)
Exchange adjustments	(102 406)	48 465
At the end of the year	**722 481**	**820 555**

* Reclassifications of £12.5 million (2022: £45.6 million) to non-current assets classified as held for sale and a reclassification of £nil from other assets (2022: £1.6 million) from other assets 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 £35.7million (2022: £53.3 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.
Equivalent Yield Range	The measure used in property valuation to determine the expected return on investment for a property.

Level 3 valuations

At 31 March 2023 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	4.7	7.4% - 12.0%	8.8%	4.0% - 6.0%	13 635	30 301
SA Retail	7.4	7.4% - 11.0%	8.3%	4.0% - 5.0%	6 421	12 306
SA Industrial	2.5	7.6% - 11.1%	9.2%	1.5% - 2%	3 370	7 232
SA Office	6.6	7.7% - 12.0%	8.9%	7.7% - 9.5%	2 648	10 823

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

35. Investment properties continued

At 31 March 2022 Description	Average expected rental value per £/m²	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

36. Goodwill

At 31 March £'000	2023	2022
Cost		
At the beginning of the year	314 803	313 429
Acquisitions	6 237	—
Exchange adjustments	(4 271)	1 374
At the end of the year	**316 769**	**314 803**
Accumulated impairments		
At the beginning of the year	(56 399)	(53 624)
Impairments	(890)	(1 962)
Exchange adjustments	3 152	(813)
At the end of the year	**(54 137)**	**(56 399)**
Net carrying values	**262 632**	**258 404**
Analysis of goodwill by line of business and geography:		
UK and Other		
Wealth & Investment	242 555	236 319
Specialist Banking	12 712	13 517
	255 267	**249 836**
Southern Africa		
Specialist Banking	7 365	8 568
	7 365	**8 568**
	262 632	**258 404**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 £242.6 million (2022: £236.3 million) has been tested for impairment on the basis of the cash flow projections for the next three years discounted at 9.65% (2022: 9.2%) which incorporates an expected revenue growth rate of 2% in perpetuity (2022: 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 £12.7 million (2022: £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 predominantly to Investec for Business.

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 7.25% (2022: 4.25%) 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

During the year ended 31 March 2023, goodwill increased by £6.2 million as a result of the acquisition within Investec Wealth & Investment of Murray Asset Management. The current year impairment predominantly relates to the write-off of Investec Capital Solutions. The remaining impairment is attributable to Travel by Investec. In the prior year impairment predominantly related to the write-off of goodwill on a historical acquisition of the South African wealth business. The remaining impairment was attributable to Travel by Investec.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

37. Software and other acquired intangible assets

	Software			Other acquired intangible assets		
At 31 March £'000	Acquired software	Internally generated software	**Total**	Client relationships^	**Total**	**Total**
2023						
Cost						
At the beginning of the year	47 278	3 104	50 382	213 173	213 173	263 555
Exchange adjustments	(2 359)	—	(2 359)	(2 641)	(2 641)	(5 000)
Acquisition of subsidiary undertaking	—	194	194	10 883	10 883	11 077
Additions	11 284	—	11 284	1 458	1 458	12 742
Disposals	(3 436)	—	(3 436)	—	—	(3 436)
At the end of the year	**52 767**	**3 298**	**56 065**	**222 873**	**222 873**	**278 938**
Accumulated amortisation and impairments						
At the beginning of the year	(40 422)	(517)	(40 939)	(169 021)	(169 021)	(209 960)
Exchange adjustments	1 808	—	1 808	2 417	2 417	4 225
Acquisition of subsidiary undertaking	—	(105)	(105)	27	27	(78)
Disposals	3 431	—	3 431	—	—	3 431
Amortisation	(4 227)	(632)	(4 859)	(15 160)*	(15 160)	(20 019)
At the end of the year	**(39 410)**	**(1 254)**	**(40 664)**	**(181 737)**	**(181 737)**	**(222 401)**
Net carrying value	**13 357**	**2 044**	**15 401**	**41 136**	**41 136**	**56 537**
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**

* Amortisation of acquired intangibles as disclosed in the income statement £15.2 million (2022: £15.5 million).

^ 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

38. Acquisitions and disposals

During the year, the Group acquired Murray Asset Management for a net cash consideration of £9.7 million. There were no significant disposals of subsidiaries during the year. There were no significant acquisitions nor any significant disposals of subsidiaries during the prior year.

39. Long-term assurance business attributable to policyholders

At 31 March £'000	2023	2022
Liabilities to customers under investment contracts		
Investec Life Limited	108 370	56 475
Insurance liabilities, including unit-linked liabilities – Investec Life Limited	2 521	3 074
	110 891	**59 549**
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	110 891	59 549
	110 891	**59 549**
Investments shown above comprise:		
Interest-bearing securities	273	2 443
Stocks, shares and unit trusts	108 385	57 002
Deposits	2 233	104
	110 891	**59 549**

40. Other trading liabilities

At 31 March £'000	2023	2022
Deposits	137 596	207 138
Short positions		
– Equities	39 393	53 526
– Gilts	25 267	14 925
	202 256	**275 589**

41. Debt securities in issue

At 31 March £'000	2023	2022
Repayable in:		
Less than three months	67 776	291 861
Three months to one year	216 063	159 995
One to five years	1 184 788	1 246 294
Greater than five years	333 959	345 490
	1 802 586	**2 043 640**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

42. Other liabilities

At 31 March £'000	2023	2022
Settlement liabilities	698 383	1 128 035
Other creditors and accruals	597 520	597 388
Lease liabilities	327 384	351 744
Other non-interest-bearing liabilities	171 330	147 454
Rewards Programme liability	32 121	35 907
Long service employee benefits liability (refer to note 9)	6 310	19 061
Indirect taxation liabilities payable*	22 094	24 233
Expected credit loss on undrawn commitments and guarantees	18 572	12 019
	1 873 714	**2 315 841**

* In the prior year, this was included in 'Other creditors and accruals'.

Reconciliation of lease liabilities

At 31 March £'000	2023	2022
At the beginning of the year	351 744	396 132
Interest	13 694	11 739
Additional leases	3 485	2 665
Disposals and modifications	—	(11 812)
Remeasurement of lease liabilities	4 114	(281)
Repayment of lease liabilities	(60 187)	(57 482)
Exchange adjustments	14 534	10 783
At the end of the year	**327 384**	**351 744**

Lease liabilities included in other liabilities are due in:

	2023		2022	
At 31 March £'000	Undiscounted payments	Present value	Undiscounted payments	Present value
Less than one year	67 740	59 502	57 047	54 235
One to five years	294 991	247 533	294 577	262 810
Greater than five years	43 751	20 349	36 266	34 699
	406 482	**327 384**	**387 890**	**351 744**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Subordinated liabilities

