

Out of the Ordinary since 1974

INVESTEC ANNUAL
REPORT 2024

Investec Group risk and governance report





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 2024 sustainability report which is published and available on our website: www.investec.com



Reporting standard

Denotes our consideration of a reporting standard.



Integrating sustainability

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

Overview of disclosure requirements

This risk and governance report explains in detail our approach to managing our business within our risk appetite tolerance, across all principal aspects of risk and elaborates on our governance activities.

The risk disclosures provided are in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 Presentation of Financial Statements (IAS 1) are included within this section of the Investec Group's 2024 risk and governance annual report on pages 29 to 94 with further disclosures provided within the Investec Group's 2024 annual financial statements.

All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. Where applicable, definitions can be found in the definitions section of this report.

Information provided in this section of the integrated annual report is prepared on an Investec DLC consolidated basis (i.e. incorporating the results of Investec plc and Investec Limited), unless otherwise stated. All references in this report to Investec, the Investec Group, the Group or DLC relate to the combined Investec DLC Group comprising Investec plc and Investec Limited. The Group also publishes risk information for its 'silo' entity holding companies and its significant banking subsidiaries on a consolidated basis. This information is contained in the respective annual financial statements for those respective entities.

Furthermore, the Group publishes separate Pillar III disclosure reports for Investec Limited, Investec plc, Investec Bank Limited (IBL) and Investec Bank plc (IBP) as required in terms of Regulation 43 of the regulations relating to banks in Southern Africa and the Disclosure (CRR) part of the Prudential Regulation Authority's rulebook pertaining to banks in the United Kingdom (UK). These can be found on the Investec Group's website.

CONTENTS

01 Risk disclosures	Statement from the Group Chief Risk Officer	4
	Salient features	7
	Principal risks	8
	Risk management approach and framework	27
	Credit and counterparty risk and asset quality	29
	Additional policy information	57
	Forward-looking macro-economic scenarios	52
	Sustainability risk (including climate and ESG)	58
	Investment risk	60
	Securitisation/structured credit	62
	Market risk	64
	Balance sheet risk and liquidity	69
	Operational risk	77
	Reputational risk	80
	Legal risk	80
	Compliance	81
Recovery and resolution planning	85	
Capital management and allocation	86	
02 Governance	DLC Nominations and Directors' Affairs Committee report	97
	DLC Social and Ethics Committee report	101
	DLC Audit Committee report	106
	DLC Board Risk and Capital Committee report	119
03 Annexures	Alternative performance measures	127
	Definitions	129
	Glossary	130
	Corporate information	132

Risk disclosures



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

IN THIS SECTION

4	Statement from the Group Chief Risk Officer	60	Investment risk
7	Salient features	62	Securitisation/structured credit
8	Principal risks	64	Market risk
27	Risk management approach and framework	69	Balance sheet risk and liquidity
29	Credit and counterparty risk and asset quality	77	Operational risk
57	Additional policy information	80	Reputational risk and legal risk
52	Forward-looking macro-economic scenarios	81	Compliance
58	Sustainability risk (including climate and ESG)	85	Recovery and resolution plan
		86	Capital management and allocation

STATEMENT FROM THE GROUP CHIEF RISK OFFICER

A summary of the year in review from a risk perspective

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

Despite rising geopolitical tensions and a backdrop of a number of elections in geographies in which we operate, we have continued to grow our business across our core geographies and other chosen markets in a risk conscious manner. The Group remains well capitalised, maintains high levels of liquidity, runs modest levels of market risk and favours lending to clients with predictable income streams that provide sound collateral.

In the UK, loans and advances to customers as a percentage of customer deposits remained conservative at 79.7%. Investec plc has a substantial portion of eligible deposits that are covered by Financial Services Compensation Scheme (FSCS) protection.

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

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

In the UK, cash and near cash balances at 31 March 2024 amounted to £9.7 billion. We maintain a high level of readily available, high-quality liquid assets (HQLA), targeting a minimum cash to customer deposit ratio of 25%. Current cash and near cash is equivalent to 46.4% of customer deposits. At 31 March 2024, the Liquidity Coverage ratio (LCR) for Investec plc was 453% and the Net Stable Funding ratio (NSFR) was 146%, both metrics well ahead of current minimum regulatory requirements.

In South Africa, funding continues to be raised through a diverse mix of customer type, currency, channel and tenor. Our medium to long term focus remains strengthening the Group's structural funding profile through growing the retail deposit base, optimising the term of our wholesale deposit base and growing our transactional deposit offering. Loans and advances to customers as a percentage of customer deposits remained conservative at 75.2%. Cash and near cash balances at 31 March 2024 amounted to R160.7 billion (31 March 2023: R171.4 billion). Consistent with our liquidity management philosophy, we delivered liquidity ratios well above the regulatory requirements. Investec Bank Limited (consolidated Group) ended the year to 31 March 2024 with the 90-day simple average LCR of 159% and NSFR of 115%.

In South Africa, the Financial Sector Laws Amendment Act (FSLAA), promulgated on 28 January 2022, aims to create a new subordinated class of loss-absorbing instruments (referred to as FLAC instruments) to facilitate the application of statutory bail-in power in order to assist with the implementation of the resolution framework for 'designated institutions'. The South African Prudential Authority (South African PA) published Draft Prudential Standard RA03 setting out the principles and requirements of FLAC, including the calibration of the Minimum FLAC Requirement (MFR). Designated institutions will be required to meet 60% of the base MFR by 1 January 2028 and 100% by 1 January 2031.

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

The Group's focus remains on maintaining a strong liquidity position as the geographies in which we operate go through the current election period. Funding continues to be actively raised,

across a diverse funding base, supported by stable credit ratings.

In the UK, IBP's long-term Moody's deposit rating is A1 (stable outlook) and Investec plc's rating is Baa1 (stable outlook). IBP's long-term Fitch rating is BBB+ (stable outlook).

IBL's national long-term ratings remain sound at Aaa.za from Moody's, AA+(zaf) from Fitch and za.AA from S&P.

Adjustments in the sovereign rating of South Africa will lead to an automatic adjustment in the ratings of the major banks in South Africa, including IBL. The reduction of IBL's long- or short-term credit ratings could increase borrowing costs and limit access to capital markets. We have opportunistically taken advantage of liquidity to strengthen our US dollar balance sheet to counteract this risk.

We have continued to grow our loan book while ensuring its resilience, despite the challenging macro-economic environment. Increased client activity and new client acquisition resulted in an increase in the Group's net core loan book to £30.9 billion or 6.1% growth in neutral currency.

Net core loan growth was mainly due to increased activity diversified across multiple asset classes of Corporate client lending in the UK and South Africa as well as residential mortgage lending in South Africa.

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

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

STATEMENT FROM THE GROUP CHIEF RISK OFFICER CONTINUED

Asset quality ratios reflect the current operating environment and the underlying portfolios remain resilient. The Group reported a credit loss ratio of 0.28% (31 March 2023: 0.23%) which remains within the Group's through-the-cycle range. The UK reported a credit loss ratio of 0.58% at 31 March 2024 (31 March 2023: 0.37%), in line with guidance provided in November 2023, as we adequately provisioned for a small number of new and existing Stage 3 deals to allow for exits in the non-performing portfolio. We expect the UK credit loss ratio to remain elevated between 50bps and 60bps in the short term. In South Africa, the credit loss ratio was a net recovery of (0.04%) at 31 March 2024 (31 March 2023: 0.09%) driven by recoveries, reversal of ECLs on previously impaired loans, model driven releases on Stage 1 and 2 ECLs as a result of updated macro-economic scenarios and model recalibration which were partially offset by Stage 3 ECL charges.

In the UK, Stage 3 exposures totalled 3.3% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 2.3%) driven by isolated individual client default incidents across multiple asset classes with no specific trends evident. In South Africa Stage 3 has increased to 3.5% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 2.7%) mainly due to a few single name exposures migrating from Stage 2.

In the UK, Stage 2 exposures as a proportion of gross core loans subject to ECL decreased to 8.6% at 31 March 2024 (31 March 2023: 8.7%) as underlying portfolios continue to perform. In South Africa Stage 2 exposures decreased to 2.4% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 5.0%) mainly due to a number of deals normalising and migrating back to Stage 1, a few large single name exposures migrating to Stage 3 and a reduction arising from the residential mortgage model recalibration.

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

In the UK, we hold a management overlay of £3.7 million at 31 March 2024 (31 March 2023: £4.9 million) which is

apportioned to Stage 2 assets. In South Africa, the overlay of R113 million at 31 March 2023 held for anticipated migration risk in Private Bank, has now been fully released. Stage 3 ECLs continue to be assessed using a combination of scenario analysis, informed by expert judgement and modelled ECL. Management will continue to review the need and basis of calculation for the UK overlay given the evolving situation and significant uncertainty faced with respect to the economic outlook.

→ Further detail on key judgements can be found on page 57

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

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

We have substantially managed down our investment portfolio exposure in line with our objective of optimising capital allocation, reducing income volatility and aligning the business with our client franchises. The investment portfolio on the balance sheet, totalled £807 million at 31 March 2024 (31 March 2023: £1 331 million).

The Investec Group retains a c.10% shareholding in Ninety One as an investment, all held within Investec plc.

Bud Group shareholders (previously Investec Equity Partners (IEP)) approved and implemented a restructure in order to facilitate an exit by certain IEP shareholders, including Investec, by way of a share buy-back. At 31 March 2024, Investec Limited held a 36.2% (31 March 2023: 47.4%) stake in the Bud Group.

Investec has a 24.3% shareholding in Burstone (previously Investec Property Fund (IPF)) and had previously consolidated the fund with a net asset value of £593 million (R13 billion) at 31 March 2023. Subsequent to the disposal of the management companies, Investec's shareholding is now held as an

investment at fair value through profit and loss with a fair value of £61.5 million (R1.5 billion).

The Group continued to maintain a sound balance sheet with a low gearing ratio of 10.3 times and a core loans to equity ratio of 5.6 times at 31 March 2024.

In the UK, Investec plc maintained a sound capital position, well in excess of minimum regulatory requirements, with a Common Equity Tier 1 (CET1) ratio of 12.4% (31 March 2023: 12.0%) and a leverage ratio of 10.2% (31 March 2023: 9.4%). Investec plc remains on the Standardised Approach and with these metrics comfortably exceeds the target CET1 ratio of greater than 10% and leverage ratio target of greater than 6%. Investec plc continues its efforts to build Internal Ratings Based (IRB) approach models. Good progress is being made towards the submission of an application to the Prudential Regulation Authority (PRA).

In South Africa, Investec Limited maintained a sound capital position, well in excess of minimum regulatory requirements, with a CET1 ratio of 13.6% (31 March 2023: 14.7%) and a leverage ratio of 6.2% (31 March 2023: 6.5%). Investec Limited's target capital ratios remained unchanged, with the minimum CET1 ratio target ranging between 11.5% and 12.5% and leverage target being greater than 6%.

Investec Limited successfully executed R6.8 billion of the R7 billion DLC share buyback programme announced to the market in September 2022. As at 31 March 2024, R1.5 billion relates to Investec Limited treasury shares and R5.3 billion relates to a net deduction from CET1 for Investec Limited's investment in Investec plc's shares.

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

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

STATEMENT FROM THE GROUP CHIEF RISK OFFICER CONTINUED

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

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

Where management or any of the levels of defence identify control deficiencies, immediate actions are taken to strengthen the control environment. This involves redesigning controls and procedures, implementing such and then retesting their effectiveness. This process is seen as ongoing and takes into account the changing complexity of the various new and existing business lines that the Group operates within.

We continue to offer access to wealth management through our strategic partnership with Rathbones, following completion of the all-share combination of the UK Wealth & Investment business in September 2023. The Partnership Agreement with Rathbones governs the long-term, strategic partnership and is expected to unlock significant value in the medium to long term. The Group's Southern African wealth management business which includes our Swiss wealth business continues to offer clients access to a wide spectrum of local and international investment opportunities enabling clients to navigate the complexities of being global citizens and meet their wealth and investment management goals.

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

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

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

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



Our viability statement is provided on page 168 of the Investec Group's 2024 integrated and strategic annual report



Further detail on stress testing framework can be found on page 8

Outlook

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

Mark Currie

Group Chief Risk Officer

24 June 2024

SALIENT FEATURES



Salient features

A summary of the key risk indicators are provided in the table below:

Year to 31 March	UK and Other ^{^^}		Southern Africa ^{^^^}		Total Group	
	2024 £	2023 £	2024 R	2023 ^{***} R	2024 £	2023 ^{***} £
Net core loans (million)	16 557	15 563	343 678	325 139	30 901	30 381
Total assets* (million)	30 086	28 433	640 343	648 083	56 471	57 781
Total risk-weighted assets (million)	18 509	17 767	292 179	283 600	30 703 [^]	30 693 [^]
Total equity (million)	3 472	2 719	55 109	60 998	5 474	5 309
Cash and near cash (million)	9 652	8 550	160 712	171 400	16 359	16 361
Customer accounts (deposits) (million)	20 784	19 116	448 458	447 864	39 508	39 556
Loans and advances to customers as a % of customer deposits	79.7%	81.4%	75.2%	71.3%	77.6%	76.1%
Structured credit as a % of total assets*	2.5%	2.5%	0.2%	0.2%	1.4%	1.4%
Banking book investment and equity risk exposures as a % of total assets*	1.6%	2.0%	2.1%	2.8%	1.8%	2.4%
Traded market risk: 95% one-day value at risk (million)	0.2	0.4	6.8	10.1	n/a	n/a
Core loans to equity ratio (times)	4.8x	5.7x	6.2x	5.3x	5.6x	5.7x
Total gearing ratio (times)**	8.7x	10.5x	11.6x	10.6x	10.3x	10.9x
Return on average assets [#]	1.19%	1.07%	1.13%	1.03%	1.16%	1.05%
Return on average risk-weighted assets [#]	1.91%	1.73%	2.51%	2.13%	2.16%	1.91%
Stage 3 exposures as a % of gross core loans subject to ECL	3.3%	2.3%	3.5%	2.7%	3.4%	2.5%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	2.6%	1.8%	3.0%	2.2%	2.8%	2.0%
Credit loss ratio	0.58%	0.37%	(0.04%)	0.09%	0.28%	0.23%
Level 3 (fair value assets) as a % of total assets	8.2%	6.5%	1.3%	2.9%	5.0%	4.7%
Common Equity Tier 1 ratio ^{##}	12.4%	12.0%	13.6%	14.7%	n/a	n/a
Tier 1 ratio ^{##}	14.9%	13.4%	15.0%	15.9%	n/a	n/a
Total Capital ratio ^{##}	18.7%	17.5%	17.5%	18.3%	n/a	n/a
Leverage ratio ^{##}	10.2%	9.4%	6.2%	6.5%	n/a	n/a

* Total assets excluding long term assurance business attributable to policyholders

[^] The Group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pound Sterling) numbers together.

[#] Where return represents adjusted earnings attributable to ordinary shareholders, as defined on page 127. Average balances are calculated on a straight-line average.

^{##} In the UK, the CET1, Tier 1, Total Capital adequacy ratio, leverage ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

^{**} Total assets excluding assurance assets to total equity.

^{^^} The capital adequacy and leverage disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the Group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET1 ratio and leverage ratio as required under the Capital Requirements Regulation. The impact of this deduction totalling £56 million (31 March 2023: £55 million) for Investec plc would lower the CET1 ratio by 30bps (31 March 2023: 31bps) and the leverage ratio by 21bps (31 March 2023: 22bps) respectively.

^{^^^} Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET1 ratio would be 111bps (31 March 2023: 117bps) lower. The leverage ratio would be 48bps (31 March 2023: 49bps) lower.

^{***} Restated as detailed on page 168 of the Investec Group's 2024 annual financial statements.

Certain information is denoted as n/a as these statistics are not calculated at a consolidated Group level and are best reflected per banking entity.

PRINCIPAL RISKS

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the Board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised below with further information pertaining to the management and monitoring of these principal risks shown in the references provided. The Board, through its various committees, has performed a robust assessment of these principal risks and regular reporting of these risks is made to the Board.

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

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

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

The Group's stress testing framework is well embedded in its operations and is designed to identify and regularly test the Group's key vulnerabilities under stress. A fundamental part of the stress testing process is a full and comprehensive analysis of the Group's material business activities, incorporating views from risk, the business units and the executive – a process called the 'bottom-up' analysis.

Resulting from the 'bottom-up' analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the Group's portfolio.

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

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

The levels of defence model is applied as follows:

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

Overall Group risk appetite

The Group has a number of Board-approved risk appetite statements and policy documents covering our risk appetite and approach to our principal aspects of risk. The risk appetite statements and frameworks for Investec plc and Investec Limited set out the Board's mandated risk appetite. The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the Group.

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

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

PRINCIPAL RISKS CONTINUED

An overview of the principal risks relating to our operations

Link to strategy – key



Connected client ecosystems



Growth initiatives



Optimisation of returns



Entrepreneurial culture



Digitalisation



Strategic use of data

Credit and counterparty risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC Audit Committee, Group ERC

More information



Read more on pages 29 to 51

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

We target a Group through-the-cycle (TTC) credit loss ratio of 25-45bps with a credit loss ratio of less than 0.5% for both Investec plc and Investec Limited (less than 1.5% and 1.25% under a weak economic environment/stressed scenario for Investec plc and Investec Limited respectively). We target Stage 3 net of ECL as a % of net core loans subject to ECL to be less than 2% for Investec plc (excluding the legacy portfolio*); less than 4% under a weak economic environment/stressed scenario) and between 1.5% - 4% for Investec Limited (with the upper end of the range related to a weak economic environment/stressed scenario).

Positioning as of 31 March 2024

The Group credit loss ratio was calculated at 0.28% for 31 March 2024 (31 March 2023: 0.23%). Stage 3 net of ECL as a % of net core loans subject to ECL was 2.5% for Investec plc (excluding the Legacy portfolio*) and 3.0% for Investec Limited.

• Refer to definitions on page 129

PRINCIPAL RISKS

CONTINUED

Concentration risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC Audit Committee, Group ERC, DLC IT Risk and Governance Committee

More information



Read more on page 29

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

We limit our core loan exposure to a single/ connected individual or company to £120 million for Investec plc and 7.5% of Tier 1 capital for Investec Limited. In South Africa, concentration is also monitored in line with the Large Exposure regulations limits. We also have a number of risk tolerance limits and targets for specific asset classes.

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

Positioning as of 31 March 2024

We maintained this risk tolerance level throughout the year.

PRINCIPAL RISKS

CONTINUED

Country risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, Group ERC

More information



Read more on page 30

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

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

Positioning as of 31 March 2024

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

PRINCIPAL RISKS CONTINUED

Sustainability risk (including climate and ESG)

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC SEC, Group ERC, Group ESG Executive Committee

More information



Read more on pages 30, 58 and 59 and pages 122 to 140 of the Investec Group's 2024 integrated and strategic annual report and the Investec Group's 2024 sustainability report which is published and available on our website: www.investec.com



Monitoring and mitigation activities

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

Risk appetite and tolerance metric

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

Positioning as of 31 March 2024

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

PRINCIPAL RISKS CONTINUED

Investment risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, Group ERC

More information

→ Read more on pages 60 and 61

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

We have moderate appetite for investment risk, and set a risk tolerance for our unlisted principal investment portfolio of less than 30% of CET1 capital for Investec plc and 12.5% of Tier 1 capital for Investec Limited. In addition, Investec Limited has set a risk tolerance of 15% and 8% of Tier 1 capital for the exposure to the Bud Group and Burstone Group respectively.

Positioning as of 31 March 2024

Our unlisted investment portfolios amounted to £245 million for Investec plc and R2.8 billion for Investec Limited, 11.0% of CET1 capital for Investec plc and 6.3% of Tier 1 capital for Investec Limited. Exposure to the Bud Group and Burstone Group represented 9.8% and 3.4% of total Limited Tier 1 capital respectively.

Market risk in the trading book

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, Group ERC

More information

→ Read more on pages 64 to 68

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

Market risk arises through our trading activities which are primarily focused on supporting client activity. Appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than £3.5 million for Investec plc and less than R15 million for Investec Limited.

Positioning as of 31 March 2024

We met these internal limits; one-day 95% VaR was £0.2 million for Investec plc and R6.8 million for Investec Limited.

PRINCIPAL RISKS

CONTINUED

Liquidity risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, Group ERC

More information



Read more
on pages 69 to 76

Monitoring and mitigation activities

- Our banking entities in South Africa and the UK are ring-fenced from one another and are required to meet the regulatory liquidity requirements in the jurisdictions in which they operate
- Each banking entity must be self-sufficient from a funding and liquidity standpoint
- Investec plc undertakes an annual Internal Liquidity Adequacy Assessment Process (ILAAP) which documents the approach to liquidity management across the firm, including IBP (solo basis). This document is reviewed and approved by IBP Board Risk and Capital Committee (IBP BRCC), DLC BRCC and by the IBP and DLC Boards
- We maintain a liquidity buffer in the form of unencumbered cash, government or rated securities (typically eligible for repurchase with the central bank and international banks), and near cash well in excess of the regulatory requirements as protection against unexpected disruptions in cash flows. We maintain a prudent approach to the mix of instruments in the liquidity buffer to ensure it is available when and where required, taking into account regulatory, legal and other constraints
- Daily liquidity stress tests are carried out in order to help accurately measure the liquidity profile and ensure that in the absence of market or funding liquidity during periods of stress, we would continue to meet our obligations
- The maintenance of sustainable prudent liquidity resources takes precedence over profitability
- We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency
- Our core loans must be fully funded by stable funding
- There is no reliance on committed funding lines for protection against unforeseen interruptions to cash flow
- The balance sheet risk management teams independently monitor key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential normal market disruptions
- As part of the broader Financial Sector Laws Amendment Act (FSLAA), South Africa is in the final stages of implementing a deposit insurance scheme aimed at improving the financial system's ability to absorb shocks by improving depositor confidence
- The Group maintains contingency funding and recovery plans designed to protect depositors, creditors and shareholders and maintain market confidence during adverse liquidity conditions.

Risk appetite and tolerance metric

We carry a high level of liquidity in all our banking subsidiaries in order to be able to cater for shocks to the system, targeting a minimum cash and near cash to customer deposit ratio of 25% for both Investec plc and Investec Limited.

Positioning as of 31 March 2024

Total cash and near cash balances amounted to £16.4 billion at year end representing 41.4% of customer deposits.

PRINCIPAL RISKS

CONTINUED

Interest rate risk in the banking book (IRRBB)

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, Group ERC

More information



Read more on pages 73 to 76

Monitoring and mitigation activities

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


Risk appetite and tolerance metric



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

Positioning as of 31 March 2024

Both Investec plc and Investec Limited are within these tolerance metrics. The UK regulatory framework requires banks to assess their Pillar II requirements, including those related to IRRBB, as part of their ICAAP. The South African PA has adopted the IRRBB regulatory reforms as outlined in the Basel Committee on Banking Supervision (BCBS) IRRBB standards.

PRINCIPAL RISKS
CONTINUED

<h2 style="background-color: #1a522d; color: white; padding: 5px;">Capital risk</h2>	<p>The risk that we do not have sufficient capital to meet regulatory requirements or that capital is inefficiently deployed across the Group</p>	
<p>Link to strategy and opportunities</p>  <hr/> <p>Group committee oversight</p> <p>DLC Audit Committee, DLC Capital Committee, DLC BRCC, Group ERC</p> <hr/> <p>More information</p> <p> Read more on pages 86 to 94</p>	<p>Monitoring and mitigation activities</p> <ul style="list-style-type: none"> Both the Investec plc and Investec Limited Groups undertake an approach to capital management that utilises both regulatory capital as appropriate to the jurisdiction in which it operates and internal capital, which is an internal risk-based assessment of capital requirements A detailed assessment of the regulatory and internal capital position of each Group is undertaken on an annual basis and is documented in the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is reviewed by IBL, IBP, PLC and DLC Capital Committees before being recommended for approval to IBL BRCC, IBP BRCC, DLC BRCC and the respective Boards The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the Group At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the Group's risk profile and optimisation of shareholder returns Our internal capital framework is designed to manage and achieve this balance The framework has been approved by the Board. The DLC Capital Committee (mandated by DLC BRCC) is responsible for the oversight and management of capital and leverage The leverage ratio is considered and monitored as part of the capital management framework. <p>Risk appetite and tolerance metric</p> <p>We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a Total Capital ratio range of between 14% and 17% on a consolidated basis for Investec plc and >15% for Investec Limited. We target a minimum CET1 ratio of >10% for Investec plc and between 11.5% and 12.5% for Investec Limited. We target a minimum Tier 1 ratio of >11% for Investec plc and >12.5% for Investec Limited.</p> <p>We are a lowly leveraged firm and target a leverage ratio for both Investec plc and Investec Limited in excess of 6%.</p>	<p>Positioning as of 31 March 2024</p> <p>Investec plc and Investec Limited met all these targets.</p> <p>The leverage ratios were 10.2% and 6.2% for Investec plc and Investec Limited respectively.</p>

<h2 style="background-color: #1a522d; color: white; padding: 5px;">Reputational risk</h2>	<p>Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated or managed</p>	
<p>Link to strategy and opportunities</p>  <hr/> <p>Group committee oversight</p> <p>DLC BRCC, DLC SEC, Group ERC</p> <hr/> <p>More information</p> <p> Read more on page 80</p>	<p>Monitoring and mitigation activities</p> <ul style="list-style-type: none"> We have various policies and practices to mitigate and/or manage reputational risk, including strong values that are regularly and proactively reinforced Reputational risk is mitigated and/or managed as much as possible through detailed processes and governance/escalation procedures from business units to the Board, and from regular, clear communication with shareholders, customers and all stakeholders The Group has a disclosure and market communications policy which is reviewed and approved annually by Group ERC and DLC BRCC. <p>Risk appetite and tolerance metric</p> <p>We have a number of policies and practices in place to mitigate and/or manage reputational risks.</p>	<p>Positioning as of 31 March 2024</p> <p>We have continued to mitigate and/or manage these risks where possible throughout the year.</p>

PRINCIPAL RISKS

CONTINUED

Business and strategic risk

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

Link to strategy and opportunities



Group committee oversight

DLC Audit Committee, DLC Remuneration Committee, DLC BRCC, DLC Capital Committee, Group ERC

More information



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

Monitoring and mitigation activities

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

Risk appetite and tolerance metric

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

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

The combination with Rathbones resulted in a c.1% reduction in return on equity (ROE) given the higher equity base, technically adjusting the previous 12% to 16% target range to 11% to 15%. With this in mind the Group now has a revised medium-term* ROE target range of 13% to 17%, and a new return on tangible equity (ROTE) target range of 14% to 18%.

We have also revised the Group's medium-term* cost to income ratio target to below 57%, partly reflecting the c.4% benefit from IW&I UK deconsolidation.

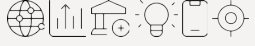
Positioning as of 31 March 2024


The Investec Group reported a ROE of 14.6%, a ROTe of 16.5% and a cost to income ratio of 53.8%[^].

• Revised medium-term targets to 31 March 2027.

[^] Calculated on a pro-forma basis. See page 72 of the Investec Group's 2024 integrated and strategic annual report.

PRINCIPAL RISKS
CONTINUED

<h2 style="background-color: #006666; color: white; padding: 5px;">Operational risk</h2>	<p>Operational risk is defined as the potential or actual impact to the Group as a result of failures relating to internal processes, people, systems or from external events. The impact can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences</p>	
<p>Link to strategy and opportunities</p>  <hr/> <p>Group committee oversight</p> <p>DLC BRCC, DLC IT Risk and Governance Committee, DLC SEC, Group ERC, DLC Audit Committee</p> <hr/> <p>More information</p> <p>→ Read more on pages 77 to 79</p>	<p>Monitoring and mitigation activities</p> <ul style="list-style-type: none"> • The Group manages operational risk through an embedded operational risk management framework • Operational risk sub-types which are significant in nature are managed by dedicated specialist teams within the Group. These operational risk sub-types are addressed in specific, detailed risk policies and procedures, but are included within the operational risk management framework and are reported and monitored within the operational risk appetite. These sub-types include: <ul style="list-style-type: none"> – Business disruption and operational resilience risk – Conduct risk (including Consumer Duty for the UK) – Data management risk – Financial crime risk – Fraud risk – Information security and cyber risk – Legal risk – Model risk – People risk – Physical security and safety risk – Processing and execution risk – Regulatory compliance risk – Tax risk – Technology risk – Third party risk. <p>Risk appetite and tolerance metric</p> <p>We monitor the level of acceptable operational risk exposure/loss through qualitative and quantitative measures.</p>	<p>Positioning as of 31 March 2024</p> <p>The Group continued to monitor operational risk exposures and losses against the tolerance levels with appropriate escalation and action where required.</p>

<h2 style="background-color: #006666; color: white; padding: 5px;">Operational risk – Business disruption and operational resilience risk</h2>	<p>The risk associated with disruptive incidents which may impact important business services and critical functions/resources including processes, premises, staff, equipment, third party services and systems</p>	
<p>Link to strategy and opportunities</p>  <hr/> <p>Group committee oversight</p> <p>DLC BRCC</p> <hr/> <p>More information</p> <p>→ Read more on pages 77 and 79</p>	<p>Monitoring and mitigation activities</p> <ul style="list-style-type: none"> • Investec maintains continuity through appropriate resilience strategies that cater for disruptions, irrespective of the cause • These strategies include, but are not limited to, relocating the impacted business to alternate processing sites, enabling staff to work from home, the application of high availability technology solutions, obtaining third party dependency business continuity assurances and ensuring readiness of physical solutions for critical infrastructure components • Resilience testing is conducted annually to validate continuity strategies and ensure they remain effective and appropriate. This includes annual recovery testing for all key systems that support important/critical business services. 	

PRINCIPAL RISKS CONTINUED

Operational risk – Conduct risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC Audit Committee

More information



Read more on pages 77, 79 and 81 to 82

Monitoring and mitigation activities

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

Operational risk – Data management risk

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

Link to strategy and opportunities



Group committee oversight

Various entity specific sub-committees with oversight, where required, from DLC BRCC

More information



Read more on pages 77 and 79

Monitoring and mitigation activities

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

PRINCIPAL RISKS

CONTINUED

Operational risk – Financial crime risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC Audit Committee

More information



Read more on pages 77, 79 and 81 to 84

Monitoring and mitigation activities

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

Operational risk – Fraud risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC

More information



Read more on pages 77 and 79

Monitoring and mitigation activities

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

PRINCIPAL RISKS CONTINUED

Operational risk – Information security and cyber risk

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

Link to strategy and opportunities



Group committee oversight

DLC IT Risk and Governance Committee, DLC BRCC

More information



Read more on pages 77 to 79

Monitoring and mitigation activities

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

Operational risk – Legal risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC

More information



Read more on pages 77, and 79 and 80

Monitoring and mitigation activities

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

PRINCIPAL RISKS

CONTINUED

Operational risk – Model risk

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

Link to strategy and opportunities



Group committee oversight

Various entity specific sub-committees with oversight, where required, from DLC BRCC

More information



Read more on pages 77 to 79

Monitoring and mitigation activities

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

Operational risk – People risk

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

Link to strategy and opportunities



Group committee oversight

DLC SEC

More information



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

Monitoring and mitigation activities

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

PRINCIPAL RISKS

CONTINUED

Operational risk – Processing and execution risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC

More information



Read more on pages 77 to 79

Monitoring and mitigation activities

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

Operational risk – Regulatory compliance risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC, DLC Audit Committee

More information



Read more on pages 77, 79 and 81 to 84

Monitoring and mitigation activities

- Investec remains focused on achieving the highest levels of compliance with applicable legislation and/or regulation, professional standards and integrity in each of our jurisdictions
- Our culture is a major component of our compliance framework and is supported by robust frameworks, policies, processes and talented professionals who ensure that the interests of our stakeholders remain at the forefront of everything we do
- There are independent compliance, legal and risk management functions in each of our core operating jurisdictions, which ensure that the Group implements the required processes, practices and policies to adhere to applicable regulations and legislation.

Operational risk – Tax risk

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

Link to strategy and opportunities



Group committee oversight

DLC Audit Committee

More information



Read more on pages 77, 79, 81 and 84

Monitoring and mitigation activities

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

PRINCIPAL RISKS

CONTINUED

Operational risk – Technology risk

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

Link to strategy and opportunities



Group committee oversight

DLC IT Risk and Governance Committee, DLC BRCC

More information



Read more on pages 77 to 79

Monitoring and mitigation activities

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

Operational risk – Third party risk

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

Link to strategy and opportunities



Group committee oversight

DLC BRCC

More information



Read more on pages 77 to 79

Monitoring and mitigation activities

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

PRINCIPAL RISKS
CONTINUED

Emerging and other risks

These emerging risks are highlighted below and should be read in the context of our approach to risk management and our overall Group risk appetite framework.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations. Emerging and other risks are factored into the Board's viability assessment on page 168 of the Investec Group's 2024 integrated and strategic annual report.

Macro-economic and geopolitical risks

The Group is subject to inherent risks arising from general macro-economic and geopolitical conditions in the countries in which it operates, in particular the UK and South Africa. Political polarisation remains a theme across the world in a year where there are a number of elections in key geographies relevant to the Group. There has also been a marked increase in geopolitical tension as well as wars and terrorist acts that detract from peaceful international relations and contribute to economic instability.

Since 31 March 2024, South Africa held a general election where no political party won an outright majority. This outcome led to the formation of a government of national unity wherein certain political parties have agreed to co-govern. The details of this arrangement are still emerging. It has been considered appropriate, given the severity of the downside scenarios, to include within the ongoing viability assessment of the Group.

Macro-economic risks are closely linked to geopolitical conditions and we remain cognisant of potential changing trends with this in mind. Interest rates remain at elevated levels to offset inflation.

Links to principal risks

- Credit and counterparty risk
- Country risk
- Business and strategic risk
- Regulatory compliance risk
- Conduct risk
- Business disruption and operational resilience risk
- Interest rate risk in the banking book
- Fraud risk
- Financial crime risk

Risk trend since 2023:

increased



See pages 56 to 57 for more information on forward looking macro-economic scenarios and pages 46 to 51 of the Investec Group's 2024 integrated and strategic annual report

Developments in the technology landscape

Whilst significant opportunities exist due to the enhancements of the technology landscape, the Group is also required to keep pace with an evolving risk environment and advancements in cybercrime and fraud techniques. The levels of sophistication arising through the use of AI and deep fake technology require ongoing training and awareness to counter the challenges these threats pose. Adequate technology investments, resourcing levels and skills are needed to operate a digital business given the current exponential growth in technological change and speed of take-up of new technologies. This is also important in the context of ongoing operational resilience and data protection. Growing reliance on technology service providers heightens the potential impact of third party disruption, cyber threats and data management. The impact of digitalisation initiatives and cloud adoption is tracked and monitored, with consideration given to key controls related to cyber risk, technology integration and change, data privacy and vendor resiliency.

Links to principal risks

- Technology risk
- Third party risk
- Concentration risk
- Information security and cyber risk
- Fraud risk
- Business disruption and operational resilience

Risk trend since 2023:

increased



See pages 77 to 79 and pages 54 to 57 of the Investec Group's 2024 integrated and strategic annual report

Fluctuations in exchange rates could have an adverse impact on the Group's results

The Group's reporting currency is Pound Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of individual companies are reported in the local currencies of the countries in which they are domiciled, including Rands, Euros, US Dollars and Swiss Francs. These results are then translated into Pound Sterling at the applicable foreign currency exchange rates for inclusion in the Group's financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. Exchange rates between local currencies and Pound Sterling can fluctuate substantially over the financial year.

Links to principal risks

- Business and strategic risk
- Regulatory compliance risk
- Country risk

Risk trend since 2023:

no change



See page 30 of the Investec Group's 2024 year-end results booklet

PRINCIPAL RISKS
CONTINUED

Credit ratings impact the Group’s borrowing costs and its access to debt capital markets

Rating agencies have, in the past, altered their ratings of all or a majority of the participants in a given industry as a result of the risks affecting that industry. The reduction in the Group’s respective banking entities’ long- or short-term credit ratings could increase their borrowing costs and limit their access to capital markets. Adjustments in the sovereign rating of South Africa will lead to an automatic adjustment in the ratings of the major banks in South Africa, including IBL. The reduction of IBL’s long- or short-term credit ratings could increase borrowing costs and limit access to capital markets. We have opportunistically taken advantage of liquidity to strengthen our US dollar balance sheet to counteract this risk.

Links to principal risks

- Credit and counterparty risk
- Liquidity risk
- Capital risk
- Business and strategic risk

Risk trend since 2023:

increased



See pages 56 to 57 for more information on forward looking macro-economic scenarios and page 185 of the Investec Group’s 2024 integrated and strategic annual report

Competition is intense in the financial services industry in which the Group operates

The financial services industry is competitive and the Group faces substantial competition in all aspects of its business. The Group has developed leading positions in many of its core areas of activity, but does not take competition lightly, and our strategic objectives continue to focus on building business depth; providing the best integrated solution to our clients; and leveraging our digitalisation strategy in order to remain competitive.

Links to principal risks

- Business and strategic risk
- People risk
- Reputational risk

Risk trend since 2023:

increased



See pages 4 to 6 and pages 46 to 51 of the Investec Group’s 2024 integrated and strategic annual report

Regulatory landscape as the Group grows in scale

The Group has successfully operated in a highly regulated environment for several years following the global financial crisis, both from a prudential and conduct perspective. As the Group’s entities grow larger, the level of formal regulation applied to the Group increases and as we have sought to scale the business we are seeing an increased level of regulation applied. In the UK, we are now classified as a category 2 PRA firm. Additionally in both the UK and South Africa, the Group will be required to issue loss-absorbing instruments in line with the relevant regulations applicable in those geographies. These requirements will be phased-in over multiple years.

Links to principal risks

- Reputational risk
- Regulatory compliance risk
- Business and strategic risk

Risk trend since 2023:

increased



See pages 81 to 85 for more information

RISK MANAGEMENT APPROACH AND FRAMEWORK

Investec's philosophy and approach to risk management

The Group's comprehensive risk management process involves identifying, quantifying, managing, monitoring, mitigating and reporting the risks associated with each of the businesses to ensure the risks remain within the stated risk appetite. The Board ensures that there are appropriate resources to manage the risks arising from running our businesses.

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

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

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

There are specialist divisions in the UK and South Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

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

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

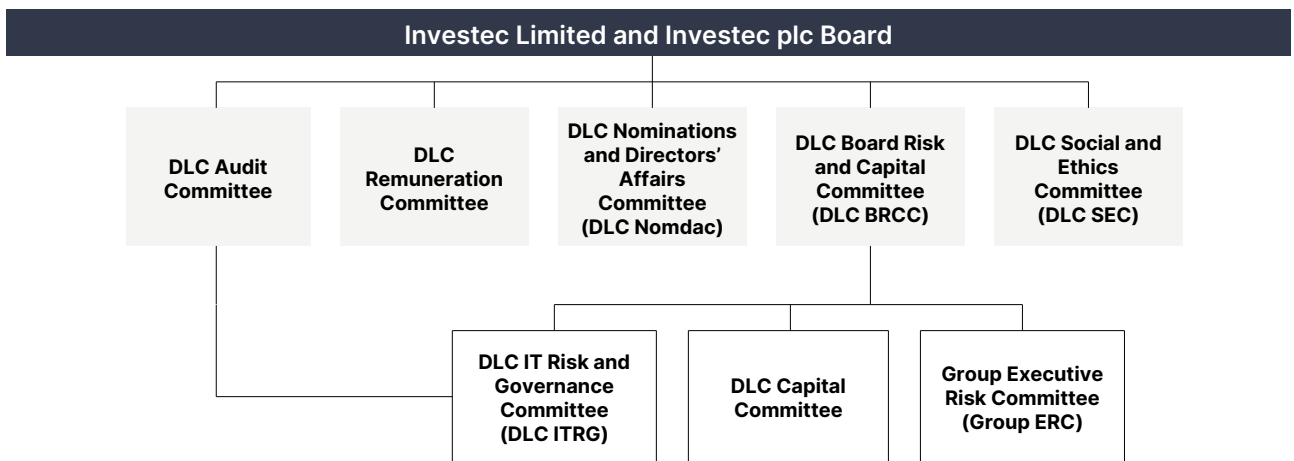
Group risk management objectives are to:

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

RISK MANAGEMENT APPROACH AND FRAMEWORK
CONTINUED

Risk management framework, committees and forums

A number of committees and forums have oversight over or identify and manage risk at Group level, as shown in the diagram below. These committees and forums, mandated by the Board, operate together with Group risk management, IBL and IBP Board committees and sub-committees within respective operating jurisdictions. The Boards of IBP and IBL, the UK and South African regulated banking subsidiaries of the Group respectively, and the Board of IW&I (Investec Wealth & Investment International Group), our regulated wealth subsidiary in South Africa, are responsible for the statutory matters and corporate governance for the respective entities, and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. The Boards and Board committees of IBP, IBL and IW&I report to the Board and the Board committees of the Group with the interconnection between the respective Board committees supported by the membership or attendance of the Chair of the Group Board committee at the respective subsidiary Board committees.



Details on the Board committees highlighted in grey above can be found on the following pages:

- **DLC Audit Committee:** detail on pages 106 to 118
- **DLC Remuneration Committee:** detail on pages 178 to 182 of the Investec Group’s 2024 integrated and strategic annual report
- **DLC Nominations and Directors’ Affairs Committee (DLC Nomdac):** detail on pages 97 to 100
- **DLC Board Risk and Capital Committee (DLC BRCC):** detail on pages 119 to 124
- **DLC Social and Ethics Committee (DLC SEC):** detail on pages 101 to 105

In addition to the Board committees above, further Group risk committees and forums exist to support them in their objectives. A summary of these Group risk committees and forums are detailed below:

- **DLC Capital Committee:** mandated and reporting into the DLC BRCC, assists with the management of capital allocation and structuring, capital planning and models and performance measurement
- **Group Executive Risk Committee (Group ERC):** mandated and reporting into the DLC BRCC, assists in the review of risk management policies and practices to ensure adherence to the Group risk appetite and opines on matters escalated from IW&I and from IBP and IBL ERCs
- **DLC IT Risk and Governance Committee (DLC ITRG):** mandated by the DLC BRCC and reporting to both the DLC BRCC and DLC Audit Committee, oversees the sound governance of technology and management of risk inherent in the use of IT, which includes ongoing oversight of technical, security, operational and cyber risks. The objective of the committee is to review, assess, prioritise the response to, and monitor current and emerging technology risk as well as to track the strategic alignment of IT and business.

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk management

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, through loans and advances to clients and counterparties, creating the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements where we have placed funds with other financial institutions
- Financial instrument transactions, producing issuer risk where payments due from the issuer of a financial instrument may not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
 - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party making required settlements as they fall due but not receiving the performance to which they are entitled
 - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to fulfil the transaction.

The relevant credit committees will also consider wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction decreases as the probability of default of the borrower or counterparty increases. For counterparty credit risk resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.

Credit and counterparty risk may also arise in other ways and it is the role of the risk management functions and the various independent credit committees to identify risks falling outside these definitions.



Credit and counterparty risk governance structure

To manage, measure, monitor and mitigate credit and counterparty risk, independent credit committees exist in the UK, South Africa as well as in other relevant jurisdictions. These committees also have oversight of regions where we assume credit risk and operate under Board-approved delegated limits, policies and procedures. There is a high level of executive involvement and oversight in the credit decision-making forums depending on the size and complexity of the deal. It is our policy that all credit committees include voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the credit committees, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Day-to-day arrears management and regular arrears reporting ensure that individual positions and any potential adverse trends are dealt with in a timely manner
- Watchlist Forums in the UK and South Africa and additionally the Arrears, Default and Recovery Forum (ADR Forum) in South Africa review the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision. These committees review ECL impairments and staging at an asset level as well as potential fair value adjustments to loans and advances to customers. They provide recommendations for the appropriate staging and level of ECL impairment where required
- The Forbearance Forum in the UK reviews and monitors counterparties who have been granted forbearance measures
- Impairment Decision Committees in the UK and South Africa review recommendations from underlying Watchlist Forums and ADR Forums respectively and consider and approve the appropriate level of ECL impairments and staging
- The Models Forum in the UK and the Risk Model Forum in South Africa provide an internal screening and validation process for credit models. We have established independent model validation teams who review the models and provide feedback on

the accuracy and operation of the models and note items for further development through the forum

- An annual review of risk appetite frameworks and limits that are approved by relevant ERC, BRCC and Boards including the DLC Board.

Credit and counterparty risk appetite

The Board has set risk appetite limits which regulate the maximum exposures we would be comfortable to tolerate in order to diversify and mitigate risk. Should there be any breaches to limits, or where exposures are nearing limits, these exceptions are specifically highlighted for attention, with remedial actions reported to IBL BRCC, IBP BRCC, DLC BRCC and the respective Boards.

The assessment of our clients and counterparties includes consideration of their character, integrity, core competencies, track record and financial strength. A strong emphasis is placed on the historic and ongoing stability of income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client or counterparty to meet their payment obligations.

Target clients include high net worth individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates, sophisticated investors, established corporates, small and medium-sized enterprises, financial institutions and sovereigns. In South Africa, the Private Bank also targets newly qualified professionals with high-income earning potential.

We are client-centric in our approach and originate loans mainly with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship.

Interbank lending is largely reserved for those banks and institutions in the Group's core geographies of activity, which are systemic and highly rated.

Concentration risk

Concentration risk, with respect to credit and counterparty risk, is when large exposures exist to a single client or counterparty, group of connected counterparties, or to a particular geography, asset class or industry. An example of this would be where a number of counterparties are affected by similar economic, legal, regulatory or other factors that could mean their ability

CREDIT AND COUNTERPARTY RISK CONTINUED

to meet contractual obligations are correlated.

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to manage concentration risk. In order to manage concentration, we will consider a sell-down of exposures to market participants if required.

Concentration risk can also exist where portfolio loan maturities are clustered to single periods in time. Loan maturities are monitored on a portfolio and a transaction level by Group risk management, Group lending operations as well as the originating business units.

Country risk

Country risk, with respect to credit and counterparty risk, refers to the risk of lending to a counterparty operating in a particular country or the risk inherent in a sovereign exposure, i.e. the risk of exposure to loss caused by events in that country. Country risk covers all forms of lending or investment activity whether to/with individuals, corporates, banks or governments. This can include geopolitical risks, transfer and convertibility risks, and the impact on the borrower's credit profile due to local economic and political conditions.

To mitigate country risk, there is a preference for primary exposure in the Group's main operating geographies. The Group will accept exposures where we have a branch or local banking subsidiary, and tolerate exposures to other countries where we are facilitating a transaction for a client who requires facilities in a foreign geography and where we have developed a local understanding and capability.

The Group's credit risk appetite with regard to country risk is characterised by the following principles:

- Preference is to have exposure only to politically stable jurisdictions that we understand and have preferably operated in before
- There is little specific appetite for exposures outside of the Group's pre-existing core geographies or target markets
- The legal environment should be tested, have legal precedent in line with OECD standards and have good corporate governance
- In certain cases, country risk can be mitigated by taking out political risk insurance with suitable counterparties

where deemed necessary and where considered economic.

While we do not have a separate country risk committee, the relevant credit committees as well as investment committees, IBL ERC, IBP ERC and where necessary, Group ERC will consider, analyse and assess the appropriate foreign jurisdiction limits.

In the UK, following the official exit from the European Union, it remains necessary to avoid exposures to certain European countries due to the resulting legal and regulatory implications. This relates specifically to countries in which borrowers are legally incorporated and any deal will be thoroughly assessed on a case by case basis to ensure compliance with current regulations.

Sustainability risk (including climate and ESG)

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

This review identifies any potential risks relating to:

- Environmental impacts (including climate, nature degradation and animal welfare) to support SDG 13
- Social injustice (including human rights, diversity, inclusion and modern slavery, community displacement and health and safety risks) to support SDG 10
- Governance matters (including corruption, fraud and controversies)
- Macro-economic impacts (including poverty, growth, and unemployment) to support SDG 13 and SDG10.

If the Group sustainability team flags the transaction as a high concern issue, it will be escalated to IBL, IBP, or Group ERC before any credit or investment decision is made. Moreover, the DLC SEC is informed of any transactions identified as high concern issues.

→ Refer to pages 58 and 59 for further detail.

Stress testing

The Investec Group's stress testing framework is designed to identify and assess vulnerabilities under stress. The process comprises a bottom-up analysis of the Group's material business activities, incorporating views from risk management teams, business and the executive. Stress scenarios are designed based on findings from the bottom-up process, taking into consideration the broader macro-economic and political risk backdrop.

These Investec-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting. The stress testing process also informs the risk appetite review process, and the management of risk appetite limits and is a key risk management tool of the Group. This process allows the Group to identify underlying risks and manage them accordingly.

The Group also performs ad hoc stress tests and reverse stress testing. Ad hoc stress tests are conducted in response to any type of material and/or emerging risks, with reviews undertaken of impacted portfolios to assess any migration in quality and highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations such as a reduction in risk appetite limits. Reverse stress tests are conducted to stress the Group's business plan to failure and consider a broad variety of extreme and remote events.

A Management and measurement of credit and counterparty risk

Fundamental principles employed in the management of credit and counterparty risk include:

- A clear definition of our target market
- A quantitative and qualitative assessment of the creditworthiness of our clients and counterparties
- Analysis of risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty and geographical concentration)
- Decisions being made with reference to risk appetite limits
- Prudential limits

CREDIT AND COUNTERPARTY RISK CONTINUED

- Regular monitoring and review of existing and potential exposures once facilities have been approved
- A high level of executive involvement in decision-making with non-executive review and oversight where applicable
- Portfolio reviews and stress testing.

Within the credit approval process, internal and external ratings are included in the assessment of client quality.

A large proportion of the Group's portfolio is not rated by external rating agencies. We place reliance upon internal consideration of clients, counterparties and borrowers and use ratings prepared externally where available to support our decision-making process.

Regular reporting of credit and counterparty risk exposures within our operating units are made to management, the executives and the Board through the DLC BRCC, IBP BRCC and IBL BRCC. The Board reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents. This is implemented and reviewed by the credit risk management teams in each jurisdiction.

Reviews are also undertaken of all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

Credit and counterparty risk – nature of activities

Credit and counterparty risk is assumed through a range of client-driven lending activities to private and corporate clients as well as other counterparties, such as financial institutions and sovereigns. These activities are diversified across a number of business activities:

- **Core loans and advances:** the majority of credit and counterparty risk is through core loans and advances, which account for almost all ECL allowances across our portfolio, which are detailed on pages 33 to 45
- **Treasury function:** there are also certain exposures, outside of core loans and advances, where we assume credit and counterparty risk. These arise from treasury investments in high-quality liquid assets, including highly rated government, supranational, sub-sovereign and

agency (SSA) and covered bonds, and treasury placements where the treasury function, as part of the daily management of the Group's liquidity, places funds with central banks and other commercial banks and financial institutions. These transactions are typically short-term (less than one month) money market placements or secured repurchase agreements. These market counterparties are mainly investment grade rated entities that occupy dominant and systemic positions in their domestic banking markets and internationally. These counterparties are located mainly in the UK, Western Europe, Asia, North America, Southern Africa and Australia.

In addition, credit and counterparty risk arises through the following exposures:

- **Customer trading activities to facilitate hedging of client risk positions:** our customer trading portfolios consist of derivative contracts in interest rates, foreign exchange, commodities, credit derivatives and equities that are entered into, to facilitate a client's hedging requirements. The counterparties to such transactions are typically corporates, in particular where they have an exposure to interest rates or foreign exchange due to operating in sectors that include imports and exports of goods and services. These positions are marked-to-market, typically with daily margin calls to mitigate credit exposure in the event of counterparty default
- **Structured credit:** these are bonds secured against a pool of assets, mainly UK residential mortgages or European or US corporate leverage loans. The bonds are typically highly rated (single 'A' and above), which benefit from a high level of credit subordination and can withstand a significant level of portfolio default
- **Debt securities:** from time to time we take on exposures by means of corporate debt securities rather than loan exposures. These transactions arise on the back of client relationships or knowledge of the corporate market and are based on our analysis of the credit fundamentals
- **Corporate advisory and investment banking activities:** counterparty risk in this area is modest. The business also trades shares on an approved basis and, in the UK, makes markets in shares where we are appointed corporate broker under pre-agreed market risk limits. Settlement trades

are largely on a delivery versus payment basis, through major stock exchanges. Credit risk only occurs in the event of counterparty failure and would be linked to any fair value losses on the underlying security

- **Settlement risk:** can arise due to undertaking transactions in an agency capacity on behalf of clients. However, the risk is not considered to be material as most transactions are undertaken on recognised exchanges, with large institutional clients, monitored daily, with trades usually settled within two to three days.

Credit risk mitigation

Credit risk mitigation techniques can be defined as all methods by which the Group seeks to decrease the credit risk associated with an exposure. The Investec Group considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal and not as a separate consideration of mitigation of risk. Credit risk mitigants can include any collateral item over which the Group has a charge, netting and margining agreements, covenants, or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

As the Group has limited appetite for unsecured debt, the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. Collateral is assessed with reference to the sustainability of value and the likelihood of realisation.

Acceptable collateral generally exhibits characteristics that allow for it to be easily identified and appropriately valued and assists the Group to recover outstanding exposures.

Where a transaction is supported by a mortgage or charge over property, the primary credit risk is still taken on the borrower. In addition, the relevant credit committee normally requires a suretyship or guarantee in support of a transaction in our private client business. For property-backed lending we also consider the client's overall balance sheet. The following characteristics of the property are also considered: the type of property; its location; and the ease with which the property could be relet and/or resold. Where the property is secured by lease agreement, the credit committee prefers not to lend for a term

CREDIT AND COUNTERPARTY RISK

CONTINUED

beyond the maximum term of the lease. Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. Residential and commercial property valuations will continue to form part of our ongoing focus on collateral assessment. It is our policy to obtain a formal valuation of every commercial property offered as collateral for a lending facility before advancing funds. Residential properties are valued by desktop valuation and/or approved valuers, where appropriate. Other common forms of collateral in the retail asset class are motor vehicles, cash and share portfolios. Primary collateral in private client lending transactions can also include a high net worth individual's share/investment portfolio. This is typically in the form of a diversified pool of equity, fixed income, managed funds and cash. Often these portfolios are managed by IW&I or Rathbones. Lending against investment portfolios is typically geared at conservative loan-to-value (LTV) ratios, after considering the quality, diversification, risk profile and liquidity of the portfolio.

Our corporate, government and institutional clients provide a range of collateral including cash, corporate assets, debtors (accounts receivable), trading stock, debt securities (bonds), listed and unlisted shares and guarantees.

The majority of credit mitigation techniques linked to trading activity is in the form of netting agreements and daily margining. Primarily, the market standard legal documents that govern this include the International Swaps and Derivatives Association (ISDA) Master Agreements, Global Master Securities Lending Agreement (GMSLA) and Global Master Repurchase Agreement (GMRA). In addition to having ISDA documentation in place with market and trading counterparties in over-the-counter (OTC) derivatives, the credit committee may require a Credit Support Annex (CSA) to ensure that mark-to-market credit exposure is mitigated daily through the calculation and placement/receiving of cash collateral. Where netting agreements have been signed, the enforceability is supported by an external legal opinion within the legal jurisdiction of the agreement.

Set-off is applied between assets, subject to credit risk and related liabilities in the annual financial statements, where:

- A legally enforceable right to set-off exists
- There is the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

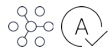
In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/counterparty
- Debit and credit balances are denominated in the same currency and have identical maturities
- Exposures subject to set-off are risk-managed on a net basis
- Market practice considerations.

For this reason, there will be instances where credit and counterparty exposures are displayed on a net basis in these annual financial statements but reported on a gross basis to regulators.

The legal risk function ensures the enforceability of credit risk mitigants under the laws of the relevant jurisdictions. When assessing the potential concentration risk in its credit portfolio, consideration is given to the types of collateral and credit protection that form part of the portfolio.

ASSET QUALITY



An analysis of gross core loans, asset quality and ECL

The tables that follow provide information with respect to the asset quality of our gross core loans on a statutory basis.

UK and Other

Stage 3 exposures total £531 million at 31 March 2024 or 3.3% of gross core loans subject to ECL (2.3% at 31 March 2023). New defaults reflect signs of individual idiosyncratic stresses across various portfolios with no specific trends evident.

The underlying loan portfolios continue to perform and Stage 2 exposures as a percentage of gross core loans subject to ECL decreased to 8.6% from 8.7% at 31 March 2023.

Southern Africa

Stage 3 exposures increased to 3.5% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 2.7%) mainly due to a few single name exposures migrating from Stage 2.

There has been a decrease in Stage 2 to 2.4% of gross core loans subject to ECL at 31 March 2024 (31 March 2023: 5.0%), mainly due to a number of deals normalising and migrating back to Stage 1, a few large exposures migrating to Stage 3 and a reduction arising from the residential mortgage model.

£'million	UK and Other		Southern Africa		Total Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023 [^]	31 March 2024	31 March 2023 [^]
Gross core loans	16 744	15 709	14 460	14 968	31 204	30 677
Gross core loans at FVPL (excluding fixed rate loans)	641	551	64	75	705	626
Gross core loans subject to ECL[*]	16 103	15 158	14 396	14 893	30 499	30 051
Stage 1	14 181	13 494	13 543	13 744	27 724	27 238
Stage 2	1 391	1 321	344	744	1 735	2 065
<i>of which past due greater than 30 days</i>	<i>150</i>	<i>35</i>	<i>28</i>	<i>34</i>	<i>178</i>	<i>69</i>
Stage 3 [#]	531	343	509	405	1 040	748
ECL	(187)	(146)	(116)	(150)	(303)	(296)
Stage 1	(43)	(39)	(27)	(35)	(70)	(74)
Stage 2	(33)	(32)	(11)	(28)	(44)	(60)
Stage 3	(111)	(75)	(78)	(87)	(189)	(162)
Coverage ratio						
Stage 1	0.30%	0.29%	0.20%	0.25%	0.25%	0.27%
Stage 2	2.4%	2.4%	3.2%	3.8%	2.5%	2.9%
Stage 3	20.9%	21.9%	15.3%	21.5%	18.2%	21.7%
Credit loss ratio	0.58%	0.37%	(0.04%)	0.09%	0.28%	0.23%
ECL impairment charges on core loans	(90)	(54)	5	(14)	(85)	(68)
Average gross core loans subject to ECL	15 631	14 553	14 644	15 357	30 275	29 910
An analysis of Stage 3 gross core loans subject to ECL						
Stage 3 net of ECL	420	268	431	318	851	586
Aggregate collateral and other credit enhancements on Stage 3	420	280	537	380	957	660
Stage 3 as a % of gross core loans subject to ECL	3.3%	2.3%	3.5%	2.7%	3.4%	2.5%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.6%	1.8%	3.0%	2.2%	2.8%	2.0%

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. 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 2023: £0.6 billion), £1 million in Stage 2 (31 March 2023: £1 million) and the remaining £42 million in Stage 3 (31 March 2023: £44 million). The ECL on the Stage 1 portfolio is £1 million (31 March 2023: £2 million), ECL on the Stage 2 portfolio is £nil (31 March 2023: £nil) and ECL on the Stage 3 portfolio is £5 million (31 March 2023: £11 million).

[^] Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on page 168 of the Investec Group's 2024 annual financial statements.

[#] Stage 3 exposures disclosed above and in the tables that follow are net of suspended interest predominantly relating to Lending and collateralised by property. Refer to page 124 of the Investec Group's 2024 annual financial statements for additional information.

Note: Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £37 million at 31 March 2023 to £32 million at 31 March 2024. These Legacy assets are predominately reported in Stage 3. These assets have been significantly provided for and coverage remains high at 55.3%. Refer to definitions on page 129.

ASSET QUALITY

CONTINUED

An analysis of staging and ECL movements for core loans subject to ECL

The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2023 to 31 March 2024. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL. In South Africa, the decrease in transfers into Stage 2 was mainly due to a number of deals normalising and migrating back to Stage 1, a few large exposures migrating to Stage 3 and a reduction arising from the residential mortgage model recalibration. In the UK, the increase in transfers into Stage 2 is mainly driven by idiosyncratic exposures that have deteriorated compared to when the exposures originated, but where there is no specific concern with respect to loss. In South Africa, there was an increase in transfers into Stage 3 over the period, driven mainly by a few single name exposures migrating from Stage 2. In the UK, we have experienced an increase in transfers to Stage 3, albeit not specific to any single asset class and reflective of the more challenging macro-economic environment.

The net remeasurement of ECL arising from stage transfers represents the (increase)/decrease in ECL due to these transfers. New lending net of repayments comprises new originations, further drawdowns, repayments and sell-downs as well as, with respect to ECLs, Stage 3 ECLs that have been written off, typically when an asset has been sold.

The ECL impact of changes to risk parameters and models during the year largely relates to the changes in the macro-economic scenarios as well as the release of management ECL overlay in the UK. The foreign exchange and other category largely comprises the impact on the closing balance as a result of movements and translations in foreign exchange rates since 31 March 2023.

£'million	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
At 31 March 2023[^]	27 238	(74)	2 065	(60)	748	(162)	30 051	(296)
Lending collateralised by property at 31 March 2023	4 075	(15)	641	(18)	274	(58)	4 990	(91)
Transfer from Stage 1	(179)	1	124	(1)	55	—	—	—
Transfer from Stage 2	222	(3)	(404)	7	182	(4)	—	—
Transfer from Stage 3	—	—	—	—	—	—	—	—
ECL remeasurement arising from transfer of stage	—	2	—	—	—	(11)	—	(9)
New lending net of repayments (includes assets written off)	342	(1)	(117)	7	(71)	5	154	11
Changes to risk parameters and models	—	1	—	1	—	(1)	—	1
Foreign exchange and other	(181)	1	(24)	—	(9)	1	(213)	2
Lending collateralised by property at 31 March 2024	4 279	(14)	220	(4)	432	(68)	4 931	(86)
HNW and other private client lending at 31 March 2023	12 519	(19)	407	(14)	208	(37)	13 134	(70)
Transfer from Stage 1	(419)	1	284	(1)	135	(1)	—	—
Transfer from Stage 2	168	(6)	(203)	8	35	(2)	—	—
Transfer from Stage 3	7	(2)	4	(1)	(12)	3	—	—
ECL remeasurement arising from transfer of stage	—	7	—	(4)	—	(4)	—	(1)
New lending net of repayments (includes assets written off)	613	(1)	(35)	—	(69)	6	509	5
Changes to risk parameters and models	—	—	—	1	—	(1)	—	—
Foreign exchange and other	(599)	2	(21)	1	(12)	2	(632)	5
HNW and other private client lending at 31 March 2024	12 289	(17)	436	(10)	286	(34)	13 011	(61)
Corporate and other lending at 31 March 2023	10 644	(40)	1 017	(28)	266	(67)	11 927	(135)
Transfer from Stage 1	(655)	4	585	(3)	70	—	—	—
Transfer from Stage 2	323	(7)	(385)	9	63	(2)	—	—
Transfer from Stage 3	—	—	—	—	(1)	—	—	—
ECL remeasurement arising from transfer of stage	—	5	—	(10)	—	(29)	—	(35)
New lending net of repayments (includes assets written off)	1 216	(4)	(112)	1	(69)	12	1 035	9
Changes to risk parameters and models	—	3	—	1	—	(5)	—	(1)
Foreign exchange and other	(372)	—	(25)	1	(7)	5	(405)	6
Corporate and other lending at 31 March 2024	11 156	(39)	1 079	(30)	322	(87)	12 557	(156)
At 31 March 2024	27 724	(70)	1 735	(44)	1 040	(189)	30 499	(303)

[^] Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on page 168 of the Investec Group's 2024 annual financial statements.

ASSET QUALITY

CONTINUED

An analysis of credit quality by internal rating grade

The Group uses a 25-grade internal rating scale which measures the risk of default to an exposure without taking into account any credit mitigation, such as collateral. This internal rating scale allows the Group to measure credit risk consistently across portfolios. The internal rating scale is derived from a mapping to probability of default (PDs) and can also be mapped to external rating agency scales.

PD range	Investec internal rating scale	Indicative external rating scale
less than 0.538%	IB01 – IB12	AAA to BBB-
0.538% – 6.089%	IB13 – IB19	BB+ to B-
greater than 6.089%	IB20 – IB25	B- and below
	Stage 3	D

The internal credit rating distribution below is based on the 12-month PD at 31 March 2024 for gross core loans subject to ECL by stage. The staging classifications are not only driven by the absolute PD, but on factors that determine a significant increase in credit risk, including relative movement in PD since origination. There is therefore no direct correlation between the credit quality of an exposure and its stage classification as shown in the table below:

At 31 March 2024					
£'million	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	Total
Gross core loans subject to ECL	13 753	14 985	721	1 040	30 499
Stage 1	13 471	13 924	329	—	27 724
Stage 2	282	1 061	392	—	1 735
Stage 3	—	—	—	1 040	1 040
ECL	(10)	(72)	(32)	(189)	(303)
Stage 1	(8)	(56)	(6)	—	(70)
Stage 2	(2)	(16)	(26)	—	(44)
Stage 3	—	—	—	(189)	(189)
Coverage ratio	0.1%	0.5%	4.4%	18.2%	1.0%

At 31 March 2023 [^]					
£'million	IB01-IB12	IB13-IB19	IB20-IB25	Stage 3	Total
Gross core loans subject to ECL	15 624	12 971	708	748	30 051
Stage 1	15 201	11 759	278	—	27 238
Stage 2	424	1 212	430	—	2 065
Stage 3	—	—	—	748	748
ECL	(18)	(89)	(27)	(162)	(296)
Stage 1	(16)	(53)	(5)	—	(74)
Stage 2	(2)	(36)	(22)	—	(60)
Stage 3	—	—	—	(162)	(162)
Coverage ratio	0.1%	0.7%	3.8%	21.7%	1.0%

[^] Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on page 168 of the Investec Group's 2024 annual financial statements.