At 31 March £'000	2023	2022
Issued by Investec Bank plc		
Subordinated fixed rate medium-term notes at FVPL	—	—
Subordinated fixed rate re-set callable medium-term notes – amortised cost	71 060	427 019
Issued by Investec plc		
Subordinated callable fixed rate resettable medium-term notes – amortised cost	660 422	331 720
Issued by Investec Bank Limited		
IV019 indexed rate subordinated unsecured callable bonds^	6 608	7 070
IV019A indexed rate subordinated unsecured callable bonds^	23 797	25 130
IV035 variable rate subordinated unsecured callable bonds	—	76 319
IV046 variable rate subordinated unsecured callable bonds	—	62 386
IV047 variable rate subordinated unsecured callable bonds	—	87 310
IV049 variable rate subordinated unsecured callable bonds	60 563	53 566
Issued by Investec Limited		
INLV07 variable rate subordinated unsecured callable bonds	74 558	85 053
INLV11 variable rate subordinated unsecured callable bonds	18 229	20 795
INLV12 variable rate subordinated unsecured callable bonds	50 130	57 225
INB001 variable rate subordinated unsecured callable bonds	—	82 597
INLIX01 variable rate subordinated unsecured callable bonds	119 263	—
	1 084 630	**1 316 190**
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	90 968	362 178
In more than one year, but not more than two years	—	32 201
In more than two years, but not more than five years	262 180	105 848
In more than five years	731 482	815 964
	1 084 630	**1 316 191**
Reconciliation from opening balance to closing balance:		
Opening balance	1 316 191	1 480 951
Issue of subordinated liabilities	460 934	421 506
Interest accrued on subordinated liabilities	72 074	89 910
Net movements in capitalised interest	(20 487)	(18 098)
Repayment of interest	(56 401)	(74 562)
Transfer of interest accrued to other liabilities at the beginning of the year	2 184	3 295
Transfer of interest accrued to other liabilities at the end of the year	(592)	(2 184)
Redemption of subordinated liabilities	(665 648)	(583 918)
Consumer Price Index, effective interest rate adjustments and currency adjustments on foreign-denominated bonds adjustment	39 997	(32 620)
Exchange adjustments	(63 622)	31 911
Closing balance	**1 084 630**	**1 316 191**

* Maturities have been determined using the date on which the Company is able to call the bonds.
^ The prior year has been re-presented.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Subordinated liabilities continued

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 million 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.

On 6 December 2022 Investec Bank plc completed a tender offer to purchase £350 million aggregate nominal amount of the Notes at a cash purchase price of 99.44644 pence plus an accrued interest payment. The total value of the debt redeemed was £354 million.

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 million 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.

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

On 6 December 2022, Investec plc issued £350 million of 9.125% subordinated notes due 2033 at a discount (2033 Notes). Interest, after the initial short period distribution paid on 6 March 2023, is paid annually commencing on 6 March 2024 and ending on the maturity date. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 6 March 2033. The issuer may redeem the notes on maturity date at par on the principal amount.

IV019 indexed rate subordinated unsecured callable bonds

R145 million (2022: R136 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

R522 million (2022: R484 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

Rnil (2022: 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. These notes were repaid in the current year.

IV046 variable rate subordinated unsecured callable bonds

Rnil (2022: 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. These notes were repaid in the current year.

IV047 variable rate subordinated unsecured callable bonds

$nil (2022: $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. These notes were repaid in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Subordinated liabilities continued

IV049 variable rate subordinated unsecured callable bonds

R1 329 million (2022: R1 030 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% 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. These notes were not called on 4 March 2023.

INLV07 variable rate subordinated unsecured callable bonds

R1 636 millionInvestec 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. These notes were not called on 28 December 2022.

INLIX01 variable rate subordinated unsecured callable bonds

$191 million Investec Limited INLIX01 locally registered subordinated unsecured Tier II callable bonds are due in July 2032 and were issued at an issue price of $141 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 13 July 2027. The accrual zero coupon yield is 6.1799% up until 13 July 2027. If the issuer does not exercise the option to redeem the notes on 13 July 2027, then interest on the floating rate notes shall commence on 13 July 2027 and is payable annually on 13 July at a rate equal to the SOFR plus 3.16% up to and excluding 13 July 2032. The maturity date is 13 July 2032, but the Company has the option to call the bonds upon regulatory capital disqualification or from 13 July 2027.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Ordinary share capital

At 31 March £'000	2023	2022
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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Ordinary share capital continued

At 31 March	2023	2022
Investec Limited		
Authorised	**Number**	**Number**
The authorised share capital of Investec Limited is R1 960 002 (2022: 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	48 088 266
– 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	310 407 870	318 904 709
Buyback during the year^	(11 393 755)	(8 496 839)
At the end of the year	**299 014 115**	**310 407 870**
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 11 393 755 (2022: 8 496 839) ordinary shares during the financial year ended 31 March 2023, representing 3.67% 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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	2023	2022
Opening balance	56 191 287	46 638 446
Sale of business	—	(94 076)
Issued during the year	14 052 103	22 580 078
Exercised	(10 424 286)	(10 242 232)
Forfeited	(2 491 380)	(2 690 929)
Closing balance	**57 327 724**	**56 191 287**

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

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

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

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

The directors' and staff interests in the incentive scheme are detailed on pages 32 to 49 and 50 to 53 in the Investec Group's 2023 remuneration report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

45. Perpetual preference shares of holding Company

At 31 March £'000	2023	2022
Perpetual preference share capital	31	31
Perpetual preference share premium	136 228	174 838
	136 259	**174 869**
Issued by Investec Limited		
24 835 843^ (2022: 29 218 638) 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	111 463	150 073
For the year ended 31 March 2023, 4 382 795 million (2022: 1 537 823 million) perpetual preference shares were repurchased.		
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 (2022: 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 (2022: 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.		
	136 259	**174 869**

* Less than £1 000.
^ The delisting of 357 914 non-redeemable non-cumulative non-participating preference shares, which formed part of the last tranche of repurchased shares occurred post 31 March 2023. Prior to this delisting the issued share capital was 25 193 757.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

46. Ordinary share premium

At 31 March £'000	2023	2022
Share premium – Investec plc	737 637	988 637
Share premium – Investec Limited	470 524	527 387
	1 208 161	**1 516 024**

The reduction in ordinary share premium in the current year primarily related to a transfer from share premium to retained income. This was to increase distributable reserves to facilitate the distribution of Ninety One shares to ordinary shareholders. This was done post obtaining court approval from the Business and Property Court of England and Wales Companies court to do so.
In addition, Investec Limited repurchased 11 393 755 (2022: 8 496 839) of its ordinary shares and utilised the ordinary share premium in part to fund the share buy-back further reducing ordinary share premium.

47. Treasury shares

At 31 March	2023	2022
	£'000	**£'000**
Treasury shares held by subsidiaries of Investec Limited and Investec plc	564 678	318 987
	Number	**Number**
Investec plc ordinary shares held by subsidiaries	49 720 148	48 997 877
Investec plc ordinary shares held by Investec Limited^	42 485 632	—
Investec Limited ordinary shares held by subsidiaries	50 689 788	52 277 446
Investec plc and Investec Limited shares held by subsidiaries	**142 895 568**	**101 275 323**
Reconciliation of treasury shares	**Number**	**Number**
At the beginning of the year	101 275 323	90 409 052
Purchase of own shares by subsidiary companies	83 921 280	57 485 337
Purchase of plc ordinary shares by Investec Limited^	42 485 632	—
Shares disposed of by subsidiaries	(84 786 667)	(46 619 066)
At the end of the year	**142 895 568**	**101 275 323**
Market value of treasury shares	**£'000**	**£'000**
Investec plc	414 557	246 753
Investec Limited	227 901	263 269
	642 458	**510 022**

^ On 3 October 2022, the Group announced a share purchase programme pursuant to which Investec Limited would purchase Investec plc ordinary shares (the "PLC Share Purchase Programme"). Investec Limited acquired 42 485 632 shares during the current year. these shares are held as treasury shares in the Group.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

48. Other Additional Tier 1 securities in issue

At 31 March £'000	2023	2022
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.	25 065	28 594
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. These notes were repaid in the current year.	—	18 196
Investec Limited issued R128 million, R45 million and R100 million Other Additional Tier 1 floating rate notes on 22 October 2020, 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.	12 441	14 193
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.	20 508	23 395
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.	35 410	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.	27 344	31 192
Investec Limited issued R500 million Other Additional Tier 1 floating rate notes on the 28 March 2023. Interest is payable quarterly on the 28 March, 28 June, 28 September and 28 December at a rate equal to the three-month JIBAR plus 3.40%. There is no maturity date but the issuer has the option to redeem on 28 June 2028 or any interest payment date thereafter.	22 787	—
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.	5 013	5 718
Issued by Investec plc		
On 5 October 2017, 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 of 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 CET1 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
	398 568	**411 683**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

49. Non-controlling interests

At 31 March £'000	2023	2022
Non-controlling interests in partially held subsidiaries	450 839	536 372
	450 839	**536 372**

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*	
	2023	2022
Non-controlling interests (NCI) (%)	75.7%	75.7%
Summarised financial information **£'000**		
Total assets	1 156 822	1 249 770
Total liabilities	563 754	540 023
Revenue	90 305	77 897
Profit after taxation	9 532	53 978
The net cash flows in this partially held subsidiary during the current and prior year predominantly arise from operating activities. Other than payments of dividends, there are no material cash flows arising from financing or investing activities.		
Carrying amount of NCI of IPF	452 836	539 769
Dividends paid to NCI of IPF	30 849	29 287
Profit after tax attributable to NCI of IPF	11 814	39 918

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

Refer to note 62 for details regarding the proposed sale of the Investec Property Fund Limited (IPF) asset management function in South Africa and Europe.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

50. Finance lease disclosures

At 31 March £'000	2023 Total future minimum payments	2023 Present value	2022 Total future minimum payments	2022 Present value
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	262 829	218 945	255 404	215 847
One to five years	499 437	435 662	458 315	407 038
Greater than five years	7 102	6 367	6 349	5 886
	769 368	**660 974**	**720 068**	**628 771**
Unearned finance income	(108 394)		(91 297)	
Net investment in lease	**660 974**		**628 771**	

At 31 March 2023, unguaranteed residual values accruing to the benefit of Investec were £4.1 million (2022: £8.6 million). Finance leases in the Group mainly relate to leases on property, equipment and motor vehicles.

At 31 March £'000	2023 Total future minimum payments	2023 Present value	2022 Total future minimum payments	2022 Present value
Finance lease receivables included in other assets				
Lease receivables due in:				
Less than one year	40 746	37 282	38 401	37 647
One to five years	194 893	169 921	220 606	185 509
Greater than five years	—	—	748	746
Total undiscounted lease payments receivable	**235 639**	**207 203**	**259 755**	**223 902**
Unearned finance income	(28 436)		(35 853)	
Net investment in lease	**207 203**		**223 902**	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

51. Notes to cash flow statement

At 31 March £'000	2023	2022^
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments is derived as follows:		
Profit before taxation	979 922	697 261
Adjustment for non-cash, non-operating items and other required adjustments included in net income before taxation:		
Additional costs on acquisition of subsidiary	(155 146)	—
Impairment of goodwill	890	1 962
Amortisation of acquired intangibles	15 160	15 477
Amortisation of acquired intangibles of associates	1 542	9 249
Net (gain)/loss on disposal of subsidiaries	(30)	632
Depreciation, amortisation and impairment of property, equipment, intangibles and software	41 886	48 156
Share of post-taxation profit of associates and joint venture holdings	(29 149)	(79 556)
Expected credit loss excluding ECL on cash	81 089	28 091
Dividends received from associates	26 449	49 484
Share-based payment charges	46 406	45 648
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	**1 009 019**	**816 404**
(Increase)/decrease in operating assets		
Loans and advances to banks	11 154	6 575
Reverse repurchase agreements and cash collateral on securities borrowed	646 006	(865 957)
Sovereign debt securities	(1 075 755)	(273 758)
Bank debt securities	441 131	(314 525)
Other debt securities	(77 216)	178 497
Derivative financial instruments	163 419	139 712
Securities arising from trading activities	(1 089 712)	371 165
Investment portfolio	7 891	28 225
Loans and advances to customers	(2 243 801)	(2 721 123)
Securitised assets	77 725	65 030
Other assets	458 540	34 070
Investment properties	(3 411)	57 141
Assurance assets	(62 968)	(3 865)
Non-current assets classified as held for sale	36 147	(23 157)
	(2 710 850)	**(3 321 970)**
Increase/(decrease) in operating liabilities		
Deposits by banks	603 791	711 050
Derivative financial instruments	47 294	259 402
Other trading liabilities	(46 803)	(63 706)
Repurchase agreements and cash collateral on securities lent	173 966	(180 861)
Customer accounts (deposits)	2 038 794	4 485 194
Debt securities in issue	(191 920)	129 667
Securitised liabilities	(62 738)	52 405
Other liabilities	(282 473)	332 230
Assurance liabilities	62 969	3 865
	2 342 880	**5 729 246**

^ Restated as detailed in note 61.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

52. Commitments

At 31 March £'000	2023	2022
Undrawn facilities	5 804 799	5 436 763
Other commitments	44 628	45 528
	5 849 427	**5 482 291**

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

At 31 March	Carrying amount of pledged assets		Related liability	
£'000	2023	2022	2023	2022
Pledged assets				
Other loans and advances	8 121	7 998	7 160	6 724
Loans and advances to customers	708 860	612 670	494 892	595 290
Loans and advances to banks	56 799	48 273	51 984	40 589
Sovereign debt securities	762 825	119 350	577 702	88 598
Bank debt securities	78 825	78 741	70 428	73 109
Other debt securities	80 205	64 236	75 874	59 931
Securities arising from trading activities	199 545	56 611	198 437	54 768
Reverse repurchase agreements and cash collateral on securities borrowed	118 559	351 351	106 416	347 471
	2 013 739	**1 339 230**	**1 582 893**	**1 266 480**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

53. Contingent liabilities and legal matters

At 31 March £'000	2023	2022
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	1 789 055	1 625 001
	1 789 055	**1 625 001**

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 and regulatory matters

The Group operates in a legal and regulatory environment that exposes it to legal, regulatory and litigation risks. As a result, the Group is involved in disputes, legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators and competition authorities which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of the proceedings and advice from internal and external legal counsel when considering accounting and regulatory implications. At the present time the Group does not expect the ultimate resolution of any of these ongoing regulatory reviews and other matters to have a material adverse effect on its financial position.