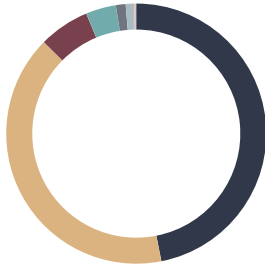
Investec applies credit ratings in-line with its credit policies to all relevant financial instruments including other financial assets (which include exposures to highly rated international banks and corporate bonds). Assessment and suitability of the rating is vetted by the applicable credit authority and monitored as part of the overall credit management process. Where new information that may affect the risk profile becomes available, this is considered and ratings may be adjusted accordingly.

ASSET QUALITY CONTINUED

An analysis of total gross core loans by country of exposure

31 March 2024

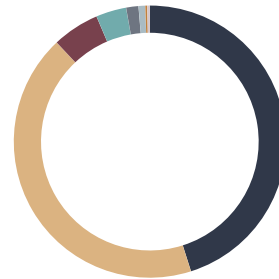
£31 204 million



United Kingdom	46.9%
South Africa	40.5%
Europe (excluding UK)	6.3%
North America	3.8%
Africa (excluding RSA)	1.2%
Asia	0.9%
Australia	0.1%
Other	0.3%

31 March 2023[^]

£30 677 million



United Kingdom	45.1%
South Africa	42.9%
Europe (excluding UK)	5.6%
North America	3.6%
Africa (excluding RSA)	1.5%
Asia	0.8%
Australia	0.2%
Other	0.3%

[^] Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on page 168 of the Investec Group's 2024 annual financial statements.

ASSET QUALITY

CONTINUED

An analysis of core loans by risk category – Lending collateralised by property

Client quality and expertise are at the core of our credit philosophy. We provide senior debt and other funding for property transactions, with a preference for income-producing assets, supported by an experienced sponsor providing a material level of cash equity investment into the asset and limited direct exposure to sectors more vulnerable to cyclicality. Our exposure to the property market is well diversified with strong bias towards prime locations for residential exposure and focus on property fundamentals, tenant quality and income diversity for commercial assets. Debt service cover ratios are a key consideration in the lending process supported by reasonable loan-to-security value ratios.

Underwriting criteria remains conservative and we are committed to following a client-centric approach to lending, only supporting counterparties with strong balance sheets and requisite expertise.

Lending collateralised by property – Total Group

	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
£'million										
At 31 March 2024										
Commercial real estate	3 225	(12)	165	(4)	368	(52)	3 758	(68)	49	3 807
Commercial real estate – investment	2 799	(11)	148	(2)	360	(48)	3 307	(61)	45	3 352
Commercial real estate – development	405	(1)	11	(2)	—	—	416	(3)	4	420
Commercial vacant land and planning	21	—	6	—	8	(4)	35	(4)	—	35
Residential real estate	1 054	(2)	55	—	64	(16)	1 173	(18)	5	1 178
Residential real estate – investment	596	(2)	46	—	25	(2)	667	(4)	5	672
Residential real estate – development	397	—	8	—	9	(2)	414	(2)	—	414
Residential vacant land and planning	61	—	1	—	30	(12)	92	(12)	—	92
Total lending collateralised by property	4 279	(14)	220	(4)	432	(68)	4 931	(86)	54	4 985
Coverage ratio		0.33%		1.8%		15.7%		1.7%		
At 31 March 2023										
Commercial real estate	3 247	(12)	516	(14)	219	(40)	3 982	(66)	43	4 025
Commercial real estate – investment	2 829	(10)	470	(14)	212	(37)	3 511	(61)	40	3 551
Commercial real estate – development	378	(2)	40	—	—	—	418	(2)	3	421
Commercial vacant land and planning	40	—	6	—	7	(3)	53	(3)	—	53
Residential real estate	828	(3)	125	(4)	55	(18)	1 008	(25)	37	1 045
Residential real estate – investment	455	(1)	46	(2)	13	(1)	514	(4)	35	549
Residential real estate – development	329	(2)	74	(1)	9	(3)	412	(6)	—	412
Residential vacant land and planning	44	—	5	(1)	33	(14)	82	(15)	2	84
Total lending collateralised by property	4 075	(15)	641	(18)	274	(58)	4 990	(91)	80	5 070
Coverage ratio		0.37%		2.8%		21.2%		1.8%		

ASSET QUALITY

CONTINUED

Lending collateralised by property – UK and Other

In the UK, residential real estate has increased by 12.7% to £0.9 billion as clients take advantage of opportunities in the current market and undersupply of UK residential housing. Lending collateralised by property totalled £2.5 billion or 14.9% of UK net core loans at 31 March 2024, which remains in line with the Group's risk appetite to maintain a reduced proportion of net core loan exposures in property-related lending. New lending is diversified by underlying asset classes at conservative LTVs. Weighted average LTV* on lending collateralised by property remains conservative at 58%. Development exposures are typically undertaken at lower LTVs. These LTVs do not take into account guarantees provided by borrowers which provide additional security to our lending and would reduce LTV metrics further. Almost all of property collateralised assets are located in the UK.

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Commercial real estate	1 365	(8)	119	(3)	92	(21)	1 576	(32)	49	1 625
Commercial real estate – investment	1 045	(7)	102	(1)	86	(17)	1 233	(25)	45	1 278
Commercial real estate – development	320	(1)	11	(2)	—	—	331	(3)	4	335
Commercial vacant land and planning	—	—	6	—	6	(4)	12	(4)	—	12
Residential real estate	790	(2)	49	—	52	(14)	891	(16)	5	896
Residential real estate – investment	502	(2)	40	—	25	(2)	567	(4)	5	572
Residential real estate – development	262	—	8	—	4	(1)	274	(1)	—	274
Residential vacant land and planning	26	—	1	—	23	(11)	50	(11)	—	50
Total lending collateralised by property	2 155	(10)	168	(3)	144	(35)	2 467	(48)	54	2 521
Coverage ratio		0.46%		1.8%		24.3%		1.9%		
At 31 March 2023										
Commercial real estate	1 241	(6)	231	(8)	76	(16)	1 548	(30)	43	1 591
Commercial real estate – investment	920	(4)	212	(8)	70	(13)	1 202	(25)	40	1 242
Commercial real estate – development	308	(2)	13	—	—	—	321	(2)	3	324
Commercial vacant land and planning	13	—	6	—	6	(3)	25	(3)	—	25
Residential real estate	611	(2)	112	(4)	45	(18)	768	(24)	37	805
Residential real estate – investment	359	(1)	39	(2)	11	(1)	409	(4)	35	444
Residential real estate – development	244	(1)	69	(1)	9	(3)	322	(5)	—	322
Residential vacant land and planning	8	—	4	(1)	25	(14)	37	(15)	2	39
Total lending collateralised by property	1 852	(8)	343	(12)	121	(34)	2 316	(54)	80	2 396
Coverage ratio		0.43%		3.5%		28.1%		2.3%		

* Excludes a small portion of Legacy exposures that are predominately reported in Stage 3

ASSET QUALITY

CONTINUED

Lending collateralised by property – Southern Africa

In South Africa, there has been a slight decrease in commercial real estate year on year in Rands (R51.4 billion at 31 March 2024 compared to R52.6 billion at 31 March 2023) with this translating to a 10.5% decline in Pounds Sterling. The majority of property lending is against properties located in South Africa. The post-model management overlay of R113 million as at 31 March 2023, held for anticipated migration risk in Private Bank has now been fully released.

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Commercial real estate	1 860	(4)	46	(1)	276	(31)	2 182	(36)	—	2 182
Commercial real estate – investment	1 754	(4)	46	(1)	274	(31)	2 074	(36)	—	2 074
Commercial real estate – development	85	—	—	—	—	—	85	—	—	85
Commercial vacant land and planning	21	—	—	—	2	—	23	—	—	23
Residential real estate	264	—	6	—	12	(2)	282	(2)	—	282
Residential real estate – investment	94	—	6	—	—	—	100	—	—	100
Residential real estate – development	135	—	—	—	5	(1)	140	(1)	—	140
Residential vacant land and planning	35	—	—	—	7	(1)	42	(1)	—	42
Total lending collateralised by property	2 124	(4)	52	(1)	288	(33)	2 464	(38)	—	2 464
Coverage ratio		0.19%		1.9%		11.5%		1.5%		
At 31 March 2023										
Commercial real estate	2 006	(6)	285	(6)	143	(24)	2 434	(36)	—	2 434
Commercial real estate – investment	1 909	(6)	258	(6)	142	(24)	2 309	(36)	—	2 309
Commercial real estate – development	70	—	27	—	—	—	97	—	—	97
Commercial vacant land and planning	27	—	—	—	1	—	28	—	—	28
Residential real estate	217	(1)	13	—	10	—	240	(1)	—	240
Residential real estate – investment	96	—	7	—	2	—	105	—	—	105
Residential real estate – development	85	(1)	5	—	—	—	90	(1)	—	90
Residential vacant land and planning	36	—	1	—	8	—	45	—	—	45
Total lending collateralised by property	2 223	(7)	298	(6)	153	(24)	2 674	(37)	—	2 674
Coverage ratio		0.31%		2.0%		15.7%		1.4%		

ASSET QUALITY CONTINUED

An analysis of core loans by risk category – High net worth and other private client lending

Our Private Banking activities target high net worth individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates and sophisticated investors. In South Africa, the private bank also targets newly qualified professionals with high-income earning potential.

Lending products are tailored to meet the requirements of our clients and deliver solutions to enable target clients to create and manage their wealth.

Central to our credit philosophy is ensuring the sustainability of cash flow and income throughout the cycle. As such, the client base has been defined to include high net worth clients (who, through diversification of income streams, should reduce income volatility) and individuals in defined professions which have historically supported a sustainable income base, irrespective of the stage in the economic cycle.

Credit risk arises from the following activities:

- Mortgages: provides residential mortgage loan facilities to target market clients
- Other high net worth lending: provides credit facilities to high net worth individuals and their controlled entities as well as portfolio loans to high net worth clients against their investment portfolios typically managed by IW&I or Rathbones.

High net worth and other private client lending – Total Group

£million	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Mortgages	8 400	(8)	312	(8)	176	(13)	8 888	(29)	41	8 929
Other high net worth lending	3 889	(9)	124	(2)	110	(21)	4 123	(32)	2	4 125
Total high net worth and other private client lending	12 289	(17)	436	(10)	286	(34)	13 011	(61)	43	13 054
Coverage ratio	0.14%		2.3%		11.9%		0.5%			
At 31 March 2023										
Mortgages	8 331	(7)	344	(12)	132	(18)	8 807	(37)	25	8 832
Other high net worth lending	4 188	(12)	63	(2)	76	(19)	4 327	(33)	3	4 330
Total high net worth and other private client lending	12 519	(19)	407	(14)	208	(37)	13 134	(70)	28	13 162
Coverage ratio	0.15%		3.4%		17.8%		0.5%			

ASSET QUALITY

CONTINUED

High net worth and other private client lending – UK and Other

In the UK, high net worth and other private client lending totalled £5.7 billion or 34.5% of UK net core loans at 31 March 2024. There was moderate growth in mortgages of 4.3% in the year to 31 March 2024 reflecting the lower market demand for mortgages given the high interest rate and uncertain macro-economic environment.

Growth in this area has been achieved with strong adherence to our lending criteria. Weighted average LTVs on mortgages is 66%.

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Mortgages	4 589	(4)	162	—	105	(4)	4 856	(8)	41	4 897
Other high net worth lending	674	(2)	98	(1)	65	(12)	837	(15)	2	839
Total high net worth and other private client lending	5 263	(6)	260	(1)	170	(16)	5 693	(23)	43	5 736
Coverage ratio	0.11%		0.4%		9.4%		0.4%			
At 31 March 2023										
Mortgages	4 480	(2)	128	—	64	(7)	4 672	(9)	25	4 697
Other high net worth lending	863	(2)	36	(1)	20	(6)	919	(9)	3	922
Total high net worth and other private client lending	5 343	(4)	164	(1)	84	(13)	5 591	(18)	28	5 619
Coverage ratio	0.07%		0.6%		15.5%		0.3%			

High net worth and other private client lending – Southern Africa

In South Africa, we have seen continued growth in our high net worth and other private client portfolio and client base as we actively focus on our business strategy to increase our positioning in this space. The high net worth client portfolio and residential mortgage book grew by 6.1% to R174.5 billion at 31 March 2024 (2.8% decline in Pounds Sterling). Growth in both of these areas has been achieved with strong adherence to our carefully defined target market and our risk appetite.

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Mortgages	3 811	(4)	150	(8)	71	(9)	4 032	(21)	—	4 032
Other high net worth lending	3 215	(7)	26	(1)	45	(9)	3 286	(17)	—	3 286
Total high net worth and other private client lending	7 026	(11)	176	(9)	116	(18)	7 318	(38)	—	7 318
Coverage ratio	0.16%		5.1%		15.5%		0.5%			
At 31 March 2023										
Mortgages	3 851	(5)	216	(12)	68	(11)	4 135	(28)	—	4 135
Other high net worth lending*	3 325	(10)	27	(1)	56	(13)	3 408	(24)	—	3 408
Total high net worth and other private client lending	7 176	(15)	243	(13)	124	(24)	7 543	(52)	—	7 543
Coverage ratio	0.21%		5.3%		19.4%		0.7%			

* 57% of other high net worth lending (31 March 2023: 57%) relates to lending collateralised by property which is supported by high net worth clients.

ASSET QUALITY CONTINUED

An analysis of core loans by risk category – Corporate and other lending

We focus on traditional client-driven corporate lending activities. The credit risk management functions approve specific credit and counterparty limits that govern the maximum credit exposure to each individual counterparty. In addition, further risk management limits exist through industry and country limits to manage concentration risk. The credit appetite for each counterparty is based on the financial strength of the principal borrower, its business model and market positioning, the underlying cash flow to the transaction, the substance and track record of management, and the security package. Political risk insurance, and other insurance is taken where deemed appropriate.

The Group has limited appetite for unsecured credit risk and facilities are typically secured by the assets of the underlying borrower as well as shares in the borrower.

A summary of the nature of the lending and/or credit risk assumed within some of the key areas in our corporate lending business is provided below:

- **Corporate and acquisition finance:** provides senior secured loans to proven management teams and sponsors running mid-cap, as well as some large-cap companies. Credit risk is assessed against debt serviceability based upon robust cash generation of the business demonstrated by both historical and forecast information. Corporates should demonstrate relevance in their market, an experienced management team, able Board members, and strong earnings and cash flow. We typically act as a transaction lead arranger or on a club or bi-lateral basis, and have a close relationship with management and sponsors

- **Asset-based lending:** provides working capital and secured corporate loans to mid-caps. These loans are secured by the assets of the business, for example, the accounts receivable, inventory and plant and machinery. In common with our corporate lending activities, strong emphasis is placed on supporting companies with scale and relevance in their industry
- **Fund finance:** provides debt facilities to asset managers and fund vehicles, principally in private equity. The geographical focus is the UK, Western Europe, North America and Southern Africa where the Group can support experienced asset managers and their funds which show strong, long-term value creation and good custodianship of investors' money. Debt facilities are typically to a fund entity and secured against undrawn limited partner commitments and/or the fund's underlying assets
- **Other corporate and financial institutions and governments:** provides senior secured loans to mid-to-large cap companies where credit risk is typically considered with regard to robust cash generation from an underlying asset and supported by performance of the overall business based on both historical and forecast information
- **Small ticket asset finance:** provides funding to small- and medium-sized corporates to support asset purchases and other business requirements. The portfolio is highly diversified by industry and number of clients and is secured against the asset being financed
- **Motor finance:** provides specialised motor vehicle financing in the UK, originated through Mann Island Finance Limited (MIVF). The portfolio is composed predominantly of private motor vehicles to individuals attributing to a granular book with low concentration risk
- **Aviation finance:** structures, arranges and provides financing for airlines, leasing companies, operators and corporates secured by aircraft at conservative LTVs. Counterparties include flag and commercial airline carriers, leading aircraft lessors and corporates/operators with strong contracted cash flows
- **Energy and infrastructure finance:** arranges and provides typically long-term financing for energy and infrastructure assets, in particular renewable and traditional energy projects as well as transportation assets, typically against contracted future cash flows of the project(s) from well-established and financially sound off-take counterparties. There is a requirement for a strong upfront equity contribution from an experienced sponsor.

ASSET QUALITY

CONTINUED

Corporate and other lending – Total Group

£'million	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Corporate and acquisition finance	4 846	(17)	355	(8)	179	(54)	5 380	(79)	199	5 579
Asset-based lending	106	—	188	(4)	—	—	294	(4)	—	294
Fund finance	1 871	(2)	24	—	—	—	1 895	(2)	51	1 946
Other corporate and financial institutions and governments	670	(3)	65	(4)	27	(3)	762	(10)	66	828
Asset finance	2 553	(12)	300	(10)	68	(24)	2 921	(46)	—	2 921
Small ticket asset finance	1 531	(9)	219	(5)	49	(17)	1 799	(31)	—	1 799
Motor finance	1 022	(3)	81	(5)	19	(7)	1 122	(15)	—	1 122
Aviation finance	330	(1)	76	(1)	—	—	406	(2)	270	676
Energy and infrastructure finance	780	(4)	71	(3)	48	(6)	899	(13)	22	921
Total corporate and other lending	11 156	(39)	1 079	(30)	322	(87)	12 557	(156)	608	13 165
Coverage ratio		0.35%		2.8%		27.0%		1.2%		
At 31 March 2023										
Corporate and acquisition finance	4 933	(19)	355	(14)	161	(40)	5 449	(73)	200	5 649
Asset-based lending	271	(1)	44	—	—	—	315	(1)	—	315
Fund finance	1 955	(2)	33	—	—	—	1 988	(2)	75	2 063
Other corporate and financial institutions and governments	523	(2)	105	(1)	4	(1)	632	(4)	32	664
Asset finance	2 169	(12)	329	(9)	42	(17)	2 540	(38)	—	2 540
Small ticket asset finance	1 264	(9)	283	(6)	34	(14)	1 581	(29)	—	1 581
Motor finance	905	(3)	46	(3)	8	(3)	959	(9)	—	959
Aviation finance	231	(2)	39	(1)	—	—	270	(3)	176	446
Energy and infrastructure finance	562	(2)	112	(3)	59	(9)	733	(14)	35	768
Total corporate and other lending	10 644	(40)	1 017	(28)	266	(67)	11 927	(135)	518	12 445
Coverage ratio		0.38%		2.8%		25.2%		1.1%		

ASSET QUALITY

CONTINUED

Corporate and other lending – UK and Other

In the UK, corporate and other lending increased by 9.9% from £7.6 billion at 31 March 2023 to £8.4 billion at 31 March 2024. There has been diversified growth across multiple corporate and other lending asset classes including other corporate and financial institutions and governments, energy and infrastructure finance, motor finance, small ticket asset finance, aviation finance and corporate and acquisition finance. We continue to remain client-focused in our approach, with good quality corporates exhibiting strong cash flows and balance sheets.

The underlying portfolios remain resilient, albeit certain individual clients have experienced idiosyncratic stress in a more challenging economic environment.

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Corporate and acquisition finance	1 831	(9)	249	(7)	102	(33)	2 182	(49)	135	2 317
Asset-based lending	106	—	188	(4)	—	—	294	(4)	—	294
Fund finance	1 320	(1)	24	—	—	—	1 344	(1)	51	1 395
Other corporate and financial institutions and governments	529	(3)	65	(4)	22	(3)	616	(10)	66	682
Asset finance	2 347	(12)	292	(10)	58	(20)	2 697	(42)	—	2 697
Small ticket asset finance	1 325	(9)	211	(5)	39	(13)	1 575	(27)	—	1 575
Motor finance	1 022	(3)	81	(5)	19	(7)	1 122	(15)	—	1 122
Aviation finance	96	—	76	(1)	—	—	172	(1)	270	442
Energy and infrastructure finance	534	(2)	69	(3)	35	(4)	638	(9)	22	660
Total corporate and other lending	6 763	(27)	963	(29)	217	(60)	7 943	(116)	544	8 487
Coverage ratio		0.40%		3.0%		27.6%		1.5%		
At 31 March 2023										
Corporate and acquisition finance	1 794	(9)	212	(5)	53	(7)	2 059	(21)	125	2 184
Asset-based lending	271	(1)	44	—	—	—	315	(1)	—	315
Fund finance	1 359	(1)	33	—	—	—	1 392	(1)	75	1 467
Other corporate and financial institutions and governments	391	(2)	70	(1)	4	(1)	465	(4)	32	497
Asset finance	2 047	(12)	325	(9)	38	(14)	2 410	(35)	—	2 410
Small ticket asset finance	1 142	(9)	279	(6)	30	(11)	1 451	(26)	—	1 451
Motor finance	905	(3)	46	(3)	8	(3)	959	(9)	—	959
Aviation finance	115	(1)	32	(1)	—	—	147	(2)	176	323
Energy and infrastructure finance	322	(1)	98	(3)	43	(6)	463	(10)	35	498
Total corporate and other lending	6 299	(27)	814	(19)	138	(28)	7 251	(74)	443	7 694
Coverage ratio		0.43%		2.3%		20.3%		1.0%		

ASSET QUALITY

CONTINUED

Corporate and other lending – Southern Africa

In South Africa, corporate and other lending increased by 8.0% to R111.1 billion at 31 March 2024 (1.1% decrease in Pounds Sterling) as a result of increased activity and growth across the corporate client base as well as exchange rate movements.

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)						Gross exposure	ECL	Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3					
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2024										
Corporate and acquisition finance	3 015	(8)	106	(1)	77	(21)	3 198	(30)	64	3 262
Fund finance	551	(1)	—	—	—	—	551	(1)	—	551
Financial institutions and governments	141	—	—	—	5	—	146	—	—	146
Small ticket asset finance	206	—	8	—	10	(4)	224	(4)	—	224
Aviation finance*	234	(1)	—	—	—	—	234	(1)	—	234
Energy and infrastructure finance	246	(2)	2	—	13	(2)	261	(4)	—	261
Total corporate and other lending	4 393	(12)	116	(1)	105	(27)	4 614	(40)	64	4 678
Coverage ratio		0.27%		0.9%		25.7%		0.9%		
At 31 March 2023^										
Corporate and acquisition finance	3 139	(10)	143	(9)	108	(33)	3 390	(52)	75	3 465
Fund finance	596	(1)	—	—	—	—	596	(1)	—	596
Financial institutions and governments	132	—	35	—	—	—	167	—	—	167
Small ticket asset finance	122	—	4	—	4	(3)	130	(3)	—	130
Aviation finance*	116	(1)	7	—	—	—	123	(1)	—	123
Energy and infrastructure finance	240	(1)	14	—	16	(3)	270	(4)	—	270
Total corporate and other lending	4 345	(13)	203	(9)	128	(39)	4 676	(61)	75	4 751
Coverage ratio		0.30%		4.4%		30.5%		1.3%		

* There are additional aviation exposures of £75 million (31 March 2023: £64 million) in Corporate and acquisition finance.

^ Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on page 168 of the Investec Group's 2024 annual financial statements.

CREDIT AND COUNTERPARTY RISK

The tables that follow provide further analysis of the Group's gross credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

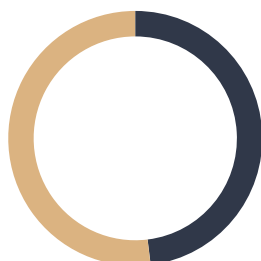
Gross credit and counterparty exposure totalled £58.9 billion at 31 March 2024. Cash and near cash balances amounted to £16.4 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements and sovereign debt securities. These exposures are all Stage 1. There are immaterial Stage 2 and Stage 3 exposures outside of loans and advances to customers which are small relative to the balance sheet. Loans and advances to customers (including committed facilities) account for greater than 97% of overall ECLs.

An analysis of gross credit and counterparty exposures by geography

£'million	UK and Other		Southern Africa		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023 [^]	31 March 2024	31 March 2023 [^]
Cash and balances at central banks	5 662	5 400	586	1 006	6 248	6 406
Loans and advances to banks	676	889	388	562	1 064	1 451
Non-sovereign and non-bank cash placements	—	—	452	443	452	443
Reverse repurchase agreements and cash collateral on securities borrowed	1 140	1 339	3 242	2 656	4 382	3 995
Sovereign debt securities	1 928	1 222	3 015	3 183	4 943	4 405
Bank debt securities	297	205	299	711	596	916
Other debt securities	709	698	439	532	1 148	1 230
Derivative financial instruments	358	528	330	563	688	1 091
Securities arising from trading activities	13	28	247	510	260	538
Loans and advances to customers	16 744	15 709	14 190	14 694	30 934	30 403
Own originated loans and advances to customers securitised	—	—	270	274	270	274
Other loans and advances	118	143	—	—	118	143
Other securitised assets	2	5	—	—	2	5
Other assets	33	38	118	110	151	148
Total on-balance sheet exposures	27 680	26 204	23 576	25 244	51 256	51 448
Guarantees	115	118	963	1 017	1 078	1 135
Committed facilities related to loans and advances to customers	2 327	2 345	3 333	3 460	5 660	5 805
Contingent liabilities, letters of credit and other	461	384	445	524	906	908
Total off-balance sheet exposures	2 903	2 847	4 741	5 001	7 644	7 848
Total gross credit and counterparty exposures	30 583	29 051	28 317	30 245	58 900	59 296

31 March 2024

£58 900 million



Southern Africa	48.1%
UK and Other	51.9%

31 March 2023[^]

£59 296 million



Southern Africa	51.0%
UK and Other	49.0%

[^] Restated as detailed on page 168 of the Investec Group's 2024 annual financial statements.

CREDIT AND COUNTERPARTY RISK

CONTINUED

A further analysis of gross credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

At 31 March 2024	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL [#]	Assets that we deem to have no legal credit exposure	Total assets
£'million						
Cash and balances at central banks	6 248	—	6 248	—	31	6 279
Loans and advances to banks	1 064	—	1 064	—	—	1 064
Non-sovereign and non-bank cash placements	452	12	440	(1)	—	451
Reverse repurchase agreements and cash collateral on securities borrowed	4 382	1 557	2 825	—	—	4 382
Sovereign debt securities	4 943	13	4 930	(2)	—	4 941
Bank debt securities	596	—	596	—	—	596
Other debt securities	1 148	91	1 057	(1)	—	1 147
Derivative financial instruments	688	688	—	—	166	854
Securities arising from trading activities	260	260	—	—	1 336	1 596
Loans and advances to customers	30 934	1 322	29 612	(302)	—	30 632
Own originated loans and advances to customers securitised	270	—	270	(1)	—	269
Other loans and advances	118	—	118	—	—	118
Other securitised assets	2	2	—	—	65 [^]	67
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—	—	155	155
Investment portfolio	—	—	—	—	807 [*]	807
Interest in associated undertakings and joint venture holdings	—	—	—	—	858 [*]	858
Current taxation assets	—	—	—	—	64	64
Deferred taxation assets	—	—	—	—	205	205
Other assets	151	118	33	—	1 521 ^{**}	1 672
Property and equipment	—	—	—	—	238	238
Investment properties	—	—	—	—	106	106
Goodwill	—	—	—	—	75	75
Software	—	—	—	—	10	10
Other acquired intangible assets	—	—	—	—	—	—
Non-current assets held for sale	—	—	—	—	22	22
Total on-balance sheet exposures	51 256	4 063	47 193	(307)	5 659	56 608
Guarantees	1 078	—	1 078	—	21	1 099
Committed facilities related to loans and advances to customers	5 660	102	5 558	(10)	—	5 650
Contingent liabilities, letters of credit and other	906	271	635	(3)	1 065	1 968
Total off-balance sheet exposures^{**}	7 644	373	7 271	(13)	1 086	8 717
Total exposures	58 900	4 436	54 464	(320)	6 745	65 325

[#] Includes £16.4 million of ECL held against financial assets held at FVOCI.

^{*} Largely relates to exposures that are classified as investment risk in the banking book.

[^] While the Group manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the Group. The credit exposure that the Group has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets.

^{**} Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

^{^^} Includes uncommitted, undrawn facilities and credit derivatives instruments that are not included in note 54 in the Investec Group's 2024 annual financial statements.

CREDIT AND COUNTERPARTY RISK

CONTINUED

A A further analysis of gross credit and counterparty exposures (continued)

At 31 March 2023	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL [#]	Assets that we deem to have no legal credit exposure	Total assets ^{##}
£'million						
Cash and balances at central banks	6 406	—	6 406	—	32	6 438
Loans and advances to banks	1 451	—	1 451	—	—	1 451
Non-sovereign and non-bank cash placements	443	6	437	(1)	—	442
Reverse repurchase agreements and cash collateral on securities borrowed	3 995	962	3 033	—	—	3 995
Sovereign debt securities	4 405	400	4 005	(3)	—	4 402
Bank debt securities	916	75	841	(1)	—	915
Other debt securities	1 230	115	1 115	(2)	—	1 228
Derivative financial instruments	1 091	1 091	—	—	273	1 364
Securities arising from trading activities	538	538	—	—	1 298	1 836
Loans and advances to customers	30 403	1 278	29 125	(295)	—	30 108
Own originated loans and advances to customers securitised	274	—	274	(1)	—	273
Other loans and advances	143	—	143	—	—	143
Other securitised assets	5	5	—	—	98 [^]	103
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—	—	111	111
Investment portfolio	—	—	—	—	1 331 [*]	1 331
Interest in associated undertakings and joint venture holdings	—	—	—	—	54 [*]	54
Current taxation assets	—	—	—	—	69	69
Deferred taxation assets	—	—	—	—	234	234
Other assets	148	106	42	—	1 882 ^{**}	2 030
Property and equipment	—	—	—	—	279	279
Investment properties	—	—	—	—	722	722
Goodwill	—	—	—	—	263	263
Software	—	—	—	—	15	15
Other acquired intangible assets	—	—	—	—	41	41
Non-current assets held for sale	—	—	—	—	36	36
Total on-balance sheet exposures	51 448	4 576	46 872	(303)	6 738	57 883
Guarantees	1 135	—	1 135	—	58	1 193
Committed facilities related to loans and advances to customers	5 805	147	5 658	(16)	—	5 789
Contingent liabilities, letters of credit and other	908	285	623	(2)	1 225	2 131
Total off-balance sheet exposures^{^^}	7 848	432	7 416	(18)	1 283	9 113
Total exposures	59 296	5 008	54 288	(321)	8 021	66 996

[#] Includes £9.1 million of ECL held against financial assets held at FVOCI.

^{*} Largely relates to exposures that are classified as investment risk in the banking book.

[^] While the Group manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the Group. The credit exposure that the Group has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets.

^{**} Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

^{^^} Includes uncommitted, undrawn facilities and credit derivatives instruments that are not included in note 54 in the Investec Group's 2024 annual financial statements.

^{##} Restated as detailed on page 168 of the Investec Group's 2023 annual financial statements.