Historical German dividend tax arbitrage transactions

Investec Bank plc has previously been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum-ex transactions). Investigations are ongoing and no formal proceedings have been issued against Investec Bank plc by the Office of the Public Prosecutor. In addition, Investec Bank plc received certain enquiries in respect of client tax reclaims for the periods 2010-2011 relating to the historical German dividend arbitrage transactions from the German Federal Tax Office (FTO) in Bonn. Since issuing our 31 March 2022 Annual Report, the FTO has provided more information in relation to their claims and Investec Bank plc has sought further information and clarification.

Investec Bank plc is co-operating with the German authorities and continues to conduct its own internal investigation into the matters in question. A provision is held to reflect the estimate of financial outflows that could arise as a result of this matter. There are factual issues to be resolved which may have legal consequences, including financial penalties.

In relation to potential civil claims; whilst Investec Bank plc is not a claimant nor a defendant to any civil claims in respect of cum-ex transactions, Investec Bank plc has received third party notices in relation to two civil proceedings in Germany and may elect to join the proceedings as a third party participant. Investec Bank plc has itself served third party notices on various participants to these historic transactions in order to preserve the statute of 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

54. Related party transactions and balances

At 31 March £'000	2023	2022
Transactions, balances, arrangements and agreements involving directors (including key management personnel) and connected persons:		
Particulars of transactions, balances, arrangements and agreements entered into by the Group with directors (including key management personnel and connected persons and companies controlled by them, were as follows:		
Directors (including key management personnel) and connected persons and companies controlled by them		
Loans		
At the beginning of the year	14 443	8 946
Increase in loans	6 217	6 728
Decrease in loans	(4 636)	(1 231)
At the end of the year	**16 024**	**14 443**
Guarantees		
At the beginning of the year	78	1 951
Additional guarantees granted	32	4
Decrease in guarantees	—	(1 877)
Exchange adjustments	(10)	—
At the end of the year	**100**	**78**
Deposits		
At the beginning of the year	(12 902)	(14 231)
Increase in deposits	(2 207)	(3 906)
Decrease in deposits	4 192	5 235
At the end of the year	**(10 917)**	**(12 902)**

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 the same 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

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

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 £41.5 million (2022: £55.5 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.

The Entrepreneurship Development Trust is a Public Benefit Organisation (PBO) and has a Joint Venture relationship with Investec Property Fund Limited. Although not a related party, as at 31 March 2023 the Investec Limited Group had £58.5 million (2022: £40.5 million) loans and advances to customers to the Entrepreneurship Development Trust outstanding.

Transactions with associates and joint venture holdings

At 31 March £'000	2023	2022
Amounts due from associates and joint venture holdings and their subsidiaries	**431 577**	**558 769**
Interest income from loans to associates and joint venture holdings	**17 815**	**11 304**
Interest expense from loans to associate and joint venture holdings	**2**	**3**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

54. Related party transactions and balances and balances continued

For the year to 31 March 2023, the Investec Group paid £761 000 (2022: £nil) for services rendered in the course of business and received £24 000 (2022: £nil) from associates and joint venture holdings.

Following the distribution of the 15% shareholding in May 2022, Ninety One was reclassified from an associate to an investment. At 31 March 2022, the Group had £12.0 million of customer accounts (deposits), derivative financial instruments valued at £2.3 million and £0.5 million receivable from Ninety One. In addition, a lease guarantee of £8.0 million was provided by the Group to Ninety One.

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
2023							
Hedged assets	Interest rate swap	5 046 900	231 212	237 346	164 562	(211 660)	(155 535)
Hedged liabilities	Interest rate swap	5 591 029	(97 127)	(97 240)	(57 322)	95 900	56 206
		10 637 929	**134 085**	**140 106**	**107 240**	**(115 760)**	**(99 329)**
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)**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.
^ All included within derivative financial instruments on the balance sheet.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

55. Hedges continued

Carrying amount of the hedged items

At 31 March £'000	2023	2022
Assets		
Sovereign debt securities	2 190 643	1 584 951
Bank debt securities	350 731	542 445
Other debt securities	228 326	95 568
Loans and advances to customers	2 152 411	3 250 658
Other assets	91 662	116 704
Liabilities		
Debt securities in issue	679 656	1 094 388
Customer accounts (deposits)	4 501 412	951 517
Subordinated liabilities	312 872	331 753

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
2023							
Assets – notionals							
Sovereign debt securities	93 744	181 153	260 177	117 670	772 796	799 443	2 224 983
Bank debt securities	21 647	128 972	16 178	22 787	148 705	—	338 289
Other debt securities	—	17 956	—	10 846	146 450	61 547	236 799
Loans and advances to customers	165	9 469	25 555	52 874	839 971	1 382 532	2 310 566
Other assets	2 765	5 545	8 388	17 052	57 912	—	91 662
Liabilities – notionals							
Customer accounts (deposits)	275 634	343 652	690 451	2 784 016	420 393	—	4 514 146
Debt securities in issue	—	—	—	—	526 883	200 000	726 883
Subordinated liabilities	—	—	—	—	—	350 000	350 000
2022							
Assets – notionals							
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 – notionals							
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

Included within balance sheet management and other trading activities on the income statement is £10.9 million gain (2022: £0.2 million loss) 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

55. Hedges continued

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
2023			
Cross-currency swap	Bonds	(5 560)	Three months
2022			
Cross-currency swap	Bonds	(47 725)	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.

Realisation gains to the income statement for cash flow hedges of £8.8 million (2022: loss of £2.8 million) are included in net interest income.

There are £3.6 million (2022: £4.1 million) accumulated cash flow hedge reserves for hedged items that have ceased to be adjusted for hedging gains and losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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

The balances in the tables 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 70 and 71 of the Investec Group's 2023 risk and governance report.

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
2023								
Liabilities								
Deposits by banks	372 991	80 105	53 108	53 112	63 948	3 294 553	25 784	3 943 601
Derivative financial instruments	1 879 991	28 839	78 615	74 340	127 409	239 398	18 120	2 446 712
– held for trading	1 869 431	—	—	—	—	—	—	1 869 431
– held for hedging risk	10 560	28 839	78 615	74 340	127 409	239 398	18 120	577 281
Other trading liabilities	202 256	—	—	—	—	—	—	202 256
Repurchase agreements and cash collateral on securities lent	190 049	44 711	254 333	112 440	48 367	343 333	2 608	995 841
Customer accounts (deposits)	16 215 848	2 417 847	6 763 607	4 640 950	5 473 693	4 971 847	361 279	40 845 071
Debt securities in issue	—	14 250	67 454	104 810	166 178	1 173 151	572 787	2 098 630
Liabilities arising on securitisation of own originated loans and advances	—	2 119	5 115	5 131	10 088	71 752	116 486	210 691
Liabilities arising on securitisation of other assets	—	—	5 920	159	9 607	49 555	34 532	99 773
Other liabilities	239 089	496 142	58 217	71 540	45 280	56 636	57 484	1 024 388
Subordinated liabilities	—	30 405	11 383	6 356	76 513	563 992	855 312	1 543 961
Total on-balance sheet liabilities	**19 100 224**	**3 114 418**	**7 297 752**	**5 068 838**	**6 021 083**	**10 764 217**	**2 044 392**	**53 410 924**
Contingent liabilities	212 109	92	181 404	58 049	225 492	1 020 716	132 282	1 830 144
Commitments	471 019	113 154	539 136	266 566	408 078	2 347 461	1 779 882	5 925 296
Total liabilities	**19 783 352**	**3 227 664**	**8 018 292**	**5 393 453**	**6 654 653**	**14 132 394**	**3 956 556**	**61 166 364**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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
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#	1 854 712	44 890	138 148	83 428	203 688	247 862	4 519	2 577 247
– held for trading	1 813 970	—	—	—	—	—	—	1 813 970
– held for hedging risk	40 742	44 890	138 148	83 428	203 688	247 862	4 519	763 277
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*	512 968	656 599	66 568	38 955	69 308	34 437	59 045	1 437 880
Subordinated liabilities	—	76 298	152 832	20 895	151 003	286 260	908 936	1 596 224
Total on-balance sheet liabilities	**21 243 771**	**3 030 789**	**7 334 260**	**5 676 719**	**4 935 565**	**9 524 785**	**1 883 563**	**53 629 452**
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	**22 018 149**	**3 217 316**	**8 094 030**	**5 950 353**	**5 623 342**	**12 010 534**	**3 968 969**	**60 882 693**