CREDIT AND COUNTERPARTY RISK

CONTINUED

Gross credit and counterparty exposures by residual contractual maturity

At 31 March 2024	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	>10 years	Total
£'million							
Cash and balances at central banks	6 246	—	2	—	—	—	6 248
Loans and advances to banks	970	56	38	—	—	—	1 064
Non-sovereign and non-bank cash placements	452	—	—	—	—	—	452
Reverse repurchase agreements and cash collateral on securities borrowed	3 685	186	139	209	29	134	4 382
Sovereign debt securities	1 356	670	552	1 054	1 270	41	4 943
Bank debt securities	81	21	80	402	12	—	596
Other debt securities	25	3	49	389	310	372	1 148
Derivative financial instruments	138	65	152	287	40	6	688
Securities arising from trading activities	8	8	27	45	69	103	260
Loans and advances to customers	3 393	2 234	3 500	15 875	3 386	2 546	30 934
Own originated loans and advances to customers securitised	7	6	10	104	54	89	270
Other loans and advances	3	—	—	56	59	—	118
Other securitised assets	—	—	—	—	—	2	2
Other assets	151	—	—	—	—	—	151
Total on-balance sheet exposures	16 515	3 249	4 549	18 421	5 229	3 293	51 256
Guarantees	103	60	247	621	—	47	1 078
Committed facilities related to loans and advances to customers	1 056	299	488	2 032	615	1 170	5 660
Contingent liabilities, letters of credit and other	160	6	120	536	24	60	906
Total off-balance sheet exposures	1 319	365	855	3 189	639	1 277	7 644
Total gross credit and counterparty exposures	17 834	3 614	5 404	21 610	5 868	4 570	58 900

CREDIT AND COUNTERPARTY RISK

CONTINUED

Gross credit and counterparty exposures by industry

£'million	High net worth and other professional individuals	Lending collateralised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
At 31 March 2024							
Cash and balances at central banks	—	—	—	—	6 248	—	—
Loans and advances to banks	—	—	—	—	—	—	1 064
Non-sovereign and non-bank cash placements	—	8	19	28	—	50	43
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	355	5	3 982
Sovereign debt securities	—	—	—	—	4 919	—	24
Bank debt securities	—	—	—	—	—	—	596
Other debt securities	—	7	—	—	3	104	703
Derivative financial instruments	—	7	2	19	1	22	595
Securities arising from trading activities	—	—	—	—	205	2	49
Loans and advances to customers	12 845	4 924	102	1 241	336	1 713	3 641
Own originated loans and advances to customers securitised	209	61	—	—	—	—	—
Other loans and advances	—	—	—	—	—	—	118
Other securitised assets	—	—	—	—	—	—	—
Other assets	5	—	—	—	—	—	145
Total on-balance sheet exposures	13 059	5 007	123	1 288	12 067	1 896	10 960
Guarantees	210	78	1	32	—	152	436
Committed facilities related to loans and advances to customers	2 272	495	59	526	73	239	1 131
Contingent liabilities, letters of credit and other	161	63	—	268	49	28	273
Total off-balance sheet exposures	2 643	636	60	826	122	419	1 840
Total gross credit and counterparty exposures	15 702	5 643	183	2 114	12 189	2 315	12 800
At 31 March 2023[^]							
Cash and balances at central banks	—	—	—	—	6 406	—	—
Loans and advances to banks	—	—	—	—	—	—	1 451
Non-sovereign and non-bank cash placements	—	—	28	1	—	18	57
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	615	6	3 323
Sovereign debt securities	—	—	—	—	4 396	—	9
Bank debt securities	—	—	—	—	—	—	916
Other debt securities	—	51	—	—	6	113	667
Derivative financial instruments	—	7	2	33	—	15	949
Securities arising from trading activities	—	—	—	—	450	16	42
Loans and advances to customers	12 953	5 005	116	974	337	1 871	3 580
Own originated loans and advances to customers securitised	209	65	—	—	—	—	—
Other loans and advances	—	—	—	—	—	—	130
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	3	—	136
Total on-balance sheet exposures	13 162	5 128	146	1 008	12 213	2 039	11 260
Guarantees	215	68	1	61	—	149	476
Committed facilities related to loans and advances to customers	2 286	660	57	536	100	381	904
Contingent liabilities, letters of credit and other	172	64	—	246	72	17	246
Total off-balance sheet exposures	2 673	792	58	843	172	547	1 626
Total gross credit and counterparty exposures	15 835	5 920	204	1 851	12 385	2 586	12 886

[^] Restated as detailed on page 168 of the Investec Group's 2024 annual financial statements.

CREDIT AND COUNTERPARTY RISK

CONTINUED

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Motor finance	Communication	Total
—	—	—	—	—	—	—	—	—	—	6 248
—	—	—	—	—	—	—	—	—	—	1 064
162	42	4	—	—	25	—	8	—	63	452
1	—	—	14	—	—	—	25	—	—	4 382
—	—	—	—	—	—	—	—	—	—	4 943
—	—	—	—	—	—	—	—	—	—	596
6	78	—	48	51	22	—	64	—	62	1 148
6	14	3	3	—	5	—	7	—	4	688
—	2	—	—	—	—	—	—	—	2	260
688	1 426	210	267	—	147	139	1 163	1 122	970	30 934
—	—	—	—	—	—	—	—	—	—	270
—	—	—	—	—	—	—	—	—	—	118
—	—	—	—	2	—	—	—	—	—	2
1	—	—	—	—	—	—	—	—	—	151
864	1 562	217	332	53	199	139	1 267	1 122	1 101	51 256
2	48	—	6	—	68	2	19	—	24	1 078
116	285	27	16	—	94	15	75	—	237	5 660
2	20	—	—	—	24	—	2	—	16	906
120	353	27	22	—	186	17	96	—	277	7 644
984	1 915	244	354	53	385	156	1 363	1 122	1 378	58 900
—	—	—	—	—	—	—	—	—	—	6 406
—	—	—	—	—	—	—	—	—	—	1 451
155	108	3	—	—	24	—	9	—	39	443
1	—	—	7	—	17	—	26	—	—	3 995
—	—	—	—	—	—	—	—	—	—	4 405
—	—	—	—	—	—	—	—	—	—	916
—	85	—	61	70	20	—	81	—	76	1 230
18	18	2	4	—	11	—	27	—	5	1 091
6	6	—	—	4	—	—	3	—	11	538
663	1 374	200	276	—	196	142	928	959	829	30 403
—	—	—	—	—	—	—	—	—	—	274
—	2	—	—	11	—	—	—	—	—	143
—	—	—	—	5	—	—	—	—	—	5
—	—	—	—	—	—	—	—	—	9	148
843	1 593	205	348	90	268	142	1 074	959	969	51 448
8	30	2	9	—	57	1	19	—	39	1 135
97	275	14	13	—	110	17	56	—	299	5 805
3	42	—	8	—	20	1	1	—	16	908
108	347	16	30	—	187	19	76	—	354	7 848
951	1 940	221	378	90	455	161	1 150	959	1 323	59 296

FORWARD-LOOKING MACRO-ECONOMIC SCENARIOS

A Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and presented at the relevant BRCCs as well as the relevant capital committees for approval, which form part of the principal governance framework for macro-economic scenarios. They are also approved by the relevant Audit Committees.

A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9 ECL measurement.

UK and Other

For Investec plc, four macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, an upside case and two downside cases.

As part of the annual scenario review and taking into account the current macro-economic environment, adjustments have been made to the composition of the downside scenarios. The previous downside 1 – inflation scenario, capturing the risk of persistent inflation and high policy interest rates has been retained but updated. The downside 2- global shock has been replaced with the downside 2 - global stress (cautious easing, severe recession scenario). This new scenario is comparable in terms of GDP shock. It has also been designed so that it can act as a proxy for a number of evolving economic risks.

In addition to a reassessment of the macro-economic scenarios, a review of the weightings for the new scenarios also took place, to take into account the latest economic circumstances and the associated risks to the outlook. The latest weightings are as follows: 10% upside; 60% base case; 15% Downside 1 – inflation; and 15% Downside 2 – global stress. The risks to economic activity remain skewed to the downside, with the weightings calibrated to consider the risk that inflation, whilst having moderated from its peak, may remain elevated and consequently so may interest rates for longer. The weightings also take into account risks surrounding issues associated with commercial real estate, China, geopolitics and protectionism, among others.

In the base case, the UK economy is expected to recover from the shallow recession seen across the second half of 2023. The strengthening in activity is driven by the fading cost-of-living crisis as inflation eases and a recovery in household real incomes takes hold. Policy rate cuts are assumed to add further support to the recovery. Given inflation is expected to return to target in 2024, the BoE is predicted to cut interest rates, with the bank rate anticipated to fall to 4.50% by the end of 2024 and to 3.25% at the end of 2025. As such UK economic growth is expected to strengthen to 1.0% in 2024/2025 and to 2.0% in 2025/2026, whilst medium-term growth is assumed to return to trend at 1.6%. Lower interest rates and strengthening economic activity are also expected to lead to a recovery in UK real estate markets. The global situation is anticipated to mirror that of the UK, with a further moderation in inflation leading to an easing in central bank policy rates and strengthening economic activity.

Downside 1 – inflation scenario assumes that inflation pressures prove more sustained and protracted as wages rise

to compensate for higher prices, in turn adding to cost price pressures for companies: thus, CPI inflation is expected to average 4.1% across the scenario horizon. Central banks respond by tightening policy further, with the bank rate assumed to rise to 5.75% and remaining at this level for an extended period of time. This further tightening of monetary conditions triggers renewed weakness in the economy, the UK backdrop being one of economic stagnation, with annual GDP growth averaging -0.1% across the five-year horizon.

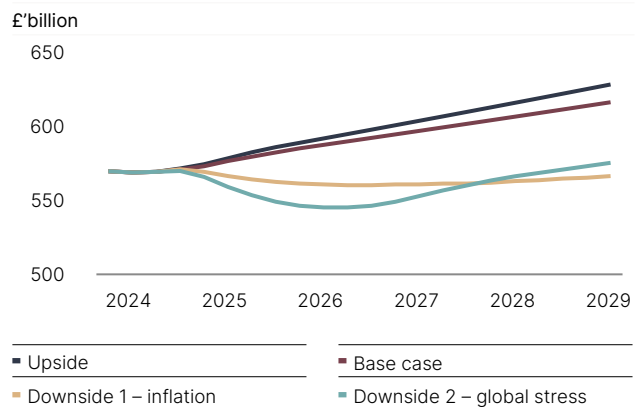
Downside 2 – global stress (cautious easing, severe recession) is a hypothetical scenario designed as a proxy for economic tail risks. The scenario assumes a deep global economic downturn. However, given residual inflation concerns, central banks are more cautious to ease monetary policy than they were to tighten it. In the UK interest rates are assumed to be cut from 5.25% to 2.00%. Consequently, the UK endures a material six-quarter recession, with the cumulative fall in GDP totalling 4%. Given the severity of the recession asset values undergo a correction, with UK residential house prices falling 15%, whilst the current downturn in commercial real estate is exacerbated, values falling 18%.

The down case scenarios are severe but plausible scenarios created based on Investec specific bottom-up stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity.

In the upside case, economic activity proves more resilient, and the pace of recovery more robust as stronger confidence and lower interest rates prompt a pickup in investment. Ultimately through the scenario horizon, productivity growth is expected to support stronger levels of growth. Accordingly medium-term GDP growth averages 2% per annum. The relatively swift rebound in activity is experienced globally, and monetary policy normalizes gradually enough so as not to subdue growth.

The graph below shows the forecasted UK GDP under each macro-economic scenario applied at 31 March 2024.

UK GDP forecast



FORWARD-LOOKING MACRO-ECONOMIC SCENARIOS

CONTINUED

The table that follows shows the key factors that form part of the UK and Other macro-economic scenarios and their relative applied weightings.

Macro-economic scenarios	At 31 March 2024 average 2024 – 2029				At 31 March 2023 average 2023 – 2028			
	Upside %	Base case %	Downside 1 inflation %	Downside 2 global stress %	Upside %	Base case %	Downside 1 inflation %	Downside 2 global shock %
UK								
GDP growth	1.9	1.6	(0.1)	0.2	1.9	1.2	(0.2)	0.2
Unemployment rate	3.5	4.4	5.5	6.5	3.6	4.6	5.4	6.8
CPI inflation	1.9	2.0	4.1	2.4	2.5	2.2	5.8	2.1
House price growth	3.0	2.5	(0.6)	(1.6)	2.1	0.5	(1.7)	(4.6)
BoE – Bank rate (end year)	3.1	3.2	5.4	2.5	2.8	2.8	4.5	1.0
Euro area								
GDP growth	1.9	1.5	0.4	0.3	2.1	1.4	0.1	0.2
US								
GDP growth	2.5	1.9	0.7	0.8	2.6	1.5	0.6	0.5
Scenario weightings	10	60	15	15	10	50	20	20

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 31 March 2024.

Base case %	Financial years				
	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
UK					
GDP growth	1.0	2.0	1.6	1.6	1.6
Unemployment rate	4.6	4.4	4.4	4.3	4.3
CPI inflation	1.7	2.1	2.0	2.0	2.0
House price growth	1.9	3.4	2.5	2.4	2.4
BoE – Bank rate (end year)	4.0	3.0	3.0	3.0	3.0
Euro area					
GDP growth	1.0	1.6	1.5	1.6	1.6
US					
GDP growth	1.6	1.8	1.9	2.1	2.3

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 31 March 2024. Baseline represents the five-year base case average. Upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, house price growth (year on year), lowest level of unemployment and Bank rate. Upside scenario value for CPI inflation is represented by the five-year average. Downside scenario values represent the worst outcomes being lowest quarterly level of GDP, house price growth (year on year). For Bank rate and CPI inflation the most extreme point is listed, the highest level reflective in downside 1 – inflation scenario and the lowest in downside 2 – global stress scenario.

Five-year extreme points At 31 March 2024	Upside	Baseline: Base case five-year average	Downside 1 inflation	Downside 2 global stress
	%	%	%	%
UK				
GDP growth	2.5	1.6	(1.5)	(3.6)
Unemployment rate	3.5	4.4	5.8	7.9
CPI inflation	1.9	2.0	4.5	2.0
House price growth	4.7	2.5	(3.7)	(11.0)
BoE – Bank rate (end year)	3.0	3.2	5.8	2.0
Euro area				
GDP growth	2.1	1.5	(0.5)	(3.0)
US				
GDP growth	3.0	1.9	(0.3)	(4.0)

FORWARD-LOOKING MACRO-ECONOMIC SCENARIOS CONTINUED

South Africa

For Investec Limited, five macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process was to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

As of 31 March 2024, all five scenarios were updated to incorporate the latest available data. The base case is characterised by the view that economic growth lifts above 2% by the end of the five-year period on sufficient domestic policy support measures, while global financial market risk sentiment is neutral to positive. South Africa remains in the BB credit rating category bracket as fiscal consolidation (debt to GDP stabilisation) eventually occurs. The Rand stabilises, then strengthens somewhat on the advent of the US interest rate cutting cycle. The impact of loadshedding at an average of less than Stage 4 is included in the base case for 2024, and lessening in subsequent years as more generating capacity comes on line. A transition to renewable energy and slow move away from fossil fuel usage occurs and measures to alleviate the impact of climate change on the economy are modestly implemented. Inflation moderates on base effects and lower global inflation.

The Russian invasion of Ukraine eases. There is little to no expropriation without compensation. The greylisting is temporary. As of 31 March 2023, the weighting of the base case was 48% while as of 31 March 2024 it had dropped to 45%. The probability has fallen as government's financial health has deteriorated versus a year ago, with borrowing projections notably higher. Economic growth projections remain weak, unable at expected growth rates to naturally reduce unemployment, while the population continues to grow, and income per capita has fallen.

The lite down case has the same expected international environment (including global financial market risk sentiment) as the base case, but the domestic environment differs. Under this scenario South Africa's GDP growth is weak. Business confidence is depressed, with higher levels of loadshedding, weak investment growth, very weak rail and port capacity, civil and political unrest, and a recession. Substantial Rand weakness drives higher inflation, along with unfavourable weather conditions. Little transition to renewable energy is apparent, while there is increased pressure on government finances from disaster relief due to unfavourable weather conditions driven by climate change. Expropriation of private sector property is very limited and has a modestly negative impact on the economy.

The greylisting is lengthy. Government debt and debt projections fail to stabilise, and South Africa drops into the single B credit ratings from all three of the key credit rating agencies for local and foreign currency sovereign debt but avoids C grades on eventual fiscal consolidation. As of 31 March 2023, the weighting of the lite down case was 40% and has increased to 43% as of 31 March 2024. The probability has increased as government's financial health has deteriorated versus a year ago, with borrowing projections notably higher.

FORWARD-LOOKING MACRO-ECONOMIC SCENARIOS CONTINUED

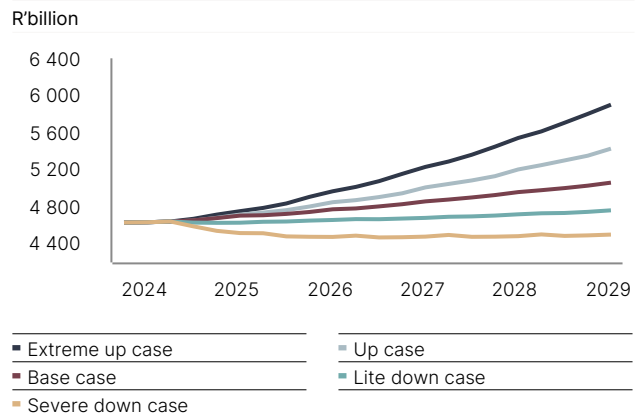
Under the low probability severe down case a lengthy recession occurs in South Africa. Deteriorating government finances see the state borrowing from increasingly wider sources as it sinks deeper into a debt trap. South Africa's credit ratings fall into the C grades, with an increased risk of default. The severe down case can also include a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures. Severe Rand weakness is a feature as well as very high domestic inflation, which is also affected by severely unfavourable weather conditions. There is a failure to transition to renewable energy and to implement sufficient measures to alleviate the impact of climate change on the economy. Implementation of expropriation without compensation occurs (particularly for land held for speculative purposes), with a significant negative impact on the economy, along with very high levels of loadshedding of both electricity and water services, high incidences of strike action and civil unrest. South Africa is blacklisted. As of 31 March 2023, the scenario weighting of the severe down case was 10% but has dropped to 9% in March 2024 due to the improvements being wrought by the government business collaboration on addressing the country's electricity, freight, corruption and crime crises. Additionally, the risk of a US recession has been substantially reduced.

The up case is characterised by a very low probability and is a scenario which is depicted by rising business confidence and investment levels. Structural constraints to sustained, robust economic growth are removed in an environment of strong global and domestic growth, and the global financial market environment is one of risk taking. Low domestic inflation occurs on Rand strength, along with favourable weather conditions for moderate to low food price inflation. A substantial transition to renewable energy, and a move away from fossil fuel usage occurs, along with comprehensive measures to alleviate the impact of climate change on the economy. There is no nationalisation or expropriation without compensation. No further credit rating downgrades occur and instead the rating outlooks turn positive on strong fiscal consolidation. The greylisting is removed rapidly. As of 31 March 2023, the scenario weighting was 1% and rose to 2% as at 31 March 2024. The business-government collaboration has gained traction and this positive development marginally raises the up case probability.

The extreme up case is also characterised by a very low probability and is an acceleration of the up case. Good governance and growth-creating reforms which overcome structural constraints rapidly occur. Business confidence is high, property rights are strong, fixed investment growth rates are very strong, while substantial foreign direct investment (FDI) inflows occur, along with strong fiscal consolidation (and government debt falls back to the low ratios of the early 2000s). Domestic economic growth of 3-5%, then 5-7%, is achieved under this scenario and credit rating upgrades occur. Very subdued domestic inflation on extreme Rand strength is a feature, along with a strong transition away from fossil fuel usage, a quick transition to renewable energy and very favourable weather conditions. There is strong global growth and a commodity boom in this scenario too. The greylisting is very short term in nature. This scenario retains a weighting of 1%.

The graph below depicts South African GDP growth forecast under the macro-economic scenarios applied at 31 March 2024.

South African GDP forecast



FORWARD-LOOKING MACRO-ECONOMIC SCENARIOS

CONTINUED

The table below shows the key factors that form part of the macro-economic scenarios and the relative applied weightings of these scenarios.

Macro-economic scenarios	At 31 March 2024 average 2024 – 2029					At 31 March 2023 average 2023 – 2028				
	Extreme up case	Up case	Base case	Lite down case	Severe down case	Extreme up case	Up case	Base case	Lite down case	Severe down case
	%	%	%	%	%	%	%	%	%	%
South Africa										
GDP growth	4.8	3.1	1.7	0.5	(0.6)	4.2	2.8	1.5	0.4	(0.5)
Repo rate	5.3	5.8	7.0	9.1	10.3	5.0	5.7	6.8	8.2	10.3
Bond yield	9.1	9.8	10.6	11.7	12.6	9.2	9.7	10.3	11.4	12.5
CPI inflation	3.1	3.8	4.5	5.5	6.5	3.2	4.0	4.6	5.6	6.4
Residential property price growth	6.6	5.5	4.1	2.7	1.6	5.8	4.8	3.7	2.6	1.5
Commercial property price growth	4.4	2.7	1.4	(0.6)	(2.5)	3.5	2.0	0.9	(0.8)	(2.6)
Exchange rate (South African Rand:US Dollar)	14.5	16.0	18.1	19.7	21.9	14.6	15.7	17.0	18.6	20.6
Scenario weightings	1	2	45	43	9	1	1	48	40	10

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 31 March 2024.

Base case %	Financial years				
	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
South Africa					
GDP growth	1.1	1.5	1.8	2.0	2.1
Repo rate	7.8	6.8	6.8	6.8	6.8
Bond yield	11.1	10.8	10.6	10.4	10.3
CPI inflation	4.2	4.2	4.7	4.6	4.7
Residential property price growth	2.3	3.2	4.5	5.1	5.6
Commercial property price growth	(0.5)	1.2	1.5	2.2	2.5
Exchange rate (South African Rand:US Dollar)	17.8	17.8	18.1	18.3	18.8


The following table outlines the extreme point forecast for each economic factor across the scenarios as at 31 March 2024. Baseline represents the five-year base case average. Upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, residential and commercial property price growth (year-on-year), lowest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate. Downside scenario values represent the worst outcomes being lowest quarterly level of GDP, residential and commercial property price growth (year-on-year), highest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate.

Five-year extreme points At 31 March 2024	Extreme up case	Up case	Baseline: Base case five-year average	Lite down case	Severe down case
	%	%	%	%	%
South Africa					
GDP growth	6.9	4.6	1.7	(0.1)	(2.7)
Repo rate	4.8	5.3	7.0	9.5	11.5
Bond yield	8.8	9.5	10.6	12.3	13.0
CPI inflation	2.7	3.4	4.5	5.9	7.0
Residential property price growth	8.7	7.4	4.1	0.9	(0.6)
Commercial property price growth	6.8	4.5	1.4	(2.5)	(4.7)
Exchange rate (South African Rand:US Dollar)	14.0	15.2	18.1	20.1	22.3

ADDITIONAL POLICY INFORMATION


Additional credit and counterparty risk information**A Credit risk classification and provisioning policy**

IFRS 9 requirements have been embedded into our Group credit risk classification and provisioning policy. A framework has been established to incorporate both quantitative and qualitative measures.

 For further detail please refer to pages 56 and 57 of the Investec Group's 2024 annual financial statements

A Internal credit rating models and ECL methodology


Internal credit rating models cover all material asset classes. These internal credit rating models are also used for IFRS 9 modelling after adjusting for key differences. Internal credit models calculate through the economic cycle losses whereas IFRS 9 requires 12-month or lifetime point-in-time losses based on conditions at the reporting date and multiple economic scenario forecasts of the future conditions over the expected lives.

 Further detail on internal credit ratings is provided on page 35

Key judgements

The measurement of ECL has reliance on expert credit judgement. Key judgemental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:

- The assessment of a significant increase in credit risk
- A range of forward-looking probability weighted macro-economic scenarios
- Estimations of probabilities of default, loss given default and exposures at default using models.

 For further detail on our process for determining ECL please refer to page 57 of the Investec Group's 2024 annual financial statements

Key judgements at 31 March 2024**UK and Other**

Key judgemental areas under IFRS 9 are subject to robust governance processes. At 31 March 2024, the composition and weightings of the forward-looking macro-economic scenarios were revised to reflect the current pressures in the macro-economic environment, however there remains reliance on expert credit judgements to ensure that the overall level of ECL is reasonable.

We hold a management overlay of £3.7 million at 31 March 2024 (31 March 2023: £4.9 million). The £1.2 million reduction in the year reflects the enhanced performance of the models, albeit there remains ongoing uncertainty in the macro-economic environment. The overlay is apportioned to Stage 2 assets.

South Africa

The post-model management overlay of R113 million as at 31 March 2023, held for anticipated migration risk in Private Bank, has now been fully released. An improvement in the underlying performance of previously held Stage 2 exposures, as well as the reduced risk of select counterparties, have resulted in the release of the management ECL overlay. Stage 3 ECLs continue to be assessed using a combination of scenario analysis, informed by expert judgement, and modelled ECL. Management will continue to review the need and basis of calculation for the overlay given the evolving risks and significant uncertainty faced with respect to the economic outlook.

Macro-economic sensitivities

Changes in macro-economic scenarios and weightings may result in the volatility of provisions, particularly to Stage 1 and 2 assets. Sensitivities to macro-economic scenarios and factors form part of our overall risk monitoring, in particular the Group's potential ECLs if each scenario were given a 100% weighting. In these instances all non-modelled ECLs, including credit assessed ECLs and other management judgements remain unchanged.

The tables below summarise the variance from reported ECL should the base case and two downside cases be weighted by 100%. Whilst the outputs from these 100% weighted scenarios are consistent with the macro-economic factor inputs set out in the context of each scenario, in practice the outcome could differ due to management actions or other key judgements applied.

UK and Other

	Change in reported ECL
At 31 March 2024	£'million
Base case (100%)	5.7
Downside 1 - inflation (100%)	(4.9)
Downside 2 - global stress (100%)	(22.0)

South Africa

	Change in reported ECL
At 31 March 2024	R'million
Base case (100%)	231
Lite down case (100%)	(175)
Severe down case (100%)	(509)

SUSTAINABILITY RISK (INCLUDING CLIMATE AND ESG)



Sustainability risk (including climate and ESG)

Investec's sustainability strategy aligns with two impact UN Sustainable Development Goals: climate action (SDG 13) and reduced inequalities (SDG 10), supported by six other core SDGs, namely:

- Quality education (SDG 4)
- Clean water and sanitation (SDG 6)
- Affordable and clean energy (SDG 7)
- Decent work and economic growth (SDG 8)
- Industry innovation and infrastructure (SDG 9)
- Sustainable cities and communities (SDG 11).

The Group ESG Executive Committee, mandated by the Group's Executive Directors, reports any relevant matters to DLC SEC and Group ERC. The main objectives of the committee are to align and integrate sustainability activities across the organisation while focusing on the many business opportunities within Investec's priority SDGs and escalating significant matters for consideration by the Group's respective committees and leaders. The committee provides feedback to the business on emerging sustainability issues while identifying and communicating to the relevant forums any relevant external issues that could adversely affect the organisation's reputation

We use different tools and frameworks to measure the ESG performance and impact of our clients and transactions, such as the Equator Principles, Partnership for Carbon Accounting Financials (PCAF), the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

We aim to embed sustainability considerations in our daily operations and credit decision-making processes. We also recognise the interconnection between climate change and nature loss, and the exposure of our business and operational activities to various types of climate and nature-related risks. We adopt a precautionary approach towards managing climate and nature-related risks in our decision-making processes.

We expect our clients to adopt and follow best practices and standards on ESG issues and to report their ESG performance and impact. We also track and disclose our ESG due diligence activities and outcomes to our stakeholders and regulators. This stems from the belief that one of the greatest

socio-economic and environmental impacts we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

With regards to climate action (SDG 13):

Our climate change statement takes into account our commitment to a net-zero carbon economy by 2050. In addition, our biodiversity statement strengthens our commitment to protecting our natural environment. In addition, the Group makes a positive impact on biodiversity through our environmental philanthropy activities and reduces negative effects by addressing financial crimes related to illegal wildlife trade.

In principle:

- We are committed to integrating climate change and nature-related risk considerations into our day-to-day operations and in our lending and investment decisions
- We have a number of Group environmental policies that also guide credit decision-making from a sustainability and ESG perspective
- We support the key provisions of the Equator Principles (EP). All transactions in non-designated countries are EP monitored and compliant
- We will not engage in activities that negatively impact conservation areas or have an irreversible negative impact on the environment, indigenous people or natural assets.

Our approach to net-zero

We support the Paris Agreement aims of holding the increase in global average temperature to well below 2°C above pre-industrial levels and continue to pursue efforts towards limiting it to 1.5°C.

Within our own operations

We embrace our responsibility to understand and manage our own carbon footprint. We upheld our commitment and maintained carbon neutrality in our direct operational carbon emissions status for the sixth financial year by sourcing 100% of our Scope 2 energy consumption from renewable energy through the purchase of Renewable Energy Certificates and offsetting the remaining unavoidable residual emissions of 53% at 31 March 2024 (31 March 2023: 39%) through the purchase of verified and high-quality carbon credits.

Within our lending and investment activities

We acknowledge that the widest and most impactful influence we can have is to manage and reduce our carbon

emissions in the business we conduct and more specifically in our lending and investing portfolios (Scope 3-financed activities). As such, we are members of the Net-Zero Banking Alliance (NZBA) and continue to work with the PCAF to measure our financed emissions. In 2021 we established a base line towards a net-zero path and will continue to refine our assumptions around Scope 3 emissions.

Our net-zero strategy is built on three pillars:

- Phase out of thermal coal exposures in the Group by 31 March 2030
- Increase investment in sustainable and transition finance
- Reducing Scope 3 financed emissions through influencing and engaging with our clients on their net-zero pathways.

This year we have invested in the automation of Scope 3 financed emissions calculations, enhanced our data collection efforts and refined our assumptions around Scope 3 emissions. We continue to build capacity within our various businesses to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero carbon economy.

With regards to reducing inequalities (SDG 10):

The Group is dedicated to fostering a purposeful, inclusive culture and we enable this through our workplace and Investec experience.

Furthermore, we understand no single business can address the many socio-economic needs and so our focus is on education and learnerships, entrepreneurship and job creation, environment and philanthropy.

In principle:

- We are committed to encouraging a sense of belonging for all people, irrespective of difference
- We are committed to focusing on creating education and learnership opportunities within our communities
- We are committed to creating jobs for young people through quality work experience placements.

Within our own operations

- At 31 March 2024 we had 58% representation of women and 42% ethnic diversity, as defined by the UK listing rule, on the DLC board
- Our community initiatives serve as the cornerstone of our commitment to creating enduring worth. This reinforces our overarching goal of fostering corporate responsibility
- We are currently in the process of developing a comprehensive framework to consolidate our CSI initiatives.

SUSTAINABILITY RISK (INCLUDING CLIMATE AND ESG)

Within our lending and investment activities

We support a number of internationally recognised principles, guidelines and voluntary standards which reflect our commitment to respecting human rights, building inclusive communities and supporting activities that reduce inequality. In principle we will not engage in activities:

- that do not respect human rights, and do not respect the rights of local communities and indigenous peoples
- that are in non-compliance with minimum standards for occupational health and safety and the relevant local legislation
- Investec places significant importance on addressing modern slavery according to the UK Modern Slavery Act 2015. This extends to reviewing third parties' policies on this matter in our due diligence questionnaire. The Investec Group sustainability team carefully evaluates these questionnaires and escalates any potential concerns.

Climate and nature-related financial disclosures

Investec has published a separate climate and nature-related report that aligns with the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD report also includes some recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). As our knowledge and the recommended guidance on TNFD matures, we aim to enhance these disclosures over time. The table below illustrates a summary of progress in terms of the recommendations according to the TCFD and TNFD.



Refer to detailed information in the Investec Group's 2024 climate and nature-related disclosures which are published and available on our website: www.investec.com

	Governance	Strategy	Risk management	Metrics
Achievements in prior years	<ul style="list-style-type: none"> • Established a Group ESG Executive Committee to align and monitor the Group's climate action • Engaged with stakeholders on our disclosures to get feedback on how we can improve our governance and oversight • Became a member of the NZBA • IW&I joined Climate Action 100+. 	<ul style="list-style-type: none"> • Acknowledged the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C • Supported the Partnership for Biodiversity Accounting Financials (PBAF) • Performed a Pro-Climate assessment to identify gaps within our strategy • Launched a number of ESG and climate-specific products and services. 	<ul style="list-style-type: none"> • Strengthened our climate focus across the Investec Group with risk appetite assessments resulting in a net-zero aligned target set towards zero coal exposure by 31 March 2027 for IBP and Investec plc and by 31 March 2030 for IBL and Investec Limited • Reviewed and updated our fossil fuel policy with the primary change being managing our thermal coal exposure to zero by 31 March 2030 for the Group. 	<ul style="list-style-type: none"> • Achieved carbon neutrality across our direct operational activities • Joined PCAF and measured our Scope 3 emissions within our lending and investing activities • Assessed net-zero pathways according to Science Based Targets Initiative (SBTi) guidance.
Achievements for the financial year ended March 2024	<ul style="list-style-type: none"> • External sustainability training completed by four members of the Group Executive Team including our Group CE • Activated a focused learning pathway for management and staff, targeted towards their unique requirements within their respective areas • IW&I International released their first public PRI report • Listened to and engaged with our stakeholders through conducting a double materiality assessment. 	<ul style="list-style-type: none"> • Enhanced our sustainable finance framework to include transition and social finance • Established a sustainable solutions offering in South Africa • Investec plc incorporated climate risks and opportunities in their financial planning through the annual budget process. 	<ul style="list-style-type: none"> • Reviewed developments with regards to climate-related disclosure guidance, specifically the recommendations relating to IFRS S1 and IFRS S2 • Updated our fossil fuel policy with a target of no new financing for oil and gas exploration, extraction or production projects directly, regardless of jurisdiction, from 1 January 2035 • Identified and disclosed material sustainability-related matters as a result of our double materiality assessment. 	<ul style="list-style-type: none"> • Automated our Scope 3 financed emission calculations and continued to refine our assumptions • Engaged with SBTi on their recommendations for Financial Institutions with the aim of setting verified climate-related targets.
Looking forward	<ul style="list-style-type: none"> • Link Executive remuneration to updated sustainability-related KPIs including a climate focused KPI • Stronger focus on ESG and sustainability (including climate and nature-related) matters in the DLC BRCC and DLC Audit Committee • Continue to strengthen the Group's climate-related and sustainability disclosures. 	<ul style="list-style-type: none"> • Promote sustainable products and solutions within our client ecosystem • Support transition finance within our high-emitting client ecosystem where applicable • Participate in the TNFD pilot through FSD Africa • Active engagement within our client ecosystem promoting sustainability agendas • Review and assess the integration of climate-related matters into business strategy. 	<ul style="list-style-type: none"> • Implement automated ESG screening, measurement and reporting within our South African operations • Enhanced screening on biodiversity and nature-related risks according to the TNFD recommendations • Embed monitoring and managing of Scope 3 emissions within the risk management process across our business • Enhanced sustainability disclosures. 	<ul style="list-style-type: none"> • Set a sustainable finance target • Track clients who publicly disclose their net-zero pathways to achieve a clear aggregated downward trend of emissions towards net-zero by 2050.

INVESTMENT RISK

Investment risk in the banking book

Investment risk in the banking book comprised 1.8% of total assets at 31 March 2024. We have refocused our principal investment activities on clients where we have and can build a broader relationship through other areas of activity in the Group.

We partner with management and other co-investors by bringing capital raising expertise, working capital management, merger and acquisition and investment experience into client-driven private equity transactions as well as leveraging third party capital into the Group's funds that are relevant to the Group's client base. Investments are selected based on:

- The track record and credibility of management
- Attractiveness of the industry and the positioning therein
- Valuation/pricing fundamentals
- Sustainability analyses
- Exit possibilities and timing thereof
- The ability to build value by implementing an agreed strategy.

Investments in listed shares may arise on an IPO or sale of an investment to a listed company. There is limited appetite for listed investments.

Additionally, from time to time, the manner in which certain lending transactions are structured results in equity, warrants or profit shares being held, predominantly in unlisted companies. We also source development, investment and trading opportunities to create value within agreed risk parameters, including property investments.

Investec Limited held a 36.4% stake in the Bud Group (previously Investec Equity Partners (IEP)) at 31 March 2024. Bud Group has been restructured to facilitate the exit of Investec and certain other IEP Group shareholders over a period of time. This will be achieved through a realisation of certain assets with Investec receiving c.59% of these proceeds. A material portion of the Bud Group's assets (including Assupol) are subject to sales processes, some of which are well advanced. Assupol and Sanlam Life Insurance Limited (Sanlam) have announced the proposed disposal of Assupol to Sanlam, which transaction is subject to regulatory approval. Investec's share of Assupol proceeds is estimated to be c. R1.75 billion (c. £73 million).

Investec Limited has a 24.3% shareholding in Burstone Group Limited (previously Investec Property Fund (IPF)). Investec has deconsolidated its c.24.3% investment in IPF as from 6 July 2023 following the internalisation of the IPF Manco. This resulted in a decrease in unlisted investments and investments and trading properties.

The Investec Group retains a c.10% shareholding in Ninety One as an investment, all held within Investec plc.

Ninety One, the Bud Group and Burstone are reported in the investment portfolio per the balance sheet.



For further detail on Group investments refer to pages 84 and 98 of the Investec Group's 2024 integrated and strategic annual report

Management of investment risk

As investment risk arises from a variety of activities conducted by the Group, the monitoring and measurement thereof varies across transactions and/or type of activity.

In order to manage, measure and monitor investment risk, investment committees exist in both the UK and South Africa. These committees are responsible for providing oversight of the regions where investment risk is assumed across the Group.

Risk appetite targets and limits are set to manage our exposure to equity and investment risk. An assessment of exposures against limits and targets is reported to IBL, IBP and DLC BRCCs. As a matter of course, concentration risk is avoided and investments are spread across geographies and industries.

Valuation and sensitivity assumptions and accounting methodologies



For a description of our valuation principles and methodologies refer to pages 55 to 60 and pages 108 to 115 of the Investec Group's 2024 annual financial statements for factors and sensitivities taken into consideration in determining fair value

INVESTMENT RISK

CONTINUED

Summary of investments

£'million Country/category	On-balance sheet value of investments 31 March 2024	On-balance sheet value of investments 31 March 2023
Group investments	426	416
Unlisted investments	206	244
South Africa	206	244
Bud Group Holdings (previously Investec Equity Partners (IEP))	180	213
Other unlisted investments	26	31
Listed equities	220	172
UK and Other	159	172
Ninety One	159	172
South Africa	61	—
Burstone Group Limited (previous Investec Property Fund (IPF))	61	—
Other investments in the banking book	599	972
Unlisted investments	356	557
UK and Other	245	315
Southern Africa*	111	242
Listed equities	25	27
UK and Other	1	2
Southern Africa	24	25
Investment and trading properties	214	383
UK and Other	63	75
Southern Africa	151	308
Warrants and profit shares	4	5
UK and Other	4	5
Total	1 025	1 388

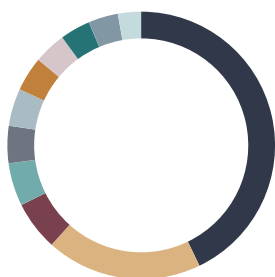
* Includes fair value loan investments of £21 million (31 March 2023: £106 million including those of IPF which were previously consolidated at the level of our economic ownership, being 24.3%).

Note: IW&I UK was previously 100% consolidated in the Investec Group. Going forward the Group's investment in Rathbones will be equity accounted for on a statutory basis and recognised as an associate. We do not include the investment in Rathbones Group plc as a part of the above analysis due to the nature of this strategic transaction. Please refer to further detail on page 16 of the Investec Group's 2024 integrated and strategic annual report

An analysis of investments excluding Burstone Group Limited, Ninety One and investment and trading properties

31 March 2024

£591 million



Finance and insurance	42.8%
Manufacturing and commerce	18.8%
Electricity, gas and water (utility services)	6.0%
Business services	5.2%
Retailers and wholesalers	4.5%
Real estate	4.5%
Transport	4.2%
Other	3.9%
Communication	3.7%
Mining and resources	3.6%
Construction	2.8%

SECURITISATION/STRUCTURED CREDIT

Securitisation/structured credit activities exposures

Overview

The Group's definition of securitisation/structured credit activities is wider than the definition applied for regulatory capital purposes. The regulatory capital definition focuses largely on positions we hold in an investor capacity and includes securitisation positions we have retained in transactions in which the Group has achieved significant risk transfer. We believe, however, that the information provided below is meaningful in that it groups all these related activities in order for a reviewer to obtain a full picture of the activities that we have conducted in this space. Some of the information provided below overlaps with the Group's credit and counterparty exposure information.

UK and Other

In the UK, capital requirements for securitisation positions are calculated using either the standardised approach (SEC-SA) or the external ratings-based approach (SEC-ERBA). Given risk-weightings under the SEC-SA approach do not rely on external ratings, a breakdown by risk-weight has also been provided in the analysis that follows.

Securitisation transactions provide the bank with a cost-effective, alternative source of financing either through sale to the market or through use of the notes issued as collateral for other funding mechanisms.

We hold rated structured credit instruments. These are UK, US and European exposures and amounted to £703 million at 31 March 2024 (31 March 2023: £650 million) with 99.9% being AAA and AA rated. Of the total structured credit exposures, 99.7% have a risk weighting of less than 40%.

South Africa

In South Africa we engage in transactions that involve the use of both special purpose entities and asset securitisation structures. Securitisation represents a small proportion of our current funding profile, but provides additional flexibility and a source of liquidity. We do not depend on special purpose vehicles for funding in the normal course of business. These entities form part of the consolidated Group balance sheet as reported.

We have securitised assets originated by our Private Client business in South Africa. The primary motivations for the securitisation of these assets are to:

- Provide an alternative source of funding
- Act as a mechanism to transfer risk
- Leverage returns through the retention of equity tranches in low default rate portfolios
- Continue to create marketable instruments through self securitisation.

Total assets that have been originated and securitised by the Private Client division amount to R6.4 billion at 31 March 2024 (31 March 2023: R6.0 billion) and consist mainly of residential and commercial mortgages.

Further details of our various securitisation vehicles are highlighted below:

- Fox Street 3: R0.6 billion notes of the original R1.0 billion are still in issue. No notes are held internally.
- Fox Street 4: R0.5 billion notes of the original R3.7 billion are still in issue. All notes are held internally
- Fox Street 5: R0.8 billion notes of the original R2.9 billion are still in issue. All notes are held internally
- Fox Street 6: R0.5 billion notes of the original R1.3 billion are still in issue. All notes held internally.
- Fox Street 7: R0.4 billion notes of the original R1.1 billion are still in issue. No notes are held internally
- Richefond Circle: R2.6 billion notes of the original R2.6 billion are still in issue. R259 million of notes held internally
- Grayston Drive Auto: R1.5 billion Notes of the original R1.5 billion are still in issue. No notes are held internally.

There is a clean-up call option that can be exercised at 10% of original notes issued. The margin on the notes increases at pre-specified intervals and coincides with the originator call option dates.



Refer to page 63

We have also sought out select opportunities in the credit/debt markets and traded in and purchased structured credit. These have been unrated South African RMBS loans totalling R1.2 billion at 31 March 2024 (31 March 2023: R1.3 billion) and unrated South African auto loans totalling R79 million at 31 March 2024 (31 March 2023: R212 million).



Accounting policies



Refer to page 58 of the Investec Group's 2024 annual financial statements

Risk management

All existing or proposed exposures to a securitisation are analysed on a case-by-case basis, with approval required from the appropriate credit committee. The analysis looks through to the historical and expected future performance of the underlying assets, the position of the relevant tranche in the capital structure as well as analysis of the cash flow waterfall under a variety of stress scenarios. External ratings and risk-weightings are presented, but only for information purposes since the Group principally relies on its own internal risk assessment. Overarching these transaction level principles is the Board-approved risk appetite policy, which details the Group's appetite for such exposures, and each exposure is considered relative to the Group's overall risk appetite. We can use explicit credit risk mitigation techniques where required; however, the Group prefers to address and manage these risks by approving exposures for which the Group has explicit appetite through the consistent application of the risk appetite policy.

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

SECURITISATION/STRUCTURED CREDIT CONTINUED

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit activities reflect only those exposures to which we consider ourselves to be at risk. Assets that have been securitised by our private client division in Southern Africa are reflected as part of our core lending exposures and not our securitisation/structured credit exposures as we believe this reflects the true nature and

intent of these exposures and activities. These assets are reflected on the balance sheet line item 'own originated loans and advances to customers' totalling £269 million at 31 March 2024 (31 March 2023: £273 million).

Analysis of gross structured credit exposure

Nature of exposure/activity	31 March 2024	31 March 2023	Balance sheet and credit risk classification	Asset quality – relevant comments
	£'million	£'million		
Structured credit (gross exposure)	803	786	Other debt securities and other loans and advances	
<40% RWA	792	770		
>40% RWA	11	16		
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (net exposure)	—	7	Other loans and advances	
Private client division assets which have been securitised	269	273	Own originated loans and advances to customers	Analysed as part of the Group's overall asset quality on core loans as reflected on pages 33 to 45

£'million	AAA	AA	A	BBB	BB	B and below	Total rated	Total unrated	Total
US corporate loans	495	81	—	—	—	—	576	34	610
UK RMBS	36	14	1	—	—	—	51	1	52
European corporate loans	76	—	—	—	—	—	76	—	76
South African RMBS	—	—	—	—	—	—	—	56	56
South African auto loans	—	—	—	—	—	—	—	9	9
Total at 31 March 2024	607	95	1	—	—	—	703	100	803
Investec plc	607	95	1	—	—	—	703	35	738
<40% RWA	607	95	—	—	—	—	702	34	736
>40% RWA	—	—	1	—	—	—	1	1	2
Investec Limited	—	—	—	—	—	—	—	65	65
<40% RWA	—	—	—	—	—	—	—	56	56
>40% RWA	—	—	—	—	—	—	—	9	9
Total at 31 March 2023	564	78	8	—	—	—	650	136	786
Investec plc	564	78	8	—	—	—	650	65	715
Investec Limited	—	—	—	—	—	—	—	82	82

MARKET RISK

Market risk in the trading book



Traded market risk profile

The focus of our trading activities is primarily to support our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.

Traded market risk year in review

In the UK, the financial year in review has been characterised by continued central bank tightening, with associated macro-driven market fluctuations. Global yield curves are considerably higher than as at 31 March 2023 and remain inverted. Inflation has fallen significantly over the year, with markets pricing in interest rate cuts over the second half of the calendar year. Equity markets recovered over the second half of the financial year, with the FTSE100 +4.2% and FTSE250 +5.1% for the year ended 31 March 2024. The structured products book within the UK Bank continues to wind down and is now substantially reduced. Notwithstanding, the macro hedge remains in place and continues to be updated to ensure that it continues to provide downside protection in the event of an extreme market dislocation.

The South African market faced significant challenges throughout the past financial year. Increased geopolitical risk and persistent inflation contributed to the market's pressure. These factors also led to higher interest rates, which remained elevated for a longer period than initially anticipated. During the period ending 31 March 2024, the Rand depreciated by 6% against the US dollar, largely driven by the strengthening of the US dollar as well as persistent weak local fundamentals, spurred by electricity constraints. The JSE All-Share Index fell 2.1% over the year to 31 March 2024, while the R186 yield-to-maturity deteriorated by 86 basis points over the same period.

The primary focus of all trading activity continues to be managing and hedging the market risk arising from client-related

activity, and directional exposures remain at a minimum. Utilisation of risk limits have remained moderate, and the desks have remained prudent during the year.



Traded market risk governance structure

Traded market risk is governed by policies that cover the management, identification, measurement and monitoring of market risk. We have independent market risk teams in the UK and South Africa. These teams report into risk management in either the UK or South Africa where limits are approved, managed and monitored.

The market risk teams have reporting lines that are separate from the trading function, thereby ensuring independent oversight. The Market Risk Forum, mandated by the IBP and IBL ERCs, manages market risk in accordance with approved principles, policies and risk appetite. Trading desk risk limits are reviewed by the Market Risk Forum and approved by IBL ERC in South Africa and at IBP ERC in the UK in accordance with the risk appetite defined by the Board. Any significant changes in risk limits are then taken to Group ERC as well as the respective BRCCs and Boards for review and approval. The appropriateness of limits is continually reassessed, with limits reviewed at least annually, in the event of a significant market event or at the discretion of senior management.



Measurement of traded market risk

A number of quantitative measures are used to monitor and limit exposure to traded market risk. These measures include:

- Value at Risk (VaR) and Expected Shortfall (ES) as portfolio measures of market risk exposure
- Scenario analysis, stress tests and tools based on extreme value theory (EVT) that measure the potential impact on portfolio values of extreme moves in markets
- Sensitivity analysis that measures the impact of individual market risk factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices. We use sensitivity measures to monitor and limit exposure across portfolios, products and risk types.

Stress and scenario analyses are used to add insight into the possible outcomes under severe market disruptions. The stress testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk. Stress scenarios based on historical experience as well as hypothetical scenarios are considered and are reviewed regularly for relevance in the ever-changing market environment. Stress scenarios are run daily with analysis presented to IBL and IBP Review Executive Risk Review Forum (IBP Review ERRF) and (IBL Review ERRF) weekly as well as IBL and IBP BRCC when the committees meet or more often should market conditions require this.

Traded market risk management, monitoring and control

Market risk limits are set according to our risk appetite policy. Limits are set at trading desk level with aggregate risk across all desks also monitored against overall market risk appetite limits. Current market conditions as well as stressed market conditions are taken into account when setting and reviewing these limits.

Market risk teams review the market risks in the trading book with detailed risk reports produced daily for each trading desk and for the aggregate risk of the trading book. The material risks identified are summarised in daily reports that are distributed to, and discussed with senior management when required. The production of risk reports allows for the monitoring of all positions in the trading book against prescribed limits. Documented policies and procedures are in place to ensure there is a formal process for recognition and authorisation for risk excesses incurred.

The risk management software is fully integrated with source trading systems, allowing valuation in risk and trading systems to be fully aligned. All valuation models are subject to independent validation by market risk ensuring models used for valuation and risk are validated independently of the front office.

MARKET RISK

CONTINUED

Value at Risk

VaR is a technique that estimates the potential losses as a result of movements in market rates and prices over a specified time horizon at a given level of confidence. The VaR model derives future scenarios from a historic time series of market rates and prices, taking into account inter-relationships between the different markets such as interest rates and foreign exchange rates. The VaR model is based on a full revaluation historical simulation and incorporates the following features:

- Two-year historical period based on an unweighted time series
- Daily movements in each risk factor e.g. foreign exchange rates, interest rates, equity prices, credit spreads and associated volatilities are simulated with reference to historical market rates and prices, with proxies only used when no or limited historical market data is available. In South Africa, the resultant one-day VaR is scaled up using the square root of time for regulatory capital requirements

- Risk factor movements are based on both absolute and relative returns as appropriate for the different types of risk factors.

VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels, being the average of the losses in the tail of the VaR distribution.

The table below contains the 95% one-day VaR figures for the trading businesses.

95% one-day VaR	31 March 2024				31 March 2023			
	Year end	Average	High	Low	Year end	Average	High	Low
UK and Other								
Interest rates (£'000)	43	45	60	31	43	33	73	15
Foreign exchange (£'000)	12	10	98	—	8	13	76	3
Equities (£'000)	173	225	641	117	295	324	762	124
Commodities (£'000)	8	9	15	5	—	—	—	—
Credit (£'000)	36	32	85	—	64	14	67	1
Consolidated (£'000)*	186	238	612	137	352	331	770	103
South Africa								
Interest rates (R'million)	4.0	5.4	41.0	2.0	8.9	7.5	14.4	3.4
Foreign exchange (R'million)	0.5	0.7	4.3	0.2	0.4	0.7	3.1	0.1
Equities (R'million)	3.0	3.9	9.6	1.7	5.1	4.9	9.7	2.6
Commodities (R'million)	0.5	0.5	0.8	0.3	0.4	0.3	1.9	0.1
Consolidated (R'million)*	6.8	9.1	44.1	4.1	10.1	8.6	14.1	4.1

* The consolidated VaR for each entity is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

Expected shortfall

The ES measure overcomes some of VaR's shortcomings. ES seeks to quantify losses encountered in the tail beyond the VaR level. The 95% one-day ES is the average loss given that the 95% one-day VaR level has been exceeded. The table below contains the 95% one-day ES figures.

95% one-day ES	31 March 2024	31 March 2023
UK and Other		
Interest rates (£'000)	59	68
Foreign exchange (£'000)	29	15
Equities (£'000)	210	366
Commodities (£'000)	13	—
Credit (£'000)	48	163
Consolidated (£'000)*	224	472
South Africa		
Interest rates (R'million)	8.5	12.9
Foreign exchange (R'million)	0.8	0.5
Equities (R'million)	8.0	6.7
Commodities (R'million)	1.1	0.5
Consolidated (R'million)*	12.3	15.0

* The consolidated ES for each entity is lower than the sum of the individual ESs. This arises from the correlation offset between various asset classes.

MARKET RISK
CONTINUED

Stressed VaR

Stressed VaR (sVaR) is calculated using the VaR model but is based on a one-year period through which the relevant market factors experienced stress. The information in the table below contains the 99% one-day sVaR.

99% one-day sVaR	31 March 2024	31 March 2023
UK and Other (£'000)	694	672
South Africa (R'million)	45.0	28.8

Backtesting

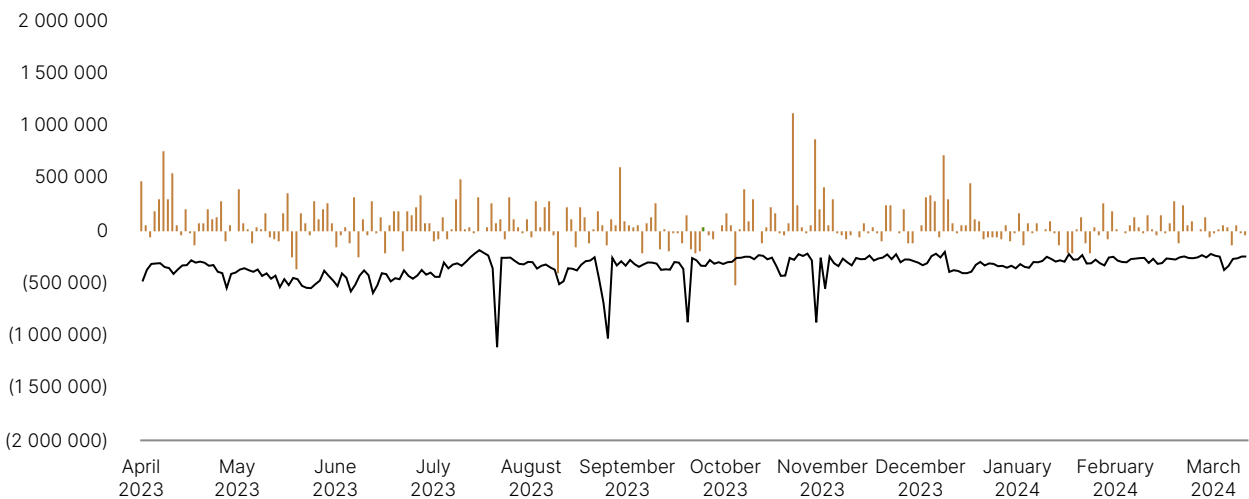
The performance of the VaR model is regularly monitored through backtesting. This is done by comparing daily clean profit and loss against one-day VaR based on a 99% confidence level. Clean profit and loss excludes items such as intra-day transactions, valuation adjustments, provisions, recoveries, commission, fees and hedge costs included in the new trade revenue. If a loss exceeds the one-day VaR, a backtesting exception is considered to have occurred. Over time we expect the average rate of observed backtesting exceptions to be consistent with the percentile of the VaR statistic being tested. This is conducted at an aggregate and desk level on a daily basis.

The graphs that follow show the result of backtesting the total daily 99% one-day VaR against the clean profit and loss data for our trading activities over the reporting period. Based on these graphs, we can gauge the accuracy of the VaR figures, i.e. 99% of the time, losses are not expected to exceed the 99% one-day VaR.

UK and Other

The average VaR for the year ended 31 March 2024 was lower than for the year ended 31 March 2023. Using clean profit and loss data for backtesting resulted in one exception over the period at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This reflects the limited net market risk exposure in the trading book and the relatively low equity market volatility over the reporting period.

99% one-day VaR backtesting (£)



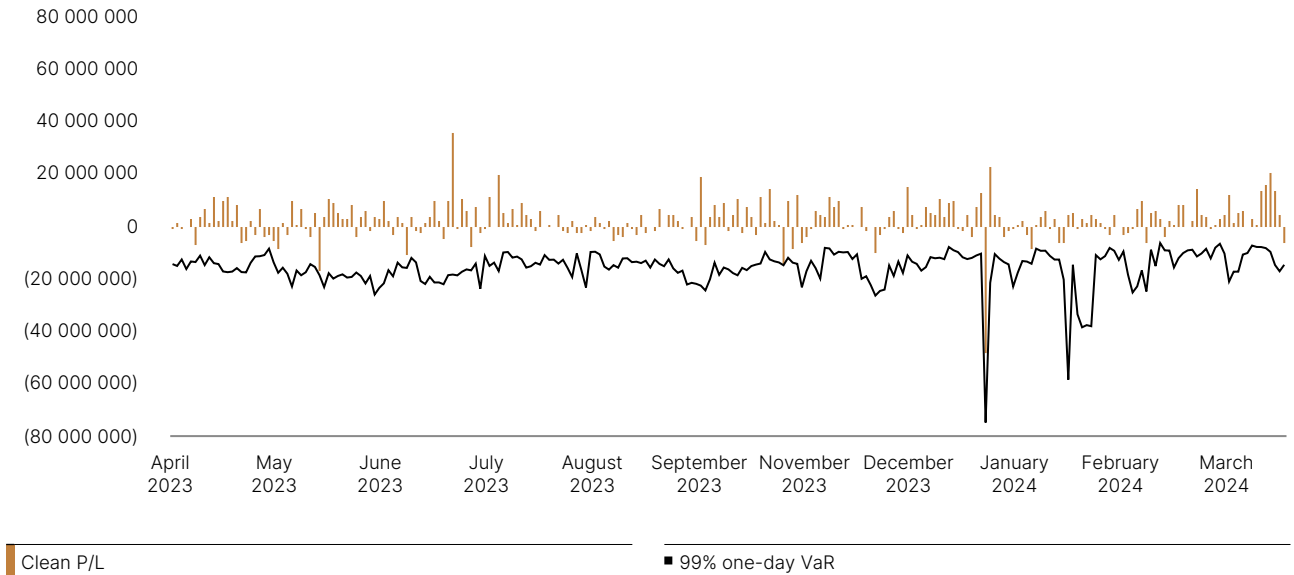
Clean P/L	99% one-day VaR
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MARKET RISK
CONTINUED

South Africa

The average VaR for the year ended 31 March 2024 in the trading book was higher than for the year ended 31 March 2023. Using clean profit and loss data for backtesting resulted in no exceptions over the year (as shown in the graph below), which is below the expected number of two to three exceptions over a one year period that a 99% VaR model implies.

99% one-day VaR backtesting (Rand)



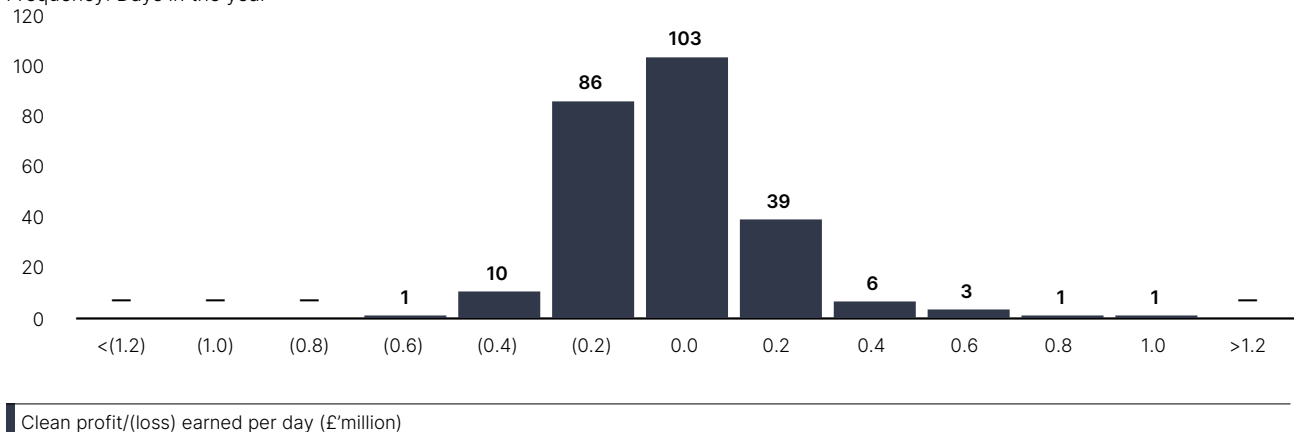
Clean profit and loss histograms

UK and Other

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The graph shows that a clean profit was realised on 153 days out of a total of 250 days in the trading business. The average daily clean profit and loss generated for the year to 31 March 2024 was £70 355 (31 March 2023: £87 798).

Clean profit and loss

Frequency: Days in the year



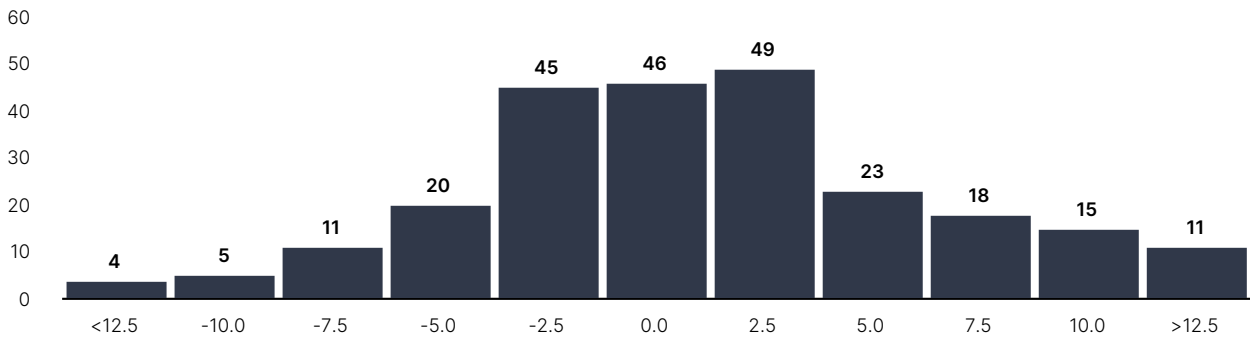
MARKET RISK
CONTINUED

South Africa

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The distribution is skewed to the profit side and the graph shows that a clean profit was realised on 162 days out of a total of 247 days in the trading business. The average daily clean profit and loss generated for the year to 31 March 2024 was R2.5 million (31 March 2023: R2.8 million).

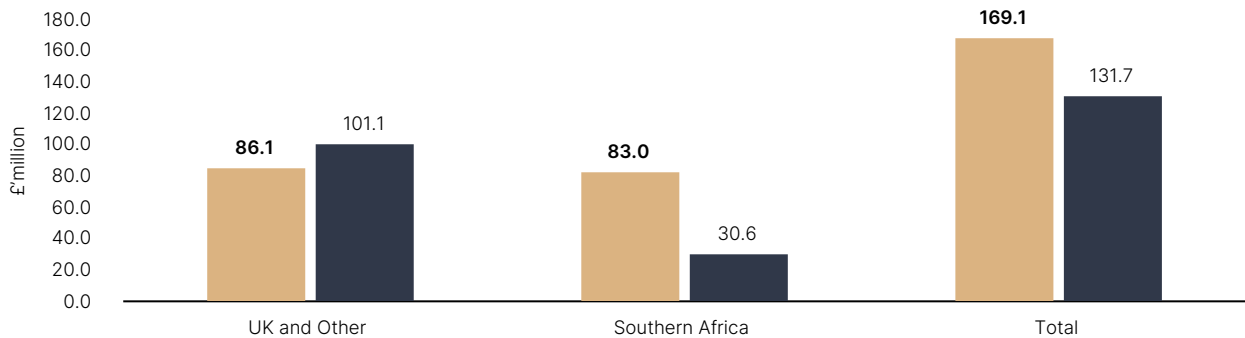
Clean profit and loss

Frequency: Days in the year



Clean profit/(loss) earned per day (R'million)

Revenue arising from customer flow trading activities



31 March 2024

31 March 2023*

* Restated as detailed on page 168 of the Investec Group's 2023 annual financial statements.

Market risk – derivatives

The Group enters into various derivative contracts, largely on the back of customer flow. These are used for hedging foreign exchange, interest rates, commodity, equity and credit exposures and to a small extent as principal for trading purposes. Traded instruments include financial futures, options, swaps and forward rate agreements.



Information showing our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on page 123 of the Investec Group's 2024 annual financial statements.

The notional principal indicates our activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had we closed out the rights and obligations arising from that instrument in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

BALANCE SHEET RISK AND LIQUIDITY

Balance sheet risk management

The balance sheet risk framework continually ensures that a comprehensive approach is taken to the management and mitigation of liquidity, funding and IRRBB risks, while ensuring adherence to regulatory requirements and internal risk appetite and policies.

Balance sheet risk governance structure and risk mitigation

Investec plc (and its subsidiaries) are ring-fenced from Investec Limited (and its subsidiaries), and vice versa. Both legal entities (and their subsidiaries) are therefore required to be self-funded, and manage their funding, liquidity and IRRBB risk as separate entities.