^ Restated as detailed in note 61.
* In the prior year disclosure, included within other liabilities was £914.6 million of undiscounted non-financial instruments scoped out of IFRS 9.
# In the prior year, derivative assets were included in calculating the undiscounted cash flows on derivative financial instruments, resulting in net total inflows of £10.3 million

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

57. Principal subsidiaries – Investec plc

At 31 March	Principal activity	Country of incorporation	Interest 2023	Interest 2022
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%

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

The subsidiaries listed above are only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, have a significant impact on the financial statements.

For more details on 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 157 to 162.

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 2023 risk and governance report on pages 59 and 60.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

57. Principal subsidiaries – 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 £1 million (2022: £26 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.

Refer to the capital management section within the Investec Group's 2023 risk and governance report on pages 83 to 91.

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 22 and 60.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

57. Principal subsidiaries – Investec plc continued

Structured associates

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

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

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

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

At 31 March 2023 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	21 164	Limited to the carrying value	Investment loss	2 832

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

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 49 to 61.

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 These vehicles are financed through the issue of notes to investors	Investments in notes

The Group currently does not hold any exposure to structured entities. During the prior year, the Group sold its interest in a Residential mortgage structured entity and recognised £71 000 of 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 are included on pages 59 and 60 of the Investec Group's 2023 risk and governance report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries – Investec Limited

At 31 March	Principal activity	Country of incorporation	Interest 2023	Interest 2022
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 International Holdings (Gibraltar) Limited	Investment holding	Gibraltar	100.0%	100.0%
Investec Wealth and Investment International Proprietary Limited (previously Investec Securities Proprietary Limited)	Registered stockbroker	South Africa	100.0%	100.0%
Fedsure International Limited	Investment holding	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 Markets Proprietary Limited	Stockbroking	South Africa	100.0%	100.0%
Investec Investment Platform Proprietary Limited (previously Henshelf 4062 Proprietary Limited)	Investment platform	South Africa	100.0%	100.0%
Investec Investment Management Proprietary Limited (previously Investec Wealth and Investment Proprietary Limited)	Investment management	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%

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

Consolidation of subsidiaries for accounting and regulatory purposes:

There are no subsidiaries which are consolidated for regulatory, but not for accounting purposes. Investec Employee Benefit Holdings Proprietary Limited, including Investec Life Limited, and its subsidiaries are not consolidated for regulatory purposes.

Investment in Investec Property Fund Limited (IPF)

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. The disposal of the management company (refer to note 62) will result in loss of control of Investec Property Fund Limited with the 24.3% investment being accounted for as an associate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries – Investec Limited continued

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

* During the current year, Integer Home Loans Proprietary Limited ceased to be a principal structured entity and is no longer considered to be an investment in subsidiary.

For additional detail on the assets and liabilities arising on securitisation refer to note 30. Details of the risks to which the Group is exposed through all of its securitisations are included in the Investec Group's 2023 risk and governance report on pages 59 and 60.

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 exposure to residual economic risks and benefits.The Group is not required to fund any losses above those incurred on the investments made.

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 risks and 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. This structured entity is consolidated due to the Group's exposure to residual economic risks and benefits. The Group is not required to fund any losses above those incurred on the investments made.

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 exposure to residual economic risks and benefits. The Group is not required to fund any losses above those incurred on the investments made.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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
2023						
Assets						
Cash and balances at central banks	6 437 709	—	6 437 709	—	—	6 437 709
Loans and advances to banks	1 645 239	(194 612)	1 450 627	(12 129)	(42 365)	1 396 133
Non-sovereign and non-bank cash placements	644 065	—	644 065	—	—	644 065
Reverse repurchase agreements and cash collateral on securities borrowed	3 677 888	(45 230)	3 632 658	(22 113)	(51 104)	3 559 441
Sovereign debt securities	4 751 646	—	4 751 646	(538 805)	—	4 212 841
Bank debt securities	939 509	—	939 509	(50 393)	—	889 116
Other debt securities	1 229 392	—	1 229 392	(80 205)	—	1 149 187
Derivative financial instruments	1 698 676	(312 542)	1 386 134	(353 308)	(265 816)	767 010
Securities arising from trading activities	1 867 527	(235 136)	1 632 391	(198 308)	—	1 434 083
Investment portfolio	1 330 907	—	1 330 907	—	—	1 330 907
Loans and advances to customers	29 911 158	—	29 911 158	—	—	29 911 158
Own originated loans and advances to customers securitised	272 879	—	272 879	—	—	272 879
Other loans and advances	142 726	—	142 726	—	(4 959)	137 767
Other securitised assets	103 151	—	103 151	—	—	103 151
Other assets	1 581 693	—	1 581 693	—	—	1 581 693
	56 234 165	**(787 520)**	**55 446 645**	**(1 255 261)**	**(364 244)**	**53 827 140**
Liabilities						
Deposits by banks	3 778 299	(160 775)	3 617 524	—	(315 023)	3 302 501
Derivative financial instruments	2 770 415	(346 379)	2 424 036	(353 308)	(41 080)	2 029 648
Other trading liabilities	202 256	—	202 256	(10 337)	—	191 919
Repurchase agreements and cash collateral on securities lent	981 794	(45 230)	936 564	(738 698)	(6 244)	191 622
Customer accounts (deposits)	39 555 669	—	39 555 669	—	(1 897)	39 553 772
Debt securities in issue	1 802 586	—	1 802 586	(21 554)	—	1 781 032
Liabilities arising on securitisation of own originated loans and advances	163 787	—	163 787	—	—	163 787
Liabilities arising on securitisation of other assets	81 609	—	81 609	—	—	81 609
Other liabilities	2 108 850	(235 136)	1 873 714	—	—	1 873 714
Subordinated liabilities	1 084 630	—	1 084 630	—	—	1 084 630
	52 529 895	**(787 520)**	**51 742 375**	**(1 123 897)**	**(364 244)**	**50 254 234**

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
2022^						
Assets						
Cash and balances at central banks	5 998 270	—	5 998 270	—	—	5 998 270
Loans and advances to banks	2 873 883	(321 822)	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	(333 111)	1 590 513	(558 337)	(209 749)	822 427
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	2 139 354	—	2 139 354	—	—	2 139 354
	57 449 314	**(1 195 767)**	**56 253 547**	**(1 093 325)**	**(277 167)**	**54 883 055**
Liabilities						
Deposits by banks	3 384 941	(206 273)	3 178 668	—	(215 054)	2 963 614
Derivative financial instruments	3 029 975	(448 660)	2 581 315	(584 231)	(47 482)	1 949 602
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	**(1 195 767)**	**53 027 196**	**(1 054 174)**	**(277 167)**	**51 695 855**

^ 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
CONTINUED

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.