Each banking entity must have its own Board-approved balance sheet risk management policies. Risk appetite limits are set at the relevant Board level and reviewed at least on an annual basis. The size, materiality, complexity, maturity and depth of the market as well as access to stable funds are all inputs considered when establishing the risk appetite for each relevant region. Specific regulatory requirements may further dictate additional restrictions to be adopted in a region.

Under delegated authority of the respective Boards, the Group has established ALCOs within each banking entity, using regional expertise and local market access as appropriate. The ALCOs are mandated to ensure independent oversight of liquidity risk and IRRBB.

ALCOs review the exposures within the balance sheet together with market conditions, and decide on strategies to mitigate any undesirable risk. The Treasury function within each banking entity is mandated to holistically manage the risk on a day-to-day basis.

The Treasury function, by banking entity, is required to exercise tight control of all balance sheet risks (liquidity, funding, concentration, encumbrance and IRRBB) within the Board-approved risk appetite limits. IRRBB and asset funding requirements are transferred from the originating business to the Treasury function.

The Treasury function, by banking entity, directs pricing for all deposit products, establishes and maintains access to stable funds with the appropriate tenor and pricing characteristics, and manages liquid securities and collateral.

Balance sheet risk management teams are based within Group risk management in their relevant regions. These teams are responsible for identifying,

quantifying, monitoring and communicating risks while providing independent oversight of the treasury activities and guaranteeing the adherence to the Group's policies.

There is a regular internal audit of the processes and policies within the balance sheet risk management function, the frequency of which is determined by internal audit.

Daily, weekly and monthly reports are independently produced highlighting Group activity, exposures and key measures against thresholds and limits and are distributed to management, ALCO, Treasury, IBL Review ERRF, IBP Review ERRF, IBL ERC, IBP ERC, IBL BRCC, IBP BRCC, and DLC BRCC as well as summarised reports for Board meetings.

Liquidity risk Management and measurement of liquidity risk

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding.

A number of internal and regulatory metrics are used on a current and forward-looking basis to manage liquidity risk and funding risk. Future cash flows are monitored on a contractual, business-as-usual and stressed basis. Stress testing is based on a range of historical and hypothetical scenarios.

We further carry out reverse stress tests to identify business model vulnerabilities which tests 'tail risks' that can be missed in normal stress tests.

Additionally, the Group maintains contingency funding plans which detail the course of actions that can be taken in the event of a liquidity stress. The plans help to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse bank-specific events, while minimising detrimental long-term implications for the business.

The plans have been tested within our core jurisdictions via externally facilitated liquidity crisis simulation exercises which assess the Group's sustainability and ability to adequately contain a liquidity stress.



Further information on recovery and resolution planning can be found on page 85

Funding strategy

We maintain a funding structure of stable customer deposits and long-term wholesale funding well in excess of funded assets. We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency.

We acknowledge the importance of our retail deposit client base as the principal source of stable and granular funding. We continue to develop products to attract and service the investment needs of our client base in line with our risk appetite.

Entities within the Group actively participate in global financial markets and our relationships are continuously enhanced through regular investor presentations internationally. Entities are only allowed to have funding exposure to wholesale markets where they can demonstrate that the market is sufficiently deep and liquid, and then only relative to the size and complexity of their business as part of a diversified funding mix.

The Group's ability to access funding at cost-effective levels is influenced by maintaining or improving the entity's credit rating. A reduction in credit ratings could have an adverse effect on the Group's funding costs, and on access to wholesale term funding; however, our diversified funding base places limited reliance on wholesale funding and protects our ability to raise sufficient funding under both business as usual and stressed market conditions.

Liquidity buffer

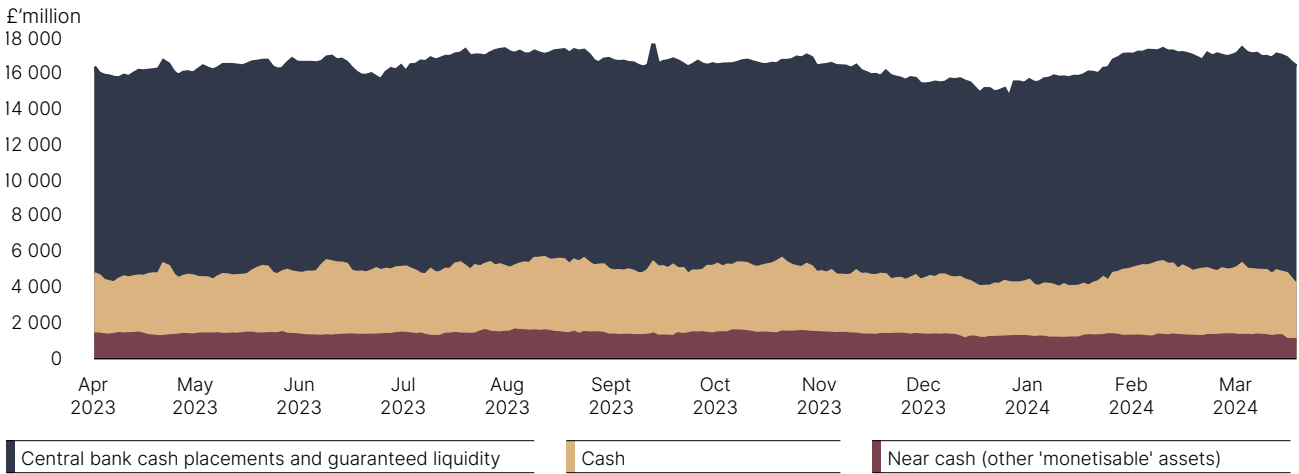
To protect against potential shocks, we hold a liquidity buffer in the form of cash, unencumbered high-quality liquid assets (typically in the form of government or rated securities eligible for repurchase with the central bank). The liquidity buffer is well in excess of regulatory requirements as protection against disruptions in cash flows. The liquidity buffer is managed within Board-approved targets. The Group remains a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short-term interbank borrowings. We do not rely on overnight interbank deposits to fund term lending.

For non-cash items, prudent market risk limits are in place to control the market volatility of securities and the amount of cash that can be generated by those securities under a market stress.

From 1 April 2023 to 31 March 2024 average cash and near cash balances over the period amounted to £16.4 billion (£8.7 billion in UK and Other; R180.3 billion in South Africa).

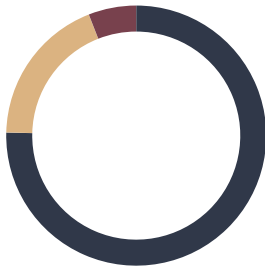
BALANCE SHEET RISK AND LIQUIDITY
CONTINUED

Investec Group cash and near cash trend



An analysis of cash and near cash at 31 March 2024

Total Group
£16 359 million



Central bank cash placements and guaranteed liquidity	75.4%
Cash	18.7%
Near cash (other 'monetisable' assets)	5.9%

Investec plc
£9 652 million



Central bank cash placements and guaranteed liquidity	83.5%
Cash	10.7%
Near cash (other 'monetisable' assets)	5.8%

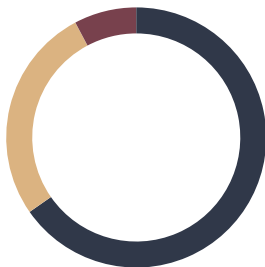
Investec Limited
R160 712 million



Central bank cash placements and guaranteed liquidity	63.7%
Cash	30.2%
Near cash (other 'monetisable' assets)	6.1%

Customers accounts (deposits) by type at 31 March 2024

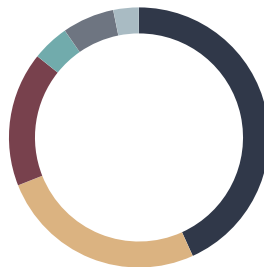
UK and Other
£20 791 million



Individuals	65.3%
Other financial institutions and corporates	26.9%
Small business	7.8%

Bank and non-bank depositor concentration by type at 31 March

South Africa
R479 523 million



Non-bank financials	43.2%
Individuals	25.8%
Non-financial corporates	16.7%
Public sector	4.6%
Banks	6.5%
Small business	3.2%

BALANCE SHEET RISK AND LIQUIDITY CONTINUED

Asset encumbrance

An asset is defined as encumbered if it has been pledged as collateral against an existing liability and, as a result, is no longer available to the Group to secure funding, satisfy collateral needs or be sold to reduce funding requirement.

Encumbered assets are identified in accordance with the definitions under European Capital Requirements Regulation (CRR), and regular reporting is provided to the PRA.

Within the UK, risk management monitors and manages total balance sheet encumbrance within a Board-approved risk appetite limit. Asset encumbrance is one of the factors considered in the discussion of new products or new funding structures, and the impact on risk appetite is assessed.

The Group uses secured transactions to manage short-term cash and collateral needs, and utilises securitisations in order to raise external term funding as part of its diversified liability base. Securitisation notes issued are also retained by the Group which are eligible for the BoE's Single Collateral Pool to support central bank liquidity facilities.

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



On page 120 of the Investec Group's 2024 annual financial statements we disclose further details of assets that have been received as collateral under reverse repurchase agreements and securities borrowing transactions where the assets are allowed to be resold or pledged.

Liquidity mismatch

The following tables show the contractual and behavioural liquidity mismatch across our core geographies.

The contractual liquidity tables record all assets and liabilities with the underlying contractual maturity.

In South Africa, the balances will not agree directly to those disclosed in the balance sheet due to the inclusion of loans to Group companies in the other asset line.

With respect to the behavioural liquidity tables, we adjust the contractual profile of certain assets and liabilities:

- **Liquidity buffer:** the actual contractual profile of the assets in the liquidity buffer is of little consequence, as practically the Group would meet any unexpected net cash outflows by repo'ing or selling these highly liquid securities. Consequently, for the liquidity buffer:

- The time horizon to monetise our regulatory liquid assets which are guaranteed by the central bank has been adjusted to 'on demand'
- The time horizon for the cash and near cash portfolio of discretionary treasury assets has been set to one month where there are deep secondary markets for this elective asset class.

- **Customer deposits:** historical observations were used to model the behavioural maturity profile, and this analysis has identified significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

UK and Other

Contractual liquidity at 31 March 2024

£million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	6 279	54	—	—	5	—	—	6 338
Investment/trading assets	1 564	869	883	481	329	736	1 068	5 930
Securitised assets	4	—	—	1	1	21	40	67
Advances	90	657	912	1 156	1 857	8 723	3 293	16 688
Other assets	48	398	22	17	111	352	90	1 038
Assets	7 985	1 978	1 817	1 655	2 303	9 832	4 491	30 061
Deposits – banks	(242)	—	(10)	(9)	—	(1 913)	—	(2 174)
Deposits – non-banks	(6 113)	(1 121)	(4 660)	(3 211)	(3 860)	(1 826)	—	(20 791)
Negotiable paper	(2)	(6)	(10)	(34)	(63)	(1 149)	(9)	(1 273)
Securitised liabilities	—	—	(7)	(3)	(6)	(36)	(20)	(72)
Investment/trading liabilities	(79)	(55)	(30)	(37)	(75)	(244)	(56)	(576)
Subordinated liabilities	—	—	—	—	—	—	(669)	(669)
Other liabilities	(4)	(465)	(143)	(20)	(122)	(216)	(64)	(1 034)
Liabilities	(6 440)	(1 647)	(4 860)	(3 314)	(4 126)	(5 384)	(818)	(26 589)
Total equity	—	—	—	—	—	—	(3 472)	(3 472)
Contractual liquidity gap	1 545	331	(3 043)	(1 659)	(1 823)	4 448	201	—
Cumulative liquidity gap	1 545	1 876	(1 167)	(2 826)	(4 649)	(201)	—	—

Behavioural liquidity at 31 March 2024

As discussed above.

£million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	6 594	(184)	(3 787)	(1 938)	(1 980)	1 120	175	—
Cumulative	6 594	6 410	2 623	685	(1 295)	(175)	—	—

BALANCE SHEET RISK AND LIQUIDITY CONTINUED

Southern Africa

Contractual liquidity at 31 March 2024

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	53 875	22 729	3 479	—	—	—	—	80 083
Cash and short-term funds – non-banks	8 264	158	128	—	—	—	—	8 550
Investment/trading assets and statutory liquids	58 047	48 191	8 027	6 121	3 786	15 451	34 193	173 816
Securitised assets	—	95	196	288	495	3 071	2 301	6 446
Advances	8 377	8 012	11 711	16 151	23 212	129 641	144 336	341 440
Other assets	1 718	10 115	1 838	963	—	1 942	13 432	30 008
Assets	130 281	89 300	25 379	23 523	27 493	150 105	194 262	640 343
Deposits – banks	(197)	(417)	(364)	—	(1 643)	(28 444)	—	(31 065)
Deposits – non-banks	(226 694)	(28 225)	(62 886)	(32 513)	(38 197)	(56 651)	(3 292)	(448 458)
Negotiable paper	—	(412)	(2 543)	(270)	(647)	(2 843)	—	(6 715)
Securitised liabilities	—	—	—	—	—	—	(4 997)	(4 997)
Investment/trading liabilities	(6 491)	(16 656)	(2 968)	(1 357)	(7 156)	(27 763)	(4 160)	(66 551)
Subordinated liabilities	—	—	—	—	—	(7 283)	—	(7 283)
Other liabilities	(2 860)	(8 611)	(1 584)	(810)	(204)	(1 047)	(5 049)	(20 165)
Liabilities	(236 242)	(54 321)	(70 345)	(34 950)	(47 847)	(124 031)	(17 498)	(585 234)
Total equity	—	—	—	—	—	—	(55 109)	(55 109)
Contractual liquidity gap	(105 961)	34 979	(44 966)	(11 427)	(20 354)	26 074	121 655	—
Cumulative liquidity gap	(105 961)	(70 982)	(115 948)	(127 375)	(147 729)	(121 655)	—	

Behavioural liquidity at 31 March 2024

As discussed on page 71.

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	76 503	14 912	(2 097)	142	(8 407)	(235 100)	154 047	—
Cumulative	76 503	91 415	89 318	89 460	81 053	(154 047)	—	

BALANCE SHEET RISK AND LIQUIDITY CONTINUED

Interest rate risk in the banking book (IRRBB)

Measurement and management of IRRBB

IRRBB is an inherent consequence of conducting banking activities, and arises from the provision of non-trading banking products and services. The Group considers the management of banking margin of vital importance, and our IRRBB philosophy is reflected in our day-to-day practices.

The aim of IRRBB management is to protect net interest income and economic value in accordance with the Board-approved risk appetite. IRRBB is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and net present value (NPV) sensitivity to changes in interest rate risk factors:

- Income metrics capture the change in accruals expected over a specified time horizon in response to a change in interest rates
- Economic value metrics capture all future cash flows in order to calculate the Group's net worth and therefore can highlight risks beyond the short-term earnings time horizon.

These metrics are used to assess and to communicate to senior management the financial impact of possible future interest rate scenarios, covering:

- Interest rate expectations and perceived risks to the central view
- Standard shocks to levels and shapes of interest rates and yield curves.

The repricing gap provides a simple representation of the balance sheet, with the sensitivity of fair values and earnings to changes to interest rates calculated off the repricing gap. This also allows for the detection of interest rate risk concentration in specific repricing buckets. Net interest income sensitivity measures the change in accruals expected over the specified horizon in response to a shift in the yield curve, while economic value sensitivity and stress testing to macro-economic movement or changes to the yield curve measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities. Economic value measures have the advantage that all future cash flows are considered and therefore assess the risk beyond the earnings horizon.

Sources of IRRBB include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of Group assets, liabilities and derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the Group to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Embedded option risk:** arises from optional elements embedded in items where the Group or its customers can alter the level and timing of their cash flows, such as the prepayment of fixed rate loans and withdrawal of non-maturity deposits (NMDs)
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest earnings and the economic value of equity.

Each banking entity has its own Board-approved IRRBB appetite, which is clearly defined in relation to both income risk and economic value risk. The Group has limited appetite for IRRBB.

Operationally, daily management of interest rate risk is centralised within the Treasury of each banking entity and is subject to local independent risk and ALCO review. Treasury mitigates any residual undesirable risk where possible, by changing the duration of the banking book's discretionary liquid asset portfolio, or through derivative transactions. The Treasury mandate allows for a tactical response to market volatility which may arise during changing interest rate cycles, in order to hedge residual exposures. Any resultant interest rate position is managed under the IRRBB risk limits. Balance sheet risk management independently monitors a broad range of interest rate risk metrics to changes in interest rate risk factors, detailing the sources of interest rate exposure.

Automatic optionality arising from variable rate products with an embedded minimum lending rate serves as an income protection mechanism for the Group against falling interest rates, while behavioural optionality risk from customers of fixed rate products is mitigated by early repayment charges.

The UK Bank maintains a structural hedging programme to reduce the sensitivity of earnings to short-term interest rate movements. An amortising profile of £1.56 billion tangible equity has been assigned with an average duration of 2.5 years evenly distributed over the period. The termed equity is then hedged and managed within the Group's overall interest rate risk appetite.

BALANCE SHEET RISK AND LIQUIDITY

CONTINUED

Net interest income sensitivity at 31 March 2024

IRRBB is measured and monitored using an income sensitivity approach. The tables below reflect an illustrative net interest income value sensitivity to a 0.25% parallel shift in interest rates, based on modelled assumptions in the UK and South Africa, assuming no management intervention.

UK and Other

million	All (GBP)
25bps down	(8.0)
25bps up	7.2

Southern Africa (IBL consolidated)

million	All (ZAR)
25bps down	(51.0)
25bps up	51.0

Economic value (EV) sensitivity at 31 March 2024

IRRBB is measured and monitored using the EV sensitivity approach. The tables below reflect an illustrative economic value sensitivity to a 2% parallel shift in interest rates, based on modelled assumptions in the UK and South Africa, assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

UK and Other

million	All (GBP)
200bps down	2.8
200bps up	(9.1)

Southern Africa (IBL consolidated)

million	All (ZAR)
200bps down	316.0
200bps up	(319.7)

Interest rate risk – JIBAR reform

In 2020, the SARB announced that Johannesburg Interbank Average Rate (JIBAR) would be phased out over time, as it does not comply with the 'Principles for Financial Benchmarks' set out by the International Organisation of Securities Commissions (IOSCO).

The SARB established a Market Practitioners Group (MPG) drawn from a diverse set of market practitioners. The MPG concluded its work on identifying a potential successor rate for JIBAR and has identified the South African Rand Overnight Index Average Rate (ZARONIA) as the most appropriate near risk-free rate that should replace JIBAR. ZARONIA forms part of a suite of interest rate benchmarks that will be administered by the SARB.

As it is critical that domestic financial markets are systematically transitioned to the successor rate, the MPG is considering various aspects of the transition and to implement a programme of action that minimises any disruption to market functioning and addresses any hurdles that may ensue. The MPG will focus on specific transition issues related to the adoption of the new reference rate with workstreams around derivatives, legal and accounting and tax.

The SARB has commenced publishing ZARONIA daily to allow market participants to observe the rate and implement measures to promote its adoption. The observation period ended 3 November 2023. Investec submits daily transaction data to the SARB for the calculation and publication of ZARONIA.

It is estimated that the JIBAR cessation date will be announced in 2024, with adoption of ZARONIA commencing through 2024 and 2025.

BALANCE SHEET RISK AND LIQUIDITY

CONTINUED

Regulatory requirements

Liquidity risk

The two minimum BCBS standards for funding liquidity are:

- The Liquidity Coverage ratio (LCR) which is designed to ensure that banks have sufficient high-quality liquid assets to meet their liquidity needs throughout a 30-calendar day severe stress
- The Net Stable Funding ratio (NSFR) which is designed to capture structural issues over a longer time horizon by requiring banks to have a sustainable maturity structure of assets and a stable liability base.

UK and Other

The Investec plc and IBP (solo basis) LCRs are calculated based on the rules contained in the PRA rulebook overlaid with our own interpretations where the regulation requires. Banks are required to maintain a minimum LCR of 100%. As at 31 March 2024 the LCR was 453% for Investec plc and 519% for IBP (solo basis).

Within the UK, the NSFR has become a binding requirement for banks since January 2022. Banks are now required to maintain a minimum NSFR of 100%. The NSFR at 31 March 2024 was 146% for Investec plc and 144% for IBP (solo basis).

Investec plc undertakes an annual ILAAP which documents the approach to liquidity management across the firm. This document is approved by the IBP and DLC Boards before being provided to the PRA for use, alongside the Liquidity Supervisory Review and Evaluation Process, to determine the bank's Individual Liquidity Guidance, also known as a Pillar II requirement.

South Africa

South Africa, a member of the G20, has adopted the published BCBS guidelines for 'liquidity risk measurement standards and monitoring'.

There are certain shortcomings and constraints in the South African environment and the banking sector in Southern Africa is characterised by certain structural features such as:

- A low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services

- Although there is currently no 'deposit protection scheme' in South Africa, as part of the broader FSLAA, South Africa is in the final stages of implementing a deposit insurance scheme, aimed at improving the financial system's ability to absorb shocks by improving depositor confidence. The Cooperation for Deposit Insurance, in consultation with National Treasury, will publish an implementation time table for the scheme.

There are various regulatory and economic barriers that prevent liquidity from flowing out of the domestic economy. Namely, the South African exchange control regulations that limit capital flows, along with prudential requirements on financial corporates.

A positive consequence of the above is that the Rand funding the South African banks use is contained within the financial system and therefore the Rand is unlikely to be drained by currency withdrawal from offshore sources, or placements in offshore accounts.

In aligning with the Basel III NSFR standards, the South African PA has decided to reverse its national discretion decision to assign an available stable funding factor of 35% to financial sector deposits that are less than six months in tenor. This factor will reduce to zero and be phased in over a five year period starting 1 June 2023, with a 5% decrease to 30%, implemented from January of 2023 followed by a 10% decrease to 20% as of 1 January 2024.

The South African PA elected to disallow banks use of non-ZAR HQLA to cover ZAR outflows when computing the LCR ratio. The change was effective as of 1 January 2024.

IBL comfortably exceeds the LCR and NSFR liquidity ratio requirements, having embedded these ratios into our processes. For IBL (consolidated Group), the 90-day simple average LCR ended the financial year at 159%. The structural funding ratio represented by the NSFR ended the year at 115% as at 31 March 2024.

IRRBB

In 2016, the BCBS finalised their standards for IRRBB which recommended the risk is assessed as part of the Bank's capital requirements, outlined six prescribed shock scenarios, and recommended enhanced disclosure requirements for supervisors to implement.

UK and Other

The regulatory framework requires banks to assess their Pillar II requirements, including those related to IRRBB, as part of their ICAAP in accordance with PS22/21 and SS31/15. This is reviewed on at least an annual basis and reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC Boards.

South Africa

As of 1 January 2023 the South African PA has adopted the updated IRRBB standards as prescribed in BCBS d368. This was followed by the 1 January 2024 implementation of the associated public disclosure templates. This currently applies to South African based operations and will be rolled out to foreign subsidiaries as and when required by the regulator. IBL solo bank entity is compliant with all requirements of the updated IRRBB regulations.

BALANCE SHEET RISK AND LIQUIDITY CONTINUED

Balance sheet risk year in review

The Group maintained its strong liquidity position and continues to hold high levels of surplus liquid assets. Our liquidity risk management process remains robust and comprehensive.

UK and Other

Funding continues to be dynamically raised through a mix of customer liabilities diversified by customer type, currency, channel and tenor, avoiding reliance on any particular channel and ensuring continued access to a wide range of depositors. Those diversified funding channels have proven to be capable of raising funding throughout the year to support asset growth despite the uncertain macro-economic environment, persistent market volatility and increased competition for deposits. Overall customer deposits have grown substantially in the year to 31 March 2024.

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

Wholesale issuance in the year took advantage of market windows to focus on refinancing upcoming calls to lengthen term, with the added benefit of continuing to diversify the debt capital markets investor base. As a result we have no requirement to issue in the wholesale markets in the financial year to end March 2025. As of March 2024, the preferred resolution strategy for IBP remained bank insolvency procedure with no MREL requirement in excess of its minimum capital requirements. However, the BoE formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and IBP as a material subsidiary, will be subject to a revised MREL requirement.

The MREL transition will commence from 1 January 2026 in a phased manner with end-state MREL applying from 1 January 2032. Any additional MREL requirements will be met over time as part of increasing wholesale market issuance from the existing established base and we will continue to evaluate issuance opportunities in the near term as part of this glide path.

As at 31 March 2024, IBP had £1.2 billion of drawings under the BoE Term Funding Scheme with additional incentives for Small and Medium Enterprises (TFSME) maturing in late 2025.

Funding consists primarily of customer deposits, with loans and advances to customers as a percentage of customer deposits at 79.7% at 31 March 2024. We are therefore well positioned from a funding and liquidity perspective if there were to be further disruption to financial markets given both the highly diversified nature of Investec plc's deposit base and the reliance on term and notice deposits rather than demand deposits. Deposits grew by 8.7% over the year to £20.8 billion. Granularity of deposits is a key area of focus and Investec plc has a substantial portion of eligible deposits that are covered by FSCS protection. The FSCS is a UK government-backed scheme designed to provide protection to eligible customers, to the maximum value of £85 000, in the event that a financial institution is unable to meet its financial obligations.

Cash and near cash balances at 31 March 2024 amounted to £9.7 billion (31 March 2023: £8.6 billion).

This overall approach has enabled the Group to maintain a strong liquidity position at the year end across a range of metrics in line with our conservative approach to balance sheet risk management.

Looking forward, the focus remains on maintaining a strong liquidity position in light of overall market volatility. Funding continues to be actively raised, across a diverse funding base, in line with a medium- to long-term strategy to reduce the overall tenor-adjusted cost of the liability base supported by stable credit ratings.



Refer to page 4 for further detail on credit ratings

Southern Africa

Our liquidity position remains strong given our philosophy of funding through the cycle and continued focus on diversity and redundancy of funding. Increases in interest rates drove a slight increase in profitability due to the endowment effect from our non-rate liabilities (equity) and transactional deposits, as well as a positive overnight repricing gap between our assets and liabilities.

Funding continues to be raised through a diverse mix of customer type, currency, channel and tenor. Our medium to long term focus remains strengthening the Group's structural funding profile through growing the retail deposit base, optimising the term of our wholesale deposit base and growing our transactional deposit offering.

Funding activity in the wholesale markets has marginally decreased over the financial year with focus being made to generate structurally more efficient retail funding. We continue to look for opportunities to raise low-cost funding where appropriate and carefully manage maturity profiles.

We maintained a pool of strategic long-term non-ZAR funding from diversified sources and new channels. IBL (consolidated Group) total customer deposits grew by 7.2% from R420.1 billion to R448.6 billion at 31 March 2024. Our private client funding initiatives had a good year of deposit raising despite increased competition for retail deposits and macro-economic uncertainty, delivering substantial growth to close the year at R226.3 billion in line with strategic funding objectives.

Cash and near cash balances at 31 March 2024 amounted to R160.7 billion (31 March 2023: R159.5 billion). Relative to the previous financial year we noted a gradual increase in borrowing activity specifically in corporate client lending.

Consistent with our liquidity management philosophy, we delivered liquidity ratios well above the regulatory requirements.

OPERATIONAL RISK

Operational risk

Operational risk is an inherent risk in the ordinary course of business activity. The impact could be financial as well as non-financial. Possible non-financial impacts could include customer detriment, reputational or regulatory consequences.

Management and measurement of operational risk

The Group manages operational risk through an operational risk management framework that is embedded across all levels of the organisation and is supported by a strong risk management culture. The key purpose of the operational risk management framework is to define the policies and practices that provide the foundation for a structured and integrated approach to identify, assess, mitigate/manage, monitor and report on operational risks.

The key operational risk practices are as follows:

Identify and assess	
Risk and control assessments	<ul style="list-style-type: none"> Risk and control assessments are forward-looking, qualitative assessments of inherent and residual risk that are performed on key business processes using a centrally defined risk framework These assessments enable business to identify, manage and monitor operational risks, incorporating other elements of the operational risk management framework such as risk events and key indicators Detailed control evaluations are performed, and action plans developed and implemented where necessary to ensure that risk exposure is managed within acceptable levels.
Internal risk events	<ul style="list-style-type: none"> Internal risk events provide an objective source of information relating to failures in the control environment The tracking of internal risk event data provides an opportunity to improve the control environment and to minimise the occurrence of future risk events In addition, internal risk event data is used as a direct input into the Pillar II capital modelling process.
External risk events	<ul style="list-style-type: none"> External risk events are operational risk related events originating outside the organisation The Group is an active member of a global external data service used to benchmark our internal risk event data against other local and international financial service organisations The external data is analysed to enhance the control environment, inform scenario analysis and provide insight into emerging operational risks.
Mitigate/manage	
Risk exposures	<ul style="list-style-type: none"> Risk exposures are identified through the operational risk management processes, including but not limited to risk assessments, internal risk events, key indicators and audit findings Residual risk exposure is evaluated in terms of the Group's risk appetite and mitigated where necessary by improving the control environment, transferring through insurance, terminating the relevant business activity or accepting the risk exposure for a period of time subject to formal approval and monitoring.
Monitor	
Key risk indicators	<ul style="list-style-type: none"> Indicators are metrics used to monitor risk exposures against identified thresholds The output provides predictive capability in assessing the risk profile of the business.

Operational risk governance framework

The operational risk governance structures form an integral part of the operational risk management framework. Key components of the governance structures are:

Roles and responsibilities

The Group, in keeping with sound governance practices, has defined roles and responsibilities for the management of operational risk in accordance with the three lines of defence model, i.e. business line management, an independent operational risk function and an independent internal audit function.

Specialist control functions are responsible for the management of key operational risks. These include, but are not limited to: compliance (including financial crime compliance), cyber, finance, fraud, legal, technology and information security risks.

Committees

Operational risk is managed and monitored through various governance forums and committees that are integrated with

the Group's risk management governance structure and report to Board level committees.

The Group's operational risk profile is reported to the governance forums and committees on a regular basis, which contributes to sound risk management and decision-making by the Board and management.

Operational risk:

Management forums and committees are in place at each entity level. Key responsibilities include the monitoring of operational risk and oversight of the operational risk management framework, including approval of the operational risk management policies.

Technology, information security and cyber risk:

The DLC IT Risk and Governance Committee is responsible for the monitoring of current and emerging technology and information security risks. In addition, this committee considers the strategic alignment of technology within the business.

OPERATIONAL RISK CONTINUED

Risk appetite

Operational risk appetite is defined as the level of risk exposure that is acceptable to the Board in order to achieve its business and strategic objectives. The Board is responsible for setting and regularly reviewing the risk appetite. The operational risk appetite policy defines the amount of operational risk exposure, or potential adverse impact of a risk event, that the Group is willing to accept through qualitative and quantitative measures.

Operational risks are managed in accordance with the approved risk appetite. Any breaches of limits are escalated in accordance with the appropriate governance structures.

Operational risk year in review

Key operational risk themes

During the year the Group remained focused on the management of the following key operational risks:

Business disruption and operational resilience risk

- Investec's resilience capabilities are continuously tested through the occurrence of disruptive events, such as water interruptions, undersea water cable damage and ongoing electricity loadshedding in South Africa
- As part of our operational resilience framework, we actively monitor the risk of a low probable blackout scenario in South Africa. This proactive approach enables us to contribute to the management of systemic risks that have the potential to impact essential services provided to our clients. In addition, Investec actively engages with key industry bodies, including Banking Association of South Africa (BASA) and the Payments Association of South Africa, remaining involved in relevant discussions and initiatives
- Significant planning and testing has taken place to ensure impact tolerances are adhered to during disruption events to mitigate against client harm
- Investec remains committed to upholding global regulatory requirements for operational resilience, ensuring compliance with regulatory expectations and delivering value to our stakeholders.

Information security and cyber risk

- Recognising the unpredictable nature and sophistication of cyber and insider threats, information and cyber security were key focus for the Group
- Ransomware events continued to be observed across the sector, and often involved theft of sensitive data for the purpose of extortion
- While still in its early stages, threat actors began exploring the use of AI to automate and enhance attack
- Targeted security evaluations continue to run internally and by independent specialists to validate controls and inform ongoing improvements
- The Group's risk exposure was well managed and no material losses attributed to information security or cyber events were recorded.

Technology risk

- As part of the Group's digitalisation strategies, high rates of technology change were noted. Isolated disruptions associated with key modernisation and growth initiatives were well managed.