	2023		2022	
At 31 March **£'000**	**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
No derecognition achieved				
Loans and advances to customers	1 613 838	—	730 310	—
Loans and advances to banks	80 799	—	53 192	—
	1 694 637	**—**	**783 502**	**—**

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
CONTINUED

61. Restatements

Balance sheet restatements

Derivative financial instruments and other assets

As at 31 March 2022, £70.7 million and 31 March 2021, £72.2 million, initial margin on collateral, which is not available as an offset to individual exposures, was recorded in derivative financial instruments liabilities instead of other assets.

In addition, certain derivative financial assets and liabilities that are managed by the Group's trading desks were previously presented on a gross basis, while the IAS 32 on-balance sheet netting requirements were met. Due to an upgrade of the internal reporting processes, the intent to net settle was evidenced. The derivative transactions, totalling £14.1 million at 31 March 2023 (31 March 2022: £26.7 million, 31 March 2021: £31.5 million) satisfied the legally enforceable right of set off in terms of IAS 32. These positions are also operationally net settled through the use of the Continuous Linked Settlement (CLS) system.

The comparative balance sheets have been restated for the reclassifications above. This change has no impact on the comparative income statements. The impact of these changes on the 31 March 2022 and 31 March 2021 balance sheets and 31 March 2022 cash flows are:

£'000	At 31 March 2022 as previously reported	Restatement	**At 31 March 2022 restated**
Assets			
Derivative financial instruments	1 617 240	(26 727)	1 590 513
Other assets	2 068 615	70 739	2 139 354
Total assets	58 843 744	44 012	58 887 756
Liabilities			
Derivative financial instruments	2 537 303	44 012	2 581 315
Total liabilities	53 103 988	44 012	53 148 000

£'000	At 31 March 2021 as previously reported	Restatement	**At 31 March 2021 restated**
Assets			
Derivative financial instruments	1 714 743	(31 529)	1 683 214
Other assets	2 165 438	72 208	2 237 646
Total assets	51 450 473	40 679	51 491 152
Liabilities			
Derivative financial instruments	2 190 487	40 679	2 231 166
Total liabilities	46 137 977	40 679	46 178 656

The impact of this change on the 31 March 2022 cash flow statement is:

£'000	At 31 March 2022 as previously reported	Restatement	**At 31 March 2022 restated**
Operating profit adjusted for non-cash and non-operating items	816 404	—	816 404
Taxation paid	(152 140)	—	(152 140)
Increase in operating assets	(3 318 637)	(3 333)	(3 321 970)
Increase in operating liabilities	5 725 913	3 333	5 729 246
Net cash outflow from operating activities	**3 071 540**	**—**	**3 071 540**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

62. Events after the reporting date

Proposed sale of the Investec Property Fund Limited (IPF) asset management function in South Africa and Europe

Investec entered into an agreement with IPF on 1 March 2023 to sell its real estate asset management function across South Africa and Europe, for a maximum purchase consideration of R975 million.

Investec has carved out R125 million of the consideration in the form of an earn-out provision, linked to the growth in the existing IPF assets under management as at 31 March 2023, in excess of a minimum annual growth threshold over three years.

The IPF circular relating to the proposed transaction was posted to IPF shareholders on 17 April 2023, with the transaction being approved at a general meeting held on 17 May 2023. The transaction is further subject to the approval of the Competition Commission.

At the completion date of the sale of the asset management function, Investec will deconsolidate its existing c.24.3% investment in IPF. Going forward the investment in IPF will be equity accounted. At the date of this report, the transaction has not yet become effective. The financial effect of the deconsolidation will be dependent on the net asset value and fair value of the IPF share on the date of deconsolidation, a reliable estimate cannot be made at this point.

Proposed combination of Investec Wealth & Investment UK and Rathbones Group

It was announced on 4 April 2023 that Investec plc and Rathbones Group Plc (Rathbones) have entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited (IW&I UK) and Rathbones.

Under the terms of the combination, Rathbones will issue new Rathbones shares in exchange for 100% of Investec IW&I UK's share capital. On completion, Investec Group will own 41.25% of the economic interest in the enlarged Rathbones Group's share capital, with Investec Group's voting rights limited to 29.9%.

The combination is conditional, among other things, on:

i. The Financial Conduct Authority and London Stock Exchange agreeing to admit the ordinary share element of the consideration shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities,

ii. No material adverse change having occurred in respect of either Rathbones or Investec IW&I UK,

iii. The Competition and Markets Authority (CMA) confirming in response to a briefing note that it has no further questions, or alternatively, CMA approval, and

iv. Relevant regulatory approvals and notifications being obtained, including in the UK, Jersey, Guernsey and South Africa.

At the completion date of the sale, Investec will deconsolidate its 100% investment in IW&I UK. Going forward the investment in the enlarged Rathbones Group will be equity accounted.

At the date of this report, the transaction has not yet become effective. The financial effect of deconsolidation will be dependent on the net asset value of the IW&I UK business and the fair value of the Rathbones shares on the date of deconsolidation, a reliable estimate cannot be made at this point.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 £'000	Notes	2023	2022
Assets			
Fixed assets			
Investments in subsidiary undertakings	b	1 701 774	1 701 774
Securities and subordinated liabilities issued by subsidiary undertaking	c	1 115 737	599 967
		2 817 511	**2 301 741**
Current assets			
Investments in listed equities		172 285	355 801
Amounts owed by Group undertakings		541 948	523 320
Taxation		17 886	15 006
Prepayments and accrued income		2 740	1 471
Cash at bank and in hand			
– with subsidiary undertakings		17 503	261 089
– balances with other banks		503	578
		752 865	**1 157 265**
Current liabilities			
Creditors: amounts falling due within one year			
Other liabilities		6 189	3 748
Accruals and deferred income		12 438	10 533
Net current assets		**734 238**	**1 142 984**
Creditors: amounts falling due after one year			
Debt securities in issue	d	475 811	537 215
Subordinated liabilities	e	698 591	349 967
Net assets		**2 377 347**	**2 557 543**
Capital and reserves			
Ordinary share capital	h	202	202
Ordinary share premium	h	555 812	806 812
Capital reserve		180 606	180 606
Fair value reserve		34 943	159 661
Retained earnings		1 330 990	1 135 468
Ordinary shareholders' equity		**2 102 553**	**2 282 749**
Perpetual preference share capital and premium	h	24 794	24 794
Shareholders' equity excluding non-controlling interests		**2 127 347**	**2 307 543**
Other Additional Tier 1 securities in issue	h	250 000	250 000
Total capital and reserves		**2 377 347**	**2 557 543**

The notes on pages 154 to 162 form an integral part of the financial statements.

The Company's profit for the year, determined in accordance with the Companies Act 2006, was £114 940 942 (2022: £76 115 356). Approved and authorised for issue by the Board of Directors on 27 June 2023 and signed on its behalf by:

Fani Titi

Group Chief Executive

27 June 2023

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

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 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**
Total comprehensive income	—	—	—	(124 718)	158 556	33 838	—	33 838	—	33 838
Employee benefit liability recognised	—	—	—	—	(1 033)	(1 033)	—	(1 033)	—	(1 033)
Dividends paid to preference shareholders	—	—	—	—	(540)	(540)	—	(540)	—	(540)
Dividends paid to ordinary shareholders	—	—	—	—	(88 463)	(88 463)	—	(88 463)	—	(88 463)
Dividends declared to other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
Transfer from share premium to retained income	—	(251 000)	—	—	251 000	—	—	—	—	—
Distribution to ordinary shareholders	—	—	—	—	(107 118)	(107 118)	—	(107 118)	—	(107 118)
At 31 March 2023	**202**	**555 812**	**180 606**	**34 943**	**1 330 990**	**2 102 553**	**24 794**	**2 127 347**	**250 000**	**2 377 347**

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

a. Basis of preparation

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

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

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

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

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

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

On the basis of current financial projections and having made appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31 March 2026, which is a period greater than twelve months from the date of issue of the financial statements that aligns with internal budgeting processes. Accordingly, the going concern basis is adopted in the preparation of the financial statements.

Foreign currencies

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

Investments

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

Equity instruments measured at FVOCI

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

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

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:

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

a. Basis of preparation continued

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

Company's own profit and loss account

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

Financial assets

Financial assets are recorded at amortised cost applying the effective interest rate method where they are classified as 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.

b. Investments in subsidiary undertakings

At 31 March £'000	2023	2022
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 CET1 capital ratio of the Investec Bank plc Group, as defined in the PRA's rules, fall below 7%. The AT1 securities are redeemable at the option of Investec Bank plc on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA. On 22 January 2019, the Company acquired a further £50 million of AT1 securities issued by Investec Bank plc.

On 4 October 2021, Investec Bank plc entered into a £350 000 000 subordinated loan with Investec plc at a fixed interest rate of 2.625% (2032 Loan). Interest, after the initial short period distribution paid on 4 January 2022, is paid annually commencing on 4 January 2023 and ending on the maturity date. The loan will mature on 4 January 2032. The borrower may prepay the loan in full on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions.

On 6 December 2022 Investec Bank Plc entered into a £350m loan with Investec plc at a fixed interest rate of 9.1265% (2033 Loan). Interest, after the initial short period distribution paid on 6 March 2023, is paid annually commencing on 6 March 2024 and ending on the maturity date. The loan will mature on 6 March 2033. The borrower may prepay the loan in full on any date in the period from 6 December 2027 to (and including) 6 March 2028.

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

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

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"). 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 per cent, which has been consolidated with and formed a single series with the existing notes. The notes were subject to a liability management exercise in July 2021 leaving £200 million outstanding, These remaining notes matured on 5 May 2022 and paid interest at a fixed rate annually in arrears.

On 16 July 2021, the company issued £350 million 1.875% Senior Unsecured Notes from its European Medium Term Note programme ("EMTN"). The notes mature on 16 July 2028 and pay interest at a fixed rate annually in arrears. On 13 February 2023 the company issued a further £200 million of the 1.875% Senior Unsecured Notes due 2022, at a discount of 17.4070%, which has been consolidated with and formed a single series with the existing notes. The issuer may redeem the notes at par on 16 July 2027.

e. Subordinated liabilities

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

On 6 December 2022, Investec plc issued £350 million of 9.125% subordinated notes due 2033 at a discount (2033 Notes). Interest, after the initial short period distribution paid on 6 March 2023, is paid annually commencing on 6 March 2024 and ending on the maturity date. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 6 March 2033. The issuer may redeem the notes at par on any date in the period from 6 December 2027 to (and including) 6 March 2028 subject to conditions.

f. Audit fees

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

g. Dividends

Details of the Company's dividends are set out in note 12 of the Group financial statements.

h. Share capital

Details of the Company's ordinary share capital and ordinary share premium are set out in note 44 and note 46 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 2023.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

j. Subsidiaries

At 31 March 2023	Principal activity	Interest held
United Kingdom **Registered office: 30 Gresham Street, London, EC2V 7QP, UK**		
Investec 1 Limited*	Investment holding company	100%
Investec Holding Company Limited*	Investment holding company	100%
Investec (UK) Limited	Holding company	100%
Guinness Mahon Group Limited	Dormant	100%
Investec Bank plc	Banking institution	100%
PIF Investments Limited	Dormant	100%
Beeson Gregory Index Nominees Limited	Dormant	100%
EVO Nominees Limited	Dormant	100%
Evolution Securities Nominees Limited	Dormant	100%
Investec Finance Limited	Dormant	100%
Investec Group Investments (UK) Limited	Investment holding company	100%
Investec Capital Solutions Limited	Lending company	100%
Diagonal Nominees Limited	Nominee	100%
GFT Holdings Limited	Dormant	100%
Investec Investment Trust plc	Debt issuer	100%
Investec Investments (UK) Limited	Investment holding company	100%
Inv-German Retail Ltd	Property company	100%
Investec Securities Limited	Dormant	100%
Technology Nominees Limited	Nominee	100%
Torteval LM Limited	Investment holding company	100%
Torteval Funding LLP	Financing company	100%
Nars Holdings Limited	Property company	100%
Tudor Tree Properties Limited	Property company	100%
Willbro Nominees Limited	Nominee	100%
Evolution Capital Investment Limited	Dormant	100%
Investec Investments Limited	Investment holding company	100%
PSV Marine Limited	Shipping holding company	100%
PSV Anjali Limited	Shipping holding company	100%
PSV Randeep Limited	Shipping holding company	100%
Investec India Holdco Limited	Investment holding company	80.48%
Investec Alternative Investment Management Limited	Fund management activities	100%
Investec-Capitalmind Investment Limited	Non-trading	100%