Regulatory compliance risk

- Increasingly stringent regulatory compliance obligations continued to be a focus for the Group
- There has been a sustained focus by regulators on organisational resilience in the financial services sector and emphasis placed on working towards ensuring a financial system that is fair, efficient and resilient
- During the year, several regulatory inspections have been conducted in South Africa. During the year, no financial or non-financial sanctions have been imposed by any of the regulators. The South African PA detailed the 'flavour of the year topic' as 'organisational resilience and climate-related risk'
- In response to the Financial Action Task Force (FATF's) Mutual Evaluation of South Africa, the General Laws Amendment Act 22 of 2022 amended the Trust Property Control Act, the Non-profit Organisations Act, the Financial Intelligence Centre Act, the Companies Act, and the Financial Sector Regulation Act. Where affected, changes have been made to Investec policies and practices



Refer to page 83 for further information

- In adhering with the FSCA's Regulatory Strategy 2021 – 2025, Investec has enhanced its market conduct framework to embody fair customer outcomes and market integrity principles. Further to the thematic terminations of account review conducted by the FSCA in 2021/2022, we have updated our governance framework to reinforce fair customer treatment during the exiting of client relationships. We continue to work closely with regulatory authorities to ensure effective application of regulation and global best practice in creating and distributing financial products and services for the right target market
- Material regulatory developments in the UK for the Group are:
 - The implementation of the new Consumer Duty, which requires higher standards of consumer protection and ensures that firms prioritise good customer outcomes
 - The Edinburgh Reforms (c.30 policy initiatives) which include a review of the Senior Managers and Certification Regime, consumer credit legislation, retail investment disclosures regime (PRIIPs), and various wholesale regulations including Short Selling, Prospectus Regime and MiFIDII.

Third party risk

- The Group's commitment to digitalisation placed increased reliance on third party services and cloud providers
- Ongoing enhancements were made to third party due diligence and reporting practices to ensure that we meet evolving regulatory requirements
- This was supported by robust oversight of third party performance and monitoring of their financial health and cyber posture
- Where adverse indicators were identified, we engaged in constructive dialogue with our third parties and implemented risk mitigation strategies to safeguard our operations
- The Group strengthened visibility of concentration risk, associated with our third parties and their fourth parties.

Processing and execution risk

- Processing and execution risks identified through internal risk event monitoring remains a significant operational risk theme due to the

OPERATIONAL RISK

CONTINUED

frequency and monetary impact of reported operational risk loss events

- The main factors contributing to these risks during the reporting period include, amongst others, unintentional human error, ineffective change management, inadequate process design, and insufficient management oversight
- Despite the organisation's commitment to digitalisation, there is still a reliance on manual processes. When automation is not possible, process redesign is undertaken to address control gaps. Additionally, there is a strong emphasis on monitoring key controls through collaborative assurance initiatives
- Every effort is made to minimise the impact of processing and execution risks on clients by promptly implementing recovery measures.

Insurance

The Group maintains adequate insurance to cover key insurable risks. The insurance process and requirements are managed by the Group insurance risk manager. Regular interaction between operational risk management and insurance risk management ensures that there is an exchange of information in order to enhance the mitigation of operational risk.

REPUTATIONAL RISK AND LEGAL RISK

Reputational risk

The Group aspires to maintain an excellent reputation for entrepreneurship, strong risk management discipline, a client-centric approach, cast-iron integrity and an ability to be flexible and innovative. The Group recognises the serious consequences of any adverse publicity or damage to reputation, whatever the underlying cause.

We have various policies and practices to mitigate reputational risk, including strong values that are regularly and proactively reinforced. We also subscribe to sound corporate governance practices, which require that activities, processes and decisions are based on carefully considered principles. We are aware of the impact of practices that may result in a breakdown of trust and confidence in the organisation. The Group's policies and practices are regularly reinforced through transparent communication, accurate reporting, continuous Group culture and values assessment, internal audit and regulatory compliance review, and risk management practices. As one of our core values and philosophies, we demand cast iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust. Reputational risk is mitigated as much as possible through these detailed processes and governance/escalation procedures from business units to the Board, and from regular, clear communication with shareholders, customers and all stakeholders. In line with regulatory requirements, the Group has a disclosure and market communications policy which is reviewed and approved annually by Group ERC and DLC BRCC. This policy is distributed and readily accessible to all staff. In addition, it is the Group's policy to avoid any transaction, service or association which may bring with it the risk of potential damage to our reputation. Transaction approval governance structures such as credit, investment and new product committees have therefore been tasked with this responsibility in relation to all new business undertaken.

Legal risk

Our objective is to identify, manage, monitor and mitigate legal risks throughout the Group. We seek to actively mitigate these risks by identifying them, setting minimum standards for their management and allocating clear responsibility for such management to legal risk managers, as well as ensuring compliance through proactive monitoring.

The scope of our activities is continuously reviewed and includes, among other things, the following areas:

- Commercial contracts with service providers
- Legislation/governance
- Litigation
- Corporate events
- Incident or crisis management
- Ongoing quality control.

Overall responsibility for the legal risk policy rests with the Board. The Board delegates responsibility for implementation of the policy to the South African and UK head of legal risk respectively.

The legal risk policy is implemented through:

- Identification and ongoing review of areas where legal risk is found to be present
- Allocation of responsibility for the development of procedures for management and mitigation of these risks
- Institution of appropriate segregation of duties, so that legal documentation is reviewed and executed with the appropriate level of independence from the persons involved in proposing or promoting the transaction
- Ongoing examination of the inter-relationship between legal risk and other areas of risk management, so as to ensure that there are no 'gaps' in the risk management process
- Establishing procedures to ensure the legal function is consulted at all appropriate times to manage and mitigate legal risks
- Establishing procedures to monitor compliance, taking into account the required minimum standards
- Ensuring that members of the legal risk function keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice.



Further information on specific legal matters, including the investigation into historical German dividend tax arbitrage transactions, can be found on page 152 of the Investec Group's 2024 annual financial statements

COMPLIANCE

Compliance

Regulatory change continues to be a key feature in the financial sector with ongoing global political and economic events adding uncertainty as to the shape of financial services regulation going forward. Cyber risk, technology risk, operational resilience risk, social concerns, sustainability risk (including climate and ESG) and AI are increasingly being addressed through regulation.

Global regulators expect financial services institutions to implement robust governance and oversight arrangements to enhance stability and ensure that financial services are delivered in an appropriate manner. Regulators continue to focus on promoting resilience in financial markets, with an emphasis on being data-led. Additional attention is focused on reducing and preventing serious harm to consumers, embedding ESG requirements and the supervision of crypto assets.

Non-financial risks such as third party oversight, fair treatment of customers, diversity and inclusion, and employee misconduct are subject to increasing regulatory focus. The maintenance of data quality and cyber security remains a high priority for the banking industry and its regulators, in order to increase the efficiency of delivery and strengthen oversight.

The Group remains focused on maintaining the highest levels of compliance in relation to regulatory requirements and integrity in all of our jurisdictions. Our culture is central to our compliance framework and is supported by robust policies, frameworks, processes and talented professionals who ensure that the interests of our customers and shareholders remain at the forefront of everything we do.

Conduct risk and consumer protection

UK and Other

During the period the FCA has continued to focus on advancing its three operational objectives: securing an appropriate degree of protection for consumers; protecting and enhancing the integrity of the UK financial system; and promoting effective competition in the interest of consumers. The FCA remains committed to identifying and tackling instances of consumer harm, rooting out systemic risk within the industry and securing remediation where things go wrong. The FCA has set higher standards for the industry to achieve

greater levels of consumer protection. To further that aim, the FCA has introduced the new Consumer Duty, which aims to ensure that institutions deliver good outcomes for retail customers. The new duty consists of the new Consumer Principle, requiring institutions to act to deliver good outcomes for retail customers, and a suite of rules and guidance setting more detailed expectations for institutions. The new duty applies to Investec's business areas involved in the manufacturing, distribution or sale of products to retail customers. Consumer Duty came into force on the 31 July 2023 for live products and services with an extended deadline of 31 July 2024 for closed products.

The FCA is undertaking an industry-wide review of the motor finance market in the UK following an increase in the number of complaints from customers claiming compensation because of historical use of discretionary commission arrangements (DCAs) between lenders and credit brokers.

To allow the FCA time to conduct their review, a temporary pause to the eight-week time limit has been introduced for motor finance institutions to provide final decisions on complaints where there was a DCA. The FCA aims to communicate a decision on next steps by the end of September 2024, shortly before the pause to complaint handling time limits is due to end. One of the businesses within the Investec Asset Finance Group is likely to be impacted by this review and is currently reviewing its DCA arrangements to establish the impact and any remedial actions required once the FCA publishes outcomes of its review. The progress is being overseen by senior management.

The FCA and PRA are consulting on measures to boost diversity and inclusion (D&I) throughout the financial services industry. The proposals will assist institutions in developing a strong diversity and inclusion strategy and articulating the steps required to achieve this. The proposals include the disclosing of certain D&I data to the regulators and the setting of targets to address under-representation.

The new measures aim to deliver a more diverse workforce, competitive recruitment market and healthier cultures where the diverse needs of customers are better served by a diverse financial services industry. The proposed changes are expected to reduce the risk of 'group

think' and improve institutions' internal governance by bringing a variety of perspectives to decision making and risk management practices. It is expected that the final D&I rules will be published in the latter part of 2024.

The FCA has continued to ensure that institutions drive better outcomes for customers. During 2023 new rules were introduced for institutions promoting high risk investments and a consultation paper was issued looking at the strengthening of protections for borrowers in financial difficulty. Additionally, the FCA has continued to issue their 'Dear CEO' letters covering many topics including, expectations for wealth management firms and the interest earned on customers' cash balances.

In a significant shift in the approach to financial services regulation, the FCA and PRA are consulting on the proposed regulation of critical third parties that service and support the financial services industry.

The FCA and PRA have issued regulations strengthening Operational Resilience. Institutions are now required to identify their important business services and set impact tolerances for the maximum tolerable disruption to customers, institutions and the wider market. To achieve this, institutions have conducted mapping exercises to identify important business services and additionally test appropriately these important business services. This demonstrates the regulators' focus on preventing wide-reaching harm to consumers and market integrity.

The FCA expects all institutions to have a robust conduct risk management framework in place to facilitate a culture that delivers good outcomes for clients, counterparties and the markets and furthermore holds their staff and senior management to appropriate standards of competence, integrity and ethical behaviour. Specifically, UK institutions are expected to be able to demonstrate that their culture, governance and approach to rewarding and managing staff, are at all times aligned to the interests of customers and other stakeholders. The FCA reinforced the messaging around remuneration in the letter sent in October 2023 which set out 'putting customers needs first'.

As a result, institutions are expected to look across their business models and strategies and assess how to balance the pursuit of profits with good outcomes for clients and proper

COMPLIANCE CONTINUED

standards of market conduct. Institutions are also required to have appropriate policies and frameworks in place to manage non-financial misconduct (NFM) such as discrimination, bullying, harassment, sexual misconduct or victimisation. Institutions are required to create an environment in which it is safe to speak up, the best talent is retained and the best risk decisions are taken. The FCA is proposing new rules and guidance around NFM which are expected to be finalised in the latter part of 2024.

Culture, conduct and good governance are ongoing themes which underline much of the FCA's approach with focus on the role of the individual as well as the institution and the Board. The FCA has considered the role of leaders, incentives and capabilities and governance of decision-making.

The Board, along with senior management, are ultimately responsible for Investec's culture and conduct risk frameworks. Investec has continued over the period to focus on enhancements to our conduct risk management framework, to ensure consistent delivery of good customer outcomes and effective management of conduct risk throughout our business. This has included strengthening business-led identification and management of conduct risk, improvements to the product review and approval process, robust processes for dealing with regulatory and conduct breaches and a sustained focus on maintaining the highest levels of regulatory compliance throughout our business. Investec's conduct risk management in the UK is underpinned by the Senior Manager and Certification Regime which strengthens individual accountability and sets minimum standards of individual behaviour in financial services.

South Africa

The South African regulators continue to work towards ensuring a financial system that is fair, efficient and resilient. Furthermore, the Financial Sector Conduct Authority (FSCA) continues to focus on ensuring that financial customers have access to financial products and services that are innovative, appropriate and that they are empowered to make informed financial decisions.

The FSCA's Regulatory Strategy 2021 – 2025 focuses on improving industry practices to achieve fair outcomes for financial customers. The Conduct Standard for Banks is based on the

principles of treating customers fairly (TCF) and it requires banks to conduct their business in a manner that prioritises the fair treatment of customers.

The intention of the FSCA's strategy is to inter alia assist with a framework which:

- preserves trust in the financial sector;
- promotes the development of an innovative, inclusive, and sustainable financial system;
- empowers households and small businesses to be financially resilient.

Investec remains highly focused on managing conduct risk across the organisation. Investec's approach to conduct risk is driven by its values and philosophy, which include 'client focus' and 'cast iron integrity'. The implementation of appropriate frameworks, policies and procedures for managing conduct risk enables Investec to operate responsibly, appropriately and with integrity in the wholesale and retail markets with the fair treatment of customers being the highest priority. Investec ensures that its products and services are scrutinised and regularly reviewed to ensure that they continue to deliver value and perform as expected. This is achieved by ensuring that Investec has in place, appropriate conduct risk management framework and governance arrangements such as the Investec Limited Customer Market and Conduct Committee. The Committee is mandated by the Investec Limited Audit Committee to review and ensure, on an ongoing basis, that consumer conduct is prioritised and applied in its broadest form in the lifecycle of all products and services offered to customers.

Data protection and access to information remain a priority for Investec. Since the commencement of the Protection of Personal Information Act (POPIA), the Information Regulator has issued several industry Codes of Conduct including the Code of Conduct for the Processing of Personal Information by the Banking Industry. The Information Regulator has also issued several guidance notes, guidelines and forms for the processing of special personal information, processing of personal information of children, exemptions in terms of the POPIA, security compromise notifications and application for prior authorisation.

Investec has the necessary compliance framework, policies, systems and processes in place to ensure that adequate measures are in place to

comply with the conditions for lawful processing of personal information in the POPIA. Since the Information Regulator has also taken over the regulatory mandate functions relating to the Promotion of Access to Information Act (PAIA) 2000 it has issued a guide on how to use the PAIA, PAIA manual templates as well as procedures for making information electronically available.

PAIA encourages openness and exists to establish mechanisms or procedures which give effect to the right of access to information in a speedy, inexpensive, and easy manner.

In relation to PAIA manuals, the scope of information that the manual must cover has been widened to include matters relating to the processing of personal information in terms of POPIA. Investec's PAIA manual and the information Regulator's guide on how to use PAIA is published on Investec's website and copies are available on request.

Brexit

As of 1 January 2021, UK companies lost their passporting rights to provide banking and investment services to clients based in the EU. Investec Europe Limited (IEL), a fully licensed Irish MiFID company, provides a range of MiFID services to new and existing EU clients that can no longer be serviced by IBP. IBP is currently able to provide corporate lending and designated investment services to professional clients in select EU countries, based on local exemptions. However, the EU has proposed new harmonised rules for non-EU companies carrying on banking and investment business in the EU. The new rules, which will form part of the CRR3/CRD6 package, would prohibit third-country institutions like IBP from carrying out banking and MiFID activities with EU clients without establishing a branch or a subsidiary (except on a reverse solicitation basis). These proposals will come into force on 1 January 2025. Investec is monitoring these developments and considering a strategic solution to provide a wide range of banking services to select clients based in the EU.

COMPLIANCE CONTINUED

Financial crime

UK and Other

Financial crime continues to be an increasing regulatory focus, with regulators globally encouraging companies to adopt a dynamic approach to the management of risk and to increase efforts around systems and controls to combat money laundering, proliferation financing, tax evasion and bribery and corruption. The FCA highlights financial crime (frauds and scams) and anti-money laundering (AML) as one of their key cross-sector priorities. We continue to evolve our practices to respond to external developments whilst ensuring that we maintain a robust risk-based approach to the ever-evolving criminal typologies and to furthermore meet our regulatory obligations. Policies, procedures and training are in place, in order to guard against the risks of financial crime.

South Africa

South African policy and law makers, continue to work on achieving compliance with the Financial Action Task Force (FATF) standards and ultimate delisting from the FATF grey list. The FATF issued its first follow-up report on South Africa's progress in November 2023, which noted the country's improvement in achieving compliance with 15 of the 20 technical requirements that contained deficiencies in the initial Mutual Evaluation Review (MER) report. South Africa is now left with only five FATF recommendations with which it is not technically compliant. Whilst attention is being paid to the five remaining technical compliance shortcomings, the focus will shift to demonstrating effectiveness of the country's AML, CFT, Sanctions and CPF system. The overall deadline for resolving all items in a 22-point action plan agreed between the SA government and FATF is January 2025. This includes incorporating changes introduced through the General Laws Amendment Act (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act, 2022 into our risk management and compliance programme as well as operational practices.

Investec Limited has always implemented international standards (such as the FATF Recommendations) and other international best-practice when combatting financial crime, over and above the local requirements. Investec continues to evolve our risk-based practices to respond to industry

developments, whilst ensuring that we meet our regulatory obligations set out in the Financial Intelligence Centre Act (FICA).

Investec continues to use its role on the steering committee of the South African Anti-Money Laundering Integrated Taskforce (SAMLIT), a public-private partnership whose membership includes certain banks, the Financial Intelligence Centre, regulators and law-enforcement agencies, to improve the collective understanding of financial crimes in South Africa. Investec's leadership are experts in the working group which researches the financial flows associated with wildlife crimes, which has earned SAMLIT many accolades locally and internationally.

Tax reporting

To address concerns about uneven profit distribution and the tax contributions of large multinational corporations, various agreements have been reached at a global level, including an agreement by over 135 countries to introduce a global minimum tax rate of 15%. In December 2021, the OECD released a draft legislative framework, followed by detailed guidance in March 2022 and further administrative guidance during 2023. 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. From a South African perspective, the SA National Treasury and the South African Revenue Service (SARS) published the 2024 Draft Legislation for comment on 21 February 2024. The legislation was designed to follow the GloBE Model Rules and Commentary and to be coordinated with the same tax in other jurisdictions effective 1 January 2024 and applies to fiscal years beginning on or after that date. This includes an income inclusion rule together with a domestic minimum top-up tax (DMTT) and multinational top up tax.

In the UK, elements of the OECD framework have been placed into UK law in the Finance (No 2) Act 2023, which received Royal Assent in July 2023 and applies to accounting periods beginning on or after 31 December 2023. This includes an income inclusion rule together with a domestic and multinational top up tax. Further enactments are expected in 2024 to take effect from a later date. HM Revenue & Customs issued draft guidance on the legislation during 2023.

Once changes to the tax law in any jurisdiction are enacted or substantively enacted, tax rates may increase in certain jurisdictions to the 15% minimum tax rate. We are closely monitoring these developments.

UK and Other - (FATCA, CRS, MDR and DAC6)

The Foreign Account Tax Compliance Act (FATCA) aims to promote cross-border tax compliance by implementing an international standard for the automatic exchange of tax information relating to US investors. The provisions call on tax authorities worldwide, to obtain on an annual basis, detailed account information from financial institutions relating to US investors and exchange that information automatically, with the United States Internal Revenue Service.

The OECD took further steps to improve global cross-border tax compliance by releasing the Common Reporting Standard (CRS). The CRS is a set of global standards for the annual exchange of financial information by financial institutions pertaining to customers, ultimately to the tax authorities of the jurisdictions in which those customers are resident for tax purposes. Investec plc is compliant with obligations under FATCA and CRS in all relevant jurisdictions.

The OECD published Mandatory Disclosure Rules that aim to provide tax administrations with information on CRS avoidance arrangements and opaque offshore structures, including the users of those arrangements and structures and those involved with facilitation. Many CRS jurisdictions such as the Channel Islands have now incorporated this into domestic law. Following suit, the EU introduced its own Mandatory Disclosure Regime in relation to cross-border tax arrangements, commonly known as DAC6. This regime applies to cross-border tax arrangements, which meet one or more specified characteristics (Hallmarks) and which concern either more than one EU country, or an EU country and a non-EU country.

Although the UK Tax Authorities (HMRC) confirmed in January 2021 that the UK will no longer apply DAC6 reporting in its entirety following the conclusion of the Free Trade Agreement with the EU, the disclosable arrangements legislation (DAC6) was withdrawn on 31 March 2024.

COMPLIANCE CONTINUED

The UK has released its regulations on Mandatory Disclosure Rules called The International Tax Enforcement (Disclosable Arrangements) Regulations 2023 which came into force on 28 March 2023. With the regulation, only arrangements that would be within the scope of CRS will now need to be reported which is in line with the OECD's Mandatory Disclosure Rules.

South Africa - (FATCA/CRS)

South Africa and Mauritius have inter-governmental agreements in place with the USA and each have enacted local law/regulation to implement FATCA. This means that financial institutions in these countries report information annually on US clients (or non-compliant clients) to the South African Revenue Services (SARS) and the local Mauritian authority respectively. These authorities, in turn, exchange information with the USA which reciprocates with similar information (on South African and Mauritian tax residents respectively who hold financial accounts in the US). Both South Africa and Mauritius are in the process of preparing their annual FATCA reports.

The OECD took further steps to improve global cross-border tax compliance by releasing the CRS. The CRS is a set of global standards for the annual exchange of financial information by financial institutions pertaining to customers, ultimately to the tax authorities of the jurisdictions in which those customers are resident for tax purposes. Both South Africa and Mauritius have opted to comply with the CRS, however South Africa opted for the 'wider-wider approach' which means that South African reporting financial institutions are required to collect tax-related information on all clients, rather than only in respect of the 102 countries which have currently opted into CRS. Both South Africa and Mauritius are in the process of preparing their annual CRS reports.

The OECD published Mandatory Disclosure Rules (MDR) that aim to provide tax administrations with information on CRS avoidance arrangements and opaque offshore structures, including the users of those arrangement and structures and those involved with facilitation. South Africa has incorporated the MDR into revised CRS Regulations which reporting provisions came into effect on 1 March 2024.

RECOVERY AND RESOLUTION PLANNING

Recovery and resolution planning

The purpose of the recovery plans are to document how the Board and management will plan for recovery from extreme financial stress to avoid liquidity and capital difficulties in Investec plc and Investec Limited. The plans are reviewed and approved by the Board on an annual basis.

The recovery plans for Investec plc and Investec Limited:

- Integrate with existing contingency planning
- Identify roles and responsibilities
- Identify early warning indicators and trigger levels
- Analyse how the Group could be affected by the stresses under various scenarios
- Include potential recovery actions available to the Board and management to respond to the situation, including immediate, intermediate and strategic actions
- Identify the recovery capacity available to avoid resolution actions
- Run externally facilitated simulations or fire-drill exercises as required by the regulations.

UK

The Bank Recovery and Resolution Directive (BRRD) was implemented in the UK via the UK Banking Act 2009. It was amended by the BRRD (Amendment) (EU Exit) Regulation 2020, which implemented into UK law certain amendments to the BRRD which were required to be implemented prior to the UK leaving the EU.

The BoE, the UK resolution authority, has the power to intervene in and resolve a financial institution that is no longer viable. This is achieved through the use of various resolution tools, including the transfer of business and creditor financed recapitalisation (bail-in within resolution) that allocates losses to shareholders and unsecured and uninsured creditors in their order of seniority, at a regulator determined point of non-viability that may precede insolvency.

The PRA has made rules that require authorised institutions to draw up recovery plans and resolution packs. Recovery plans are designed to outline credible recovery options that authorised institutions could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. The resolution pack contains detailed information on the services provided, as well as the structure and operation of the authorised institution in question which will be used by the BoE to develop resolution strategies for that specific institution, assess its current level of resolvability against the strategy, and to inform work on identifying barriers to the implementation of operational resolution plans.

In line with PRA and onshored EU requirements, Investec plc maintains a resolution pack and a recovery plan. Even though the recovery plan is framed at Investec plc level, given that IBP constitutes over 79% of Investec plc's balance sheet, the focus of this document is the recovery of IBP and the protection of its depositors and other clients.

Similarly, the resolution pack is drafted for Investec plc. As Investec plc is an approved UK Financial Holding Company (FHC) and IBP is its most significant

entity, the Investec plc resolution strategy is expected to be driven and determined by IBP's resolution strategy.

As of March 2024, the preferred resolution strategy for IBP remained bank insolvency procedure with no Minimum Requirements for Own Funds and Eligible Liabilities (MREL) requirement in excess of its minimum capital requirements. However, the BoE formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in and as such Investec plc, and IBP as a material subsidiary, will be subject to a revised MREL requirement. The MREL transition will commence from 1 January 2026 in a phased manner with end-state MREL applying from 1 January 2032. Any additional MREL requirements will be met over time as part of increasing wholesale market issuance from the existing established base and we will continue to evaluate issuance opportunities in the near term as part of this glide path.

As a bail-in firm, Investec plc will come into scope of the BoE's Resolvability Assessment Framework and is committed to ensuring its resolution capabilities meet the required regulatory standards.

South Africa

IBL is required to have a contingency funding plan as well as a recovery plan. The recovery plan documents how the IBL Board and senior management will ensure that the Bank recovers from extreme financial stress to avoid liquidity and capital difficulties. Following the introduction of the resolution regime in South Africa from 1 June 2023, the SARB has been designated as the Resolution Authority and has an obligation to develop resolution plans for all designated institutions including Investec Limited.

CAPITAL MANAGEMENT AND ALLOCATION

Capital management and allocation

Investec Limited (and its subsidiaries) and Investec plc (and its subsidiaries) are managed independently and have their respective capital bases ring-fenced, however, the governance of capital management is consistent across the two Groups. The DLC structure requires the two Groups to independently manage each Group's balance sheet and capital is managed on this basis. This approach is overseen by the DLC BRCC (via the Investec DLC capital committee) which is a Board sub-committee with ultimate responsibility for the capital adequacy of both Investec Limited and Investec plc.

A summary of capital adequacy and leverage ratios

	Standardised		IRB scope ^{^^}		Standardised		IRB scope ^{^^}	
	Investec plc ^{v*}	IBP ^{v*}	Investec Limited ^{**}	IBL ^{**}	Investec plc ^{v*}	IBP ^{v*}	Investec Limited ^{**}	IBL ^{**}
	31 March 2024				31 March 2023			
Common Equity Tier 1 ratio ^{**}	12.4%	13.7%	13.6%	16.5%	12.0%	12.9%	14.7%	17.1%
Common Equity Tier 1 ratio (fully loaded) ^{***}	12.3%	13.6%	13.6%	16.5%	11.7%	12.6%	14.7%	17.1%
Tier 1 ratio ^{**}	14.9%	16.2%	15.0%	17.8%	13.4%	14.3%	15.9%	18.2%
Total Capital ratio ^{**}	18.7%	20.2%	17.5%	20.5%	17.5%	18.7%	18.3%	21.2%
Risk-weighted assets (million) ^{**}	18 509	18 054	292 179	273 185	17 767	17 308	283 600	261 263
Leverage exposure measure (million)	27 015	26 746	705 807	684 313	25 216	24 945	696 319	662 702
Leverage ratio	10.2%	11.0%	6.2%	7.1%	9.4%	9.9%	6.5%	7.2%
Leverage ratio (fully loaded) ^{***}	10.1%	10.9%	6.2%	7.1%	9.2%	9.8%	6.5%	7.2%

* Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

** The CET1, Tier 1 and Total Capital adequacy ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

*** The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9.

^v The capital adequacy and leverage disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the Group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET1 ratio and leverage ratio as required under the Capital Requirements Regulation (CRR). The impact of this deduction totalling £56 million (31 March 2023: £55 million) for Investec plc and £62 million (31 March 2023: £36 million) for IBP would lower the CET1 ratio by 30bps (31 March 2023: 31bps) and 34bps (31 March 2023: 21bps) respectively. The leverage ratio would be 21bps (31 March 2023: 22bps) and 23bps (31 March 2023: 14bps) lower respectively.

[^] Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 111bps (31 March 2023: 117bps) and 118bps (31 March 2023: 164bps) lower respectively. The leverage would be 48bps (31 March 2023: 49bps) and 47bps (31 March 2023: 65bps) lower respectively.

^{^^} Investec Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 31 March 2024, 54% (31 March 2023: 53%) of the portfolio applies the AIRB approach, 26% (31 March 2023: 28%) applies the FIRB approach and the remaining 20% (31 March 2023: 19%) of the portfolio is subject to the standardised approach.

Investec plc

Current regulatory framework

Investec plc is an approved UK Financial Holding Company (FHC), responsible for ensuring compliance with consolidated prudential requirements on a consolidated basis. Investec Bank plc, the main banking subsidiary of the Investec plc Group, continues to be authorised by the PRA and regulated by the FCA and the PRA.

Investec plc calculates capital resources and requirements using the Basel III framework, as implemented in the European Union through the CRR and CRD IV, as amended by CRR II and CRD V. Following the end of the Brexit transitional period, the EU rules (including binding technical standards) were onshored and now form part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.

Investec plc applies the Standardised Approach to calculate credit risk and counterparty credit risk, credit valuation adjustment (CVA) risk, securitisation risk, operational risk and market risk capital requirements. Since 1 January 2022,

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

Investec plc is not subject to the minimum leverage ratio requirement of 3.25% under the UK leverage ratio framework, but is subject to a 'supervisory expectation' to manage excessive leverage by ensuring the leverage ratio does not fall below 3.25%. For simplicity, the same leverage ratio exposure measure and capital measure applies to all UK banks (including the exemption of central bank reserves and reflect updated international standards).

Subsidiaries of Investec plc may be subject to additional regulations as implemented by local regulators in their respective jurisdictions. Where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Year under review

During the year under review, Investec plc complied with the capital adequacy

requirements imposed on it by the PRA. Investec plc continues to hold capital in excess of all the capital and buffer requirements. At 31 March 2024, the CET1 ratio increased to 12.4% from 12.0% at 31 March 2023. CET1 capital increased by £167 million to £2.3 billion, mainly as a result of CET1 capital generation of £706 million through profit after taxation. The increases are partially offset by:

- An increase of £359 million in the goodwill and intangible asset deduction (net of deferred taxation liability) arising mainly on the IW&I UK and Rathbones combination, with £56 million of the increase attributable to the Group's acquisition of a majority interest in Capitalmind
- Dividends paid to ordinary shareholders and Additional Tier 1 security holders of £117 million
- A net decrease in other comprehensive income of £12 million, which includes the fair value decrease in our investment in Ninety One and the reversal of the cash flow hedge reserve which is not recognised in CET1 capital

CAPITAL MANAGEMENT AND ALLOCATION CONTINUED

- A decrease of £29 million in the IFRS 9 transitional add-back adjustment
- An increase in the treasury shares of £10 million.

Risk weighted assets (RWAs) increased by 4.2% or £742 million to £18.5 billion over the period, predominantly within credit risk RWAs.

Credit risk RWAs, which includes equity risk, increased by £1.1 billion. £270 million of the increase is attributable to RWAs arising on the proportional consolidation of the Group's 41.25% interest in Rathbones net of IW&I UK. The remaining increase reflects asset growth in Project Finance, Growth & Acquisition Finance, Mortgages and Asset Finance.

Counterparty credit risk RWAs (including CVA risk) decreased by £117 million compared to 31 March 2023, primarily driven by a decrease in repurchase agreements and derivative financial instruments.

Market risk RWAs decreased by £85 million, mainly due to a decrease in the collective investment undertaking position risk.

Operational risk RWAs decreased by £145 million to £1.9 billion. The decrease is mainly due to the removal of IW&I UK gross income from the three-year average gross income calculation. The PRA granted Investec plc permission to remove the discontinued operation from the calculation. The decrease in operational risk RWAs is marginally offset by higher profits and the inclusion of 41.25% of Rathbones' gross income in the RWA calculation.

The Group's leverage ratio increased to 10.2% from 9.4% at 31 March 2023.

Tier 1 capital increased by £375 million. £167 million of the increase is attributable to an increase in CET1 capital, driven by an increase in profit after taxation offset by an increase in the goodwill and intangible asset deduction and other regulatory adjustments. The remaining increase of £208 million arose from the Investec plc liability management exercise which was undertaken in February 2024 and resulted in £142 million of existing Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities (callable in December 2024) to be repurchased via a concurrent cash tender and replaced with £350 million of Sterling-denominated Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital securities callable in February 2030.

The leverage exposure measure increased by £1.8 billion, of which £627 million has arisen on the proportional consolidation of 41.25% of Rathbones net of IW&I UK with the remaining increase driven by asset growth across multiple balance sheet line items, most notably in loans to customers of £1 billion, sovereign debt securities of £706 million, bank debt securities of £93 million offset by reductions in reverse repurchase agreements and derivative financial instruments of £617 million.

Minimum capital requirement

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

Significant regulatory developments in the period

From 5 July 2023, the UK CCyB rate increased from 1% to 2%. The Financial Policy Committee agreed, when they met in July 2023, to maintain the UK CCyB rate at 2%, ensuring banks have sufficient capacity to absorb future shocks without unduly restricting lending.

On 30 November 2022, the PRA published a consultation paper on the Implementation of the Basel 3.1 standards, which set out the proposed rules and expectations that cover parts of the Basel 3 standards that remain to be implemented in the UK and relate to the calculation of RWAs.