* Directly owned by Investec plc.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

j. Subsidiaries continued

At 31 March 2023	Principal activity	Interest held
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%
Murray Asset Management UK Limited	Investment management and financial planning	100%
Murray Asset Nominees Limited	Nominee	100%
Murray Asset Nominees UK Limited	Nominee	100%
Castle Street Nominees UK Limited	Nominee	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%
Registered office: Quartermile One, Lauriston Place, Edinburgh, Scotland, EH3 9EN		
Murray Investment Management Limited	Non-trading	100%
Murray Asset Management Limited	Non-trading	100%
Castle Street Nominees Limited	Nominee	100%
Australia **Registered office: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000, Australia**		
Investec Holdings Australia Pty Limited	Holding company	100%
Investec Australia Finance Pty Limited	Lending company	100%
Investec Australia Pty Limited	Financial services	100%
Bowden (Lot 32) Direct Pty Limited	Development company	100%
IWPE Nominees Pty Limited	Custodian	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

j. Subsidiaries continued

At 31 March 2023	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: Glategny Court, Glategny 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: Glategny Court, Glategny 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%
Investec Asset Finance (Channel Islands) Limited	Leasing company	100%
Registered office: PO Box 290, Glategny Court, Glategny 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 2023	Principal activity	Interest held
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%
India **Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India**		
Investec Credit Finance Private Limited	Lending platform	99%
Investec Global Services (India) Private Limited	ITES Outsourcing	100%
Ireland **Registered office: The Harcourt Building, Harcourt Street, Dublin 2, Ireland**		
Aksala Limited	Property company	100%
Investec Holdings (Ireland) Limited	Holding company	100%
Investec Ireland Limited	Financial services	100%
Investec International Limited	Aircraft leasing	100%
Neontar Limited	Holding company	100%
Investec Securities Holdings Ireland Limited	Holding company	100%
Investec Private Finance Ireland Limited	Loan credit servicing	100%
Investec Ventures Ireland Limited	Investment management services	100%
Venture Fund Private Principals Limited	Investment services	100%
Investec Europe Limited	MiFiD firm	100%
Luxembourg **Registered office: 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg**		
Investec Finance SARL	Dormant	100%
Luxembourg **Registered office: 15 Boulevard Friedrich Wilhelm Raiffeisen L-2411 Luxembourg**		
PDF II GP s.a.r.l.	Fund management activities	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 2023	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, 13905 McCorkle Ave. SE, Chesapeake, WV 25315		
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 2023	Principal activity	Interest held
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%
British Virgin Islands **Registered office: Wattley Building, 2nd Floor, 160 Main Street, P.O. Box 3410, Road Town, Tortola, British Virgin Islands**		
Templewater Holdings Limited	Holding company	50%
India **Registered office: 32/1. 14th Cross, 9th Main, 6th Sector H.S.R. Layout, Bangalore, Karnataka 560102, India**		
JSM Advisers Private Limited	Fund management	55%
Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai-400051		
Investec Capital Services (India) Private Limited	Merchant banking & Stock broking	80.3%
France **Registered Office: 151 Boulevard Haussman, 75008 Paris, France**		
Capitalmind SAS	Advisory services	30%
Guernsey **Registered office: 1st Floor Tudor House Le Bordage, St Peter Port, Guernsey, GY1 1DB**		
Grovepoint Limited	Investment and advisory	41.9%
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%

Annexures

02

IN THIS SECTION

165 Alternative performance measures

167 Definitions

168 Glossary

170 Corporate information

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 85 for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders
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 85 for calculation
Adjusted operating profit	Refer to the calculation in the table below:

£'000	31 March 2023	31 March 2022
Operating profit before goodwill, acquired intangibles and strategic actions	848 494	727 579
Less: Profit attributable to other non-controlling interests	(12 566)	(40 170)
Adjusted operating profit	**835 928**	**687 409**

Adjusted operating profit per employee	Adjusted operating profit divided by average total employees including permanent and temporary employees. Refer to calculation on page 57 of the Investec Group's 2023 year-end results booklet
Annuity income	Net interest income (refer to note 2 on page 71 and 72) plus net annuity fees and commissions (refer to note 3 on page 73)
Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

	UK and Other		Southern Africa		Total Group	
£'million	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Loans and advances to customers per the balance sheet	15 568	14 426	14 343	15 135	29 911	29 561
Add: own originated loans and advances to customers per the balance sheet	—	—	273	376	273	376
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(3)	—	—	(5)	(3)
Net core loans	**15 563**	**14 423**	**14 616**	**15 511**	**30 179**	**29 934**
of which subject to ECL*	15 012	13 814	14 541	15 431	29 553	29 245
Net core loans at amortised cost and FVOCI	15 012	13 814	13 902	14 431	28 914	28 245
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	639	1 000	639	1 000
of which FVPL (excluding fixed rate loans above)	551	609	75	80	626	689
Add: ECL	146	134	148	140	294	274
Gross core loans	**15 709**	**14 557**	**14 764**	**15 651**	**30 473**	**30 208**
of which subject to ECL*	15 158	13 948	14 689	15 571	29 847	29 519
of which FVPL (excluding fixed rate loans above)	551	609	75	80	626	689

^ These are fixed rate loans which have passed the solely payments of principal and interest (SPPI) test 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. £0.6 billion of the drawn exposure falls into Stage 1 (31 March 2022: £1.0 billion), £1 million in Stage 2 (31 March 2022: £73 million) and the remaining £44 million in Stage 3 (31 March 2022: £47 million). The ECL on the Stage 1 portfolio is £2 million (31 March 2022: £3 million), ECL on the Stage 2 portfolio is £nil (31 March 2022: £1 million) and ECL on the Stage 3 portfolio is £11 million (31 March 2022: £10 million).

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis.

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

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 2023	31 March 2022
Operating costs (A)	1 350 835	1 233 948
Total operating income before expected credit losses	2 280 418	1 990 355
Less: Profit/loss attributable to other non-controlling interests	(12 566)	(40 170)
Total (B)	2 267 852	1 950 185
Cost to income ratio (A/B)	**59.6%**	**63.3%**

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 2023 year-end results booklet.
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets Refer to calculation on page 71
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 2023 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 2023 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 85 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 85 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 is 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 85 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 71 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 71 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 85.

GLOSSARY

Abbreviation	Meaning
AFS	Available for sale
AGM	Annual general meeting
ALCO	Asset and Liability Committee
ANC	African National Congress
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CDO	Collateralised debt obligation
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CMD	Capital Markets Day
CMI	Continuous Mortality Investigation
COO	Chief Operating Officer
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed Company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European central bank
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
ERV	Expected rental value
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FIRB	Foundation Internal Ratings-Based

Abbreviation	Meaning
FRC	Financial Reporting Council
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross Domestic Product
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
HNW	High net worth
IAM	Investec Asset Management
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IFRS	International Financial Reporting Standard
ISAs (UK)	International Standards on Auditing (UK)
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PACCC	Prudential Assurance Conduct and Controls Committee
PCCC	Prudential Conduct and Controls Committee
PD	Probability of default
Policy ERRF	Policy Executive Risk Review Forum
PRA	Prudential Regulation Authority
PRASA	Passenger Rail Agency of South Africa
ROE	Return on equity
ROU	Right of use asset
RPI	Retail Price Index

ABBREVIATIONS AND ACRONYMS
CONTINUED

Abbreviation	Meaning
S&P	Standard & Poor's
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
SOFR	Secured Overnight Financing Rate
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
UKLA	United Kingdom Listing Authority
W&I	Wealth & Investment
WACC	Weighted average cost of capital
YES	Youth Employment Service

CORPORATE INFORMATION

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Directorate as at 27 June 2023

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
Stephen Koseff
Nicky Newton-King
Jasandra Nyker
Vanessa Olver
Philisiwe Sibiya
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