The Basel 3.1 standards aim to restore credibility in risk weighted ratios, by introducing more robust and risk-sensitive Standardised Approaches, whilst curtailing the RWA benefits Internal Models can provide. The proposals aim to advance the PRA's primary objective to promote the safety and soundness of the firms that it regulates. By improving the measurement of risk, the PRA are of the view that it will help ensure firms are adequately capitalised given the risks they are exposed to. Whilst the PRA are proposing limited adjustments to the international standards in order to adhere to the global reforms, they have proposed the removal of several onshored EU discretions, such as the

small and medium-sized enterprise (SME) supporting factor.

The consultation closed for comment on 31 March 2023 with the rule changes initially planned to take effect from 1 January 2025.

On 27 September 2023, the PRA released a statement confirming the implementation will be delayed by six months to 1 July 2025, with full compliance required by 1 January 2030. The statement also confirmed that the final rules will be published in two separate parts. The initial set of near-final rules, which encompass market risk, CCR, CVA risk and operational risk, were published in December 2023. The publication of the second set of rules is scheduled for the second quarter of 2024. Once HM Treasury has passed legislation to revoke the relevant parts of the onshored CRR, the PRA will issue a final policy statement, containing all of the Basel 3.1 standards. The publication of the second set of rules will now be delayed, due to the release date falling within the UK pre-election period, which could result in further delays to the UK implementation of Basel 3.1.

The PRA have also indicated that the Pillar 2A framework will need to be recalibrated due to the changes to the standardised approaches for the different risk types and confirmed that an off-cycle review of firm-specific Pillar 2 capital requirements will be conducted ahead of day 1 implementation.

On 29 November 2023 the Basel Committee published for consultation a new Pillar 3 disclosure framework for climate-related financial risks. Final proposals will be issued in the second half of 2024, with the framework expected to take effect from 1 January 2026. The PRA are yet to consult on these proposals.

Investec Limited

Current regulatory framework

Investec Limited applies the Basel Framework at every tier within the banking group and also on a fully consolidated basis. Investec Limited is regulated by the South African Prudential Authority (PA) in terms of the Banks Act 1990 (Act No. 94 of 1990) and the Regulations relating to Banks (the Regulations).

Investec Limited is designated by the South African PA, as a Systemically Important Financial Institution as well as a Domestic Systemically Important Bank (D-SIB) in South Africa. Investec Limited

CAPITAL MANAGEMENT AND ALLOCATION CONTINUED

and its subsidiaries have not been designated as a Financial Conglomerate.

Regulated subsidiaries of Investec Limited are subject to additional regulations as implemented by local regulators in their respective jurisdictions. Management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

For the year ended 31 March 2024, Investec Limited calculated its minimum capital requirements in respect of:

- Credit risk for Investec Bank Limited using a combination of the Internal Ratings-Based Approach (IRB), and the Standardised Approach (SA)
- Credit risk for Investec Bank Mauritius and non-bank subsidiaries using the SA
- Counterparty credit risk exposure using the SA
- Operational risk capital requirement is calculated on the SA
- Equity risk is calculated using the market-based approach by applying the simple risk-weight method
- Market risk, using an Internal Risk Management Model, approved by the South African PA.

Year under review

Investec Limited remains well capitalised with capital ratios exceeding both regulatory minimums and targets. At 31 March 2024, the CET1 ratio decreased to 13.6% from 14.7% at 31 March 2023. CET1 capital decreased by R2.0 billion to R39.9 billion, largely affected by:

- Positive attributable earnings post taxation and minorities of R6.9 billion
- An increase of R0.7 billion in the Foreign currency translation reserve
- A decrease of R0.2 billion in the deduction related to the investment in the Bud Group
- A decrease of R0.2 billion in treasury shares.

These increases are offset by:

- Dividends paid to ordinary shareholders and Additional Tier 1 security holders of R5.4 billion
- A net reduction of R1.9 billion due to the restatement of retained earnings. Refer to page 168 of the Investec Group's 2024 annual financial

statements for detail of the restatement.

- A net reduction of R1.4 billion due to additional shares repurchased as part of the DLC share buy-back programme commenced November 2022. As at 31 March 2024 R6.8 billion of the R7 billion DLC share buy-back programme was executed
- A deduction of R1 billion following the PA's approval to amend the regulatory capital treatment of the Burstone Group Limited (previously Investec Property Fund Limited) investment from proportionate consolidation to the deduction method with limited recognition
- A R0.3 billion increase in the regulatory expected loss deduction.

RWAs increased by 3.0% from R283.6 billion (March 2023) to R292.2 billion (March 2024).

Credit risk RWAs, including counterparty credit risk, increased by R1.8 billion (0.8%) from 31 March 2023 to 31 March 2024. The increase was mainly driven by book growth, offset by lower RWAs due to the deconsolidation of Burstone, additional collateral and a decrease in the deferred tax asset.

Equity risk RWAs increased by R0.7 billion (5.1%) from March 2023 to March 2024, largely attributable to new investments, set off by the realisation of unlisted equity investments.

Market risk RWAs for INL increased by R1.1 billion (15.4%) from March 2023 to March 2024. The increase is primarily driven by relatively higher VaR and stressed-VaR figures entering the 60-day averaging period, with the Interest Rate Derivatives desk being the largest contributor. Additional institutional positions taken in Investec Markets Limited, accounts for the balance of the increase.

Operational risk RWAs for Investec Limited increased by R5.0 billion (15.6%) from March 2023 to March 2024. This calculation is updated bi-annually in March and September and is based on a three-year rolling gross income before impairments average balance.

The Group's leverage ratio decreased to 6.2% (March 2024) from 6.5% (March 2023). The decrease is primarily driven by a decrease in total Tier 1 capital of R1.2 billion and by an increase of R9.5 billion in the leverage exposure measure owing largely to growth in total assets.

Minimum capital requirement

Investec Limited's minimum CET1 requirement at 31 March 2024 is 8.0%, comprising a 4.5% Pillar 1 minimum requirement, a 0.5% Pillar 2A add-on, a 2.5% capital conservation buffer, a 0.5% D-SIB buffer and a 0% CCyB. As at 31 March 2024, Investec Limited's institution-specific CCyB, held for purposes of the reciprocity requirement, was 0.0425% of risk weighted exposures.

Regulatory developments

The Financial Sector Laws Amendment Act (FSLAA) was promulgated on 28 January 2022. The FSLAA aims to, amongst other things, introduce South Africa's first comprehensive deposit insurance scheme and create a new subordinated class of loss-absorbing instruments (referred to as FLAC instruments) to facilitate the application of statutory bail-in power in order to assist with the implementation of the resolution framework for 'designated institutions'. The Finance Minister published the commencement schedule in March 2023, establishing the Corporation for Deposit Insurance (CODI) as a legal entity and the South African Reserve Bank as the Resolution Authority for designated institutions with effect from 1 June 2023, on which date the resolution framework also became effective. CODI is fully operational in South Africa from April 2024 and would be able to compensate qualifying depositors, up to R100 000 per bank, in the event of their bank failing.

The South African PA revised the implementation of the outstanding Basel 3 regulatory reforms in South Africa on the dates set out in Guidance Note 3 of 2023. The regulatory reforms, such as the revised standardised approach and internal ratings-based approach for credit risk, revised leverage ratio, revised operational risk and revised market risk and credit valuation adjustment frameworks are proposed for implementation at 1 July 2025. The proposed implementation phase-in of the output floor begins on 1 July 2025 (60%) till 1 January 2028 where it is expected to be fully phased-in at 72.5% of total non-modelled RWA.

Investec Limited continues to assess and monitor the impact of new regulations and regulatory reforms through participation in industry quantitative impact study submissions to the PA, contributing to industry consultations, discussions at the Banking Association of South Africa and quantifying the impact

CAPITAL MANAGEMENT AND ALLOCATION CONTINUED

of the reforms and presenting the impact on Investec Limited at capital committees and its Board.

The SARB requires that banks maintain a positive cycle-neutral countercyclical capital buffer (PCN CCyB) to serve as a macro prudential tool that can be released in the event of sudden shocks, including those unrelated to the credit cycle. The PCN CCyB would be built-up and maintained when risks are assessed to be neither subdued nor elevated. Furthermore, the SARB would continually assess the appropriateness of the PCN CCyB and release the buffer when appropriate risks are identified.

A proposed directive has been issued by the South African PA, directing banks to implement a PCN CCyB effective 1 January 2026. The PCN CCyB shall be 1% of risk weighted exposures as determined. The PCN CCyB shall have a 12-month implementation lead time, commencing on 1 January 2025 and ending on 31 December 2025.

Philosophy and approach

Both, the Investec Limited and Investec plc Groups' approach to capital management utilises both regulatory capital as appropriate to that jurisdiction and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate given the level of risk taken at an individual transaction or business unit level.

We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios.

For Investec plc we target a Total Capital ratio range of between 14% and 17%, and we target a minimum Tier 1 ratio of 11% and a CET1 ratio above 10% on a consolidated basis.

For Investec Limited we target a Total Capital ratio > 15%, and we target a minimum Tier 1 ratio > 12.5% and a CET1 ratio between 11.5% and 12.5% on a consolidated basis.

The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the Group. At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the

Group's risk profile and optimisation of shareholder returns. Our internal capital framework is designed to manage and achieve this balance.

The internal capital framework is based on the Group's risk identification, review and assessment processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet. The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the Board's risk appetite across all risks faced by the Group
- Provide protection to depositors against losses arising from risks inherent in the business
- Provide sufficient capital surplus to ensure that the Group is able to retain its going concern basis under relatively severe operating conditions
- Inform the setting of minimum regulatory capital through the ICAAP and subsequent Supervisory Review and Evaluation Process (SREP). The ICAAP documents the approach to capital management, including the assessment of the regulatory and internal capital position of each Group
- The ICAAP is reviewed and approved by DLC BRCC and the Board.

The framework has been approved by the Board and is managed by the DLC Capital Committee, which is responsible for oversight of the management of capital on a regulatory and an internal capital basis.

Capital planning and stress/scenario testing

A capital plan is prepared for each of the silos, Investec plc and Investec Limited, and maintained to facilitate discussion of the impact of business strategy and market conditions on capital adequacy. This plan is designed to assess capital adequacy under a range of economic and internal conditions over the medium term (three years), with the impact on earnings, asset growth, risk appetite and liquidity considered. The plan provides the Board with an input into strategy and the setting of risk appetite by considering business risks and potential vulnerabilities, capital usage and funding requirements given constraints where these exist.

Capital plans are prepared and presented to the Capital Committees on a monthly basis. The plans are updated

with the actual month-end position and forecast out to the end of the fiscal year, taking into account updated profit and loss and asset growth forecasts.

The goal of capital planning is to provide insight into potential sources of vulnerability of capital adequacy by way of market, economic or internal events. As such, the three-year capital plans are stressed based on conditions most likely to cause Investec plc or Investec Limited duress. The conditions are agreed by the DLC Capital Committee after the key vulnerabilities have been determined through the stress testing workshops. Such plans are used by management to formulate balance sheet strategy and agree management actions, trigger points and influence the determination of our risk appetite. At a minimum level, each capital plan assesses the impact on our capital adequacy in an expected case and in downturn scenarios. On the basis of the results of this analysis, the DLC Capital Committee and DLC BRCC are presented with the potential variability in capital adequacy and are responsible, in consultation with the Board, for considering the appropriate response.

Reverse stress testing is performed annually as part of the ICAAP process.

CAPITAL MANAGEMENT AND ALLOCATION

CONTINUED

Capital structure and capital adequacy

	Standardised		IRB Scope ^{***}	
	Investec plc ^{*v^} £'million	IBP ^{*v^} £'million	Investec Limited ^{*^} R'million	IBL ^{*^} R'million
At 31 March 2024				
Shareholders' equity	2 973	3 132	48 709	45 989
Shareholders' equity excluding non-controlling interests	3 011	3 145	51 160	45 989
Perpetual preference share capital and share premium	(25)	—	(2 451)	—
Deconsolidation of special purpose entities	(13)	(13)	—	—
Non-controlling interests	—	—	—	—
Non-controlling interests per balance sheet	3	3	(61)	—
Non-controlling interests excluded for regulatory purposes	(3)	(3)	61	—
Regulatory adjustments to the accounting basis	(3)	(3)	(333)	(277)
Additional value adjustments	(5)	(5)	(276)	(220)
Gains or losses on liabilities at fair value resulting from changes in our credit	—	—	(32)	(32)
Cash flow hedging reserve	(18)	(18)	(25)	(25)
Adjustment under IFRS 9 transitional arrangements	20	20	—	—
Deductions	(677)	(658)	(8 526)	(588)
Goodwill and intangible assets net of deferred tax	(671)	(652)	(294)	(262)
Investment in financial entity	—	—	(237)	—
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(2)	(2)	—	—
Shortfall of eligible provisions compared to expected loss	—	—	(306)	(306)
Amount of deductions exceeding 15% threshold ^{vv}	—	—	(1 004)	—
Other regulatory adjustments ^{vvv}	—	—	(6 685)	(20)
Securitisation positions which can alternatively be subject to a 1 250% risk weight	(1)	(1)	—	—
Defined-benefit pension fund assets	(3)	(3)	—	—
Common Equity Tier 1 capital	2 293	2 471	39 850	45 124
Additional Tier 1 capital	458	458	3 964	3 460
Additional Tier 1 instruments	458	458	4 010	3 460
Non-qualifying surplus capital attributable to non-controlling interest	—	—	(46)	—
Tier 1 capital	2 751	2 929	43 814	48 584
Tier 2 capital	712	712	7 449	7 447
Collective impairment allowances	—	—	166	164
Tier 2 instruments ^{****}	712	712	7 283	7 283
Total regulatory capital	3 463	3 641	51 263	56 031
Risk-weighted assets	18 509	18 054	292 179	273 185

* Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^v The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the Group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating CET1 capital. The impact of this deduction totalling £56 million for Investec plc and £62 million for IBP would lower the CET1 ratio by 30bps and 34bps respectively.

^{vv} Approval was obtained from the South African PA effective 30 September 2023, to apply the deduction methodology to the Bursstone investment (formerly IPF), which was previously proportionately consolidated.

^{vvv} The South African Prudential Authority granted Investec Limited permission, effective 31 March 2023, to deduct from CET1 capital the shares it holds in Investec plc. The deduction at 31 March 2024 amounts to R6.4 billion and is included in other regulatory adjustments.

[^] The CET1, Tier 1, Total Capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

^{^^} Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 111bps and 118bps lower respectively. The leverage would be 48bps and 47bps lower respectively.

^{^^^} Investec Limited uses the IRB approach to quantify credit RWA. As at 31 March 2024, 54% of the portfolio applies the AIRB approach, 26% applies the FIRB approach and the remaining 20% of the portfolio is subject to the standardised approach.

^{****} Investec plc and IBP's Tier 2 instruments include £17 million of subordinated liabilities arising from the proportional consolidation of the Group's 41.25% interest in Rathbones Group plc.

CAPITAL MANAGEMENT AND ALLOCATION

CONTINUED

Capital structure and capital adequacy

	Standardised		IRB Scope ^{***}	
	Investec plc ^{*v} £'million	IBP ^{*v} £'million	Investec Limited ^{**} R'million	IBL ^{**} R'million
At 31 March 2023				
Shareholders' equity	2 428	2 522	45 929	44 016
Shareholders' equity excluding non-controlling interests	2 468	2 539	48 374	44 016
Perpetual preference share capital and share premium	(25)	—	(2 445)	—
Deconsolidation of special purpose entities	(15)	(17)	—	—
Non-controlling interests	—	—	—	—
Non-controlling interests per balance sheet	1	1	9 872	—
Non-controlling interests excluded for regulatory purposes	(1)	(1)	(9 872)	—
Regulatory adjustments to the accounting basis	16	15	1 054	1 111
Additional value adjustments	(5)	(5)	(280)	(223)
Gains or losses on liabilities at fair value resulting from changes in our credit	—	—	(15)	(15)
Cash flow hedging reserve	(28)	(28)	1 349	1 349
Adjustment under IFRS 9 transitional arrangements	49	48	—	—
Deductions	(318)	(306)	(5 173)	(329)
Goodwill and intangible assets net of deferred tax	(312)	(300)	(315)	(311)
Investment in financial entity	—	—	(456)	—
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(2)	(2)	—	—
Shortfall of eligible provisions compared to expected loss	—	—	(18)	(18)
Other regulatory adjustments ^{vv}	—	—	(4 384)	—
Securitisation positions which can alternatively be subject to a 1 250% risk weight	(4)	(4)	—	—
Common Equity Tier 1 capital	2 126	2 231	41 810	44 798
Additional Tier 1 capital	250	250	3 212	2 710
Additional Tier 1 instruments ^{vvv}	250	250	3 260	2 710
Non-qualifying surplus capital attributable to non-controlling interest	—	—	(48)	—
Tier 1 capital	2 376	2 481	45 022	47 508
Tier 2 capital	738	764	6 963	7 928
Collective impairment allowances	—	—	365	365
Tier 2 instruments	764	764	7 563	7 563
Non-qualifying surplus capital attributable to non-controlling interests	(26)	—	(851)	—
Investment in capital of financial entities above 10% threshold	—	—	(114)	—
Total regulatory capital	3 114	3 245	51 985	55 436
Risk-weighted assets	17 767	17 308	283 600	261 263

* Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^v The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the Group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating CET1 capital. The impact of this deduction totalling £55 million for Investec plc and £36 million for IBP would lower the CET1 ratio by 31bps and 21bps respectively.

^{vv} The South African PA granted Investec Limited permission, effective 31 March 2023, to deduct from CET1 capital the shares it holds in Investec plc. The deduction at 31 March 2023 amounts to R4.2 billion and is included in other regulatory adjustments.

^{vvv} AT1 in Investec Limited has been restated for 31 March 2023, to remove the fully grandfathered perpetual preference shares and the corresponding deduction, amounting to R2.9 billion, this had no impact on total AT1.

[^] The CET1, Tier 1, Total Capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

^{^^} Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 117bps and 164bps lower respectively. The leverage would be 49bps and 65bps lower respectively.

^{^^^} Investec Limited uses the IRB Approach to quantify credit RWA. As at 31 March 2023, 53% of the portfolio applies the AIRB approach, 28% applies the FIRB approach and the remaining 19% of the portfolio is subject to the standardised approach.

CAPITAL MANAGEMENT AND ALLOCATION

CONTINUED

Risk-weighted assets

	Standardised		IRB Scope ^{^^}		Standardised		IRB Scope ^{^^}	
	Investec plc [*] £'million	IBP [*] £'million	Investec Limited [*] R'million	IBL [*] R'million	Investec plc [*] £'million	IBP [*] £'million	Investec Limited [*] R'million	IBL [*] R'million
	At 31 March 2024				At 31 March 2023			
Risk-weighted assets^{**}	18 509	18 054	292 179	273 185	17 767	17 308	283 600	261 263
Credit risk	15 278	15 276	222 698	213 144	14 122	14 118	218 883	206 693
Equity risk	527	89	15 008	13 422	594	153	14 283	10 437
Counterparty credit risk	370	377	6 723	6 705	477	487	7 930	7 930
Credit valuation adjustment risk	27	27	2 637	2 637	37	37	3 477	3 477
Market risk	428	428	7 934	6 255	513	511	6 875	5 784
Operational risk	1 879	1 857	37 179	31 022	2 024	2 002	32 152	26 942

Capital requirements

	Standardised		IRB Scope ^{^^}		Standardised		IRB Scope ^{^^}	
	Investec plc [*] £'million	IBP [*] £'million	Investec Limited [*] R'million	IBL [*] R'million	Investec plc [*] £'million	IBP [*] £'million	Investec Limited [*] R'million	IBL [*] R'million
	At 31 March 2024				At 31 March 2023			
Capital requirements	1 481	1 444	35 186	32 898	1 421	1 385	34 067	31 384
Credit risk	1 223	1 222	26 818	25 668	1 130	1 129	26 292	24 828
Equity risk	42	7	1 807	1 616	47	13	1 716	1 254
Counterparty credit risk	30	30	810	807	38	39	953	953
Credit valuation adjustment risk	2	2	318	318	3	3	418	418
Market risk	34	34	956	753	41	41	826	695
Operational risk	150	149	4 477	3 736	162	160	3 862	3 236

Leverage ratios

	Standardised		IRB Scope ^{^^}		Standardised		IRB Scope ^{^^}	
	Investec plc ^{**} £'million	IBP ^{**} £'million	Investec Limited ^{**} R'million ^{^^}	IBL ^{**} R'million ^{^^}	Investec plc ^{**} £'million	IBP ^{**} £'million	Investec Limited ^{**} R'million ^{^^}	IBL ^{**} R'million ^{^^}
	At 31 March 2024				At 31 March 2023			
Tier 1 capital ^{**}	2 751	2 929	43 814	48 584	2 376	2 481	45 022	47 508
Total exposure measure	27 015	26 746	705 807	684 313	25 216	24 945	696 319	662 702
Leverage ratio	10.2%	11.0%	6.2%	7.1%	9.4%	9.9%	6.5%	7.2%
Tier 1 capital (fully loaded)	2 731	2 910	43 814	48 584	2 328	2 432	45 022	47 508
Total exposure measure (fully loaded)	26 995	26 726	705 807	684	25 168	24 896	696 319	662 702
Leverage ratio (fully loaded)^{***}	10.1%	10.9%	6.2%	7.1%	9.2%	9.8%	6.5%	7.2%

* Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

** For Investec plc and IBP the CET1, Tier 1 and total capital adequacy ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

*** For Investec plc and IBP the CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9.

^v The leverage disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the Group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating Tier 1 capital as required under the Capital Requirements Regulation. The impact of this deduction totalling £56 million (31 March 2023: £55 million) for Investec plc and £62 million (31 March 2023: £36 million) for IBP would lower the leverage ratio by 21bps (31 March 2023: 22bps) and 23bps (31 March 2023: 14bps) respectively.

[^] Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 111bps (31 March 2023: 117bps) and 118bps (31 March 2023: 164bps) lower respectively. The leverage would be 48bps (31 March 2023: 49bps) and 47bps (31 March 2023: 65bps) lower respectively.

^{^^} Investec Limited uses the IRB Approach to quantify credit RWA. As at 31 March 2024, 54% (31 March 2023: 53%) of the portfolio applies the AIRB approach, 26% (31 March 2023: 28%) applies the FIRB approach and the remaining 20% (31 March 2023: 19%) of the portfolio is subject to the standardised approach.

CAPITAL MANAGEMENT AND ALLOCATION

CONTINUED

Total regulatory capital flow statement

	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
At 31 March 2024				
Opening Common Equity Tier 1 capital	2 126	2 231	41 810	44 798
Ordinary share buy-back	—	—	(411)	—
Dividends paid to ordinary shareholders and Additional Tier 1 security holders	(117)	(110)	(5 393)	(5 858)
Profit after taxation	706	720	6 873	8 076
Reclassification of reserves**	—	—	(1 937)	(2 187)
Treasury shares	(10)	—	202	—
Share-based payment adjustments	(14)	5	378	(62)
Capitalmind (Option to buy NCI shares)	(3)	(3)	—	—
Movement in other comprehensive income	(22)	(8)	1 684	668
Investment in financial entity	—	—	220	—
15% limit deduction	—	—	(1 004)	—
Shortfall of eligible provisions compared to expected loss	—	—	(288)	(288)
Cash flow hedging reserve	10	10	—	—
Goodwill and intangible assets (deduction net of related taxation liability)	(359)	(352)	21	49
Deconsolidation of special purpose entities	3	4	—	—
IFRS 9 transitional arrangements	(29)	(29)	—	—
Other, including regulatory adjustments and other transitional arrangements	2	3	(2 305)	(72)
Closing Common Equity Tier 1 capital	2 293	2 471	39 850	45 124
Opening Additional Tier 1 capital	250	250	3 212	2 710
Issued capital	350	350	750	750
Redeemed capital	(142)	(142)	—	—
Other, including regulatory adjustments and transitional arrangements	—	—	2	—
Closing Additional Tier 1 capital	458	458	3 964	3 460
Closing Tier 1 capital	2 751	2 929	43 814	48 584
Opening Tier 2 capital	738	764	6 963	7 928
Issued capital	—	—	1 250	1 250
Redeemed capital	(43)	(69)	(1 996)	(1 996)
Collective impairment allowances	—	—	(200)	(200)
Investment in capital of financial entities above 10% threshold	—	—	114	—
Other, including regulatory adjustments and other transitional arrangements	17	17	1 318	465
Closing Tier 2 capital	712	712	7 449	7 447
Closing total regulatory capital	3 463	3 641	51 263	56 031

* Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

** The restatement of retained earnings related to the application of hedge accounting in the prior years, for certain portfolios in Investec Bank Limited, that did not meet the requirements of IAS 39 Financial Instruments: Recognition and Measurement.

CAPITAL MANAGEMENT AND ALLOCATION

CONTINUED

Total regulatory capital flow statement

At 31 March 2023	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Opening Common Equity Tier 1 capital	1 979	2 043	44 790	45 206
Ordinary share buy-back	—	—	(1 191)	—
Dividends paid to ordinary shareholders and Additional Tier 1 security holders	(106)	(112)	(7 765)	(8 956)
Profit after taxation	293	314	7 052	6 792
Treasury shares	(15)	—	(347)	—
Distribution to shareholders	(91)	—	—	—
Share-based payment adjustments	5	—	424	225
Employee benefit liability recognised	—	—	(93)	(85)
Movement in other comprehensive income	(43)	34	1 600	1 758
Investment in financial entity	160	—	415	—
Investment in capital of financial entities above 10% threshold	—	—	(2 914)	—
Shortfall of eligible provisions compared to expected loss	—	—	152	151
Cash flow hedging reserve	(28)	(28)	—	—
Goodwill and intangible assets (deduction net of related taxation liability)	(9)	(9)	(32)	(29)
Deferred tax that relies on future profitability (excluding those arising from temporary differences)	6	6	—	—
Deconsolidation of special purpose entities	5	3	—	—
Gains or losses on liabilities at fair value resulting from changes in own credit standing	—	—	2	2
IFRS 9 transitional arrangements	(28)	(29)	—	—
Other, including regulatory adjustments and other transitional arrangements	(2)	9	(283)	(266)
Closing Common Equity Tier 1 capital	2 126	2 231	41 810	44 798
Opening Additional Tier 1 capital	250	250	3 064	2 560
Issued capital	—	—	500	500
Redeemed capital	—	—	(791)	(350)
Other, including regulatory adjustments and transitional arrangements	—	—	439	—
Closing Additional Tier 1 capital	250	250	3 212	2 710
Closing Tier 1 capital	2 376	2 481	45 022	47 508
Opening Tier 2 capital	622	766	8 091	9 557
Issued capital	346	346	2 570	2 431
Redeemed capital	(348)	(348)	(5 936)	(4 347)
Collective impairment allowances	—	—	(59)	(59)
Investment in capital of financial entities above 10% threshold	—	—	507	—
Other, including regulatory adjustments and other transitional arrangements	118	—	1 790	346
Closing Tier 2 capital	738	764	6 963	7 928
Closing total regulatory capital	3 114	3 245	51 985	55 436

- Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

Governance



DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT



A strong and effective Board is central to the delivery of the Group's strategy.

Philip Hourquebie
Chair

Introduction

The DLC Nominations and Directors' Affairs Committee (Nomdac or the Committee) champions the Group's long-term success through its focus on people and corporate governance matters. This report details the role of the Committee and the important work it has undertaken during the year. The role of the Committee remains vital in ensuring that the Group has a strong, value-adding and effective Board, with a diverse range of skills and perspectives. The Committee also ensures there is a high-quality Executive and senior management team in place, focused on the long-term and enabling the Group to deliver on Group strategy, and its purpose of creating enduring worth for all of our stakeholders.

Role and responsibilities

The role of the Committee is to:

- Consider succession plans for the Board, Executive and senior management
- Monitor the talent pipeline for Executive and senior management and initiatives to develop internal and external capability
- Review the background, knowledge, skills, experience and diversity of the Board
- Monitor compliance against corporate governance guidelines and the Board Diversity Policy

- Review the size, structure and composition of the Board and Board Committees
- Oversee the Board effectiveness review.



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

Board and Board Committee changes

As mentioned in the introduction to the Governance report on pages 143 and 145 of the Investec Group's 2024 integrated and strategic report, there have been a number of changes to the Board and its Committees.

In March 2024, we announced the appointment of Diane Radley as an independent Non-Executive Director. Diane has been identified as the successor to Zarina Bassa and will assume the role of Chair of the Investec Group Audit Committees when Zarina steps down from the Board and IBL and IBP Boards at the AGM in August 2024, having reached nine years of service with the Group in November 2023.

As indicated in last year's report:

- Richard Wainwright and Ciaran Whelan did not stand for re-election at the 2023 AGM, and stepped down from the Board in August 2023
- Khumo Shuenyane, who reached nine years of service with the Group in August 2023, did not stand for

- re-election at the 2023 AGMs of the Group and IBL, and stepped down from the Board and IBL Board in August 2023. I succeeded Khumo as Chair of the IBL Board, with Nicky Newton-King succeeding Khumo as Chair of the DLC Social & Ethics Committee (SEC).

Succession planning

During the year, we continued to focus on succession planning, with consideration given to the planned Board retirements, as detailed above and the impact of these on the membership of the Board and its committees, including oversight of the planned transition.

The Committee oversees all changes to the Board and its Committees, and our ongoing review of their size, structure and composition helps ensure that the Group maintains the appropriate mix of knowledge, skills, experience, backgrounds and diversity.



A summary of Board and Committee composition and attendance can be found on page 159 of the Investec Group's 2024 integrated and strategic report.

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT

CONTINUED

Non-Executive Director recruitment

As was the case during the previous year, Non-Executive Director recruitment has been a key area of focus, with the search for Zarina Bassa's replacement. The focus will be maintained in the coming year, with the nine-year anniversary of Brian Stevenson's appointment taking place in 2025.

Detailed candidate specifications have been agreed. These reflect the skills, experience and personal qualities required for the Board going forward, and take into account the needs of the Board, its committees and the business, as well as planned Board retirements.

During the last year, we focused on identifying candidates with the requisite skills, knowledge, and experience to replace Zarina Bassa and serve on the Investec Group Audit Committees.

An independent executive search firm, Dreyton Glendower, was appointed to support our search for Zarina's replacement, with diversity of background and opinion at the forefront of that search. The firm does not have any connection to the Group or any of the Directors other than to assist with the searches for Executive and Non-Executive talent.

The Committee held several discussions on potential candidates, assessing the credentials and suitability of each individual against the qualities and capabilities set out in the candidate specifications. Following a formal and rigorous process, Diane Radley was identified as the preferred candidate and was appointed to the DLC Board effective 6 March 2024. Diane will serve as Chair of the Investec Group Audit Committees when Zarina steps down in August 2024. To ensure due consideration is given to suitable potential candidates who would enhance the effectiveness of the Board, the Committee continues to review the recruitment priorities and give further consideration to the desired skills and experience of potential candidates.

Board diversity

The Committee's focus on inclusion and diversity sets the tone and direction for Investec to be an inclusive employer, with diverse teams delivering for the benefit of all our stakeholders.



Read more on Board diversity in the Investec Group's 2024 sustainability report available on our website www.investec.com

Diversity is taken into account when considering the succession plans and appointments of Board members, Executives and senior management, as well as more broadly across the Group.

The Committee maintains a Board Diversity and Inclusion Policy which sets out the approach to diversity of the Board and provides high level indication of the Board's approach.

Board effectiveness review

The Committee oversees the review of Board effectiveness, and assesses the feedback from the evaluation process. The 2023/24 review was internally facilitated by Company Secretarial.



Full details are provided on page 165 of the Investec Group's 2024 integrated and strategic annual report.

Governance

The Group applied the UK Corporate Governance Code and the South African King IV™ for the financial year ending 31 March 2024.



The statements of compliance may be found on pages 150 and 152 of the Investec Group's 2024 integrated and strategic annual report.

Committee composition

We welcomed Nicky Newton-King as a member of the Committee, following her appointment as Chair of the DLC SEC.

Khumo Shuenyane stepped down as a member of the Committee on retiring from the Board in August 2023.

Zarina Bassa will step down as a member of the Committee on retiring from the Board in August 2024, at which time Diane Radley will join the Committee.

Membership and attendance

To ensure a broad representation of experienced and independent directors, membership of the Committee currently comprises the Chair, the Senior Independent Director (who is also the Chair of the DLC Audit Committee), the Chairs of each of the DLC BRCC, DLC Remuneration Committee and DLC SEC, and the Chairs of the IBP Board and IBL Board.

The Group Chief Executive also attends meetings as appropriate.

The Committee is mandated by the IBL Board to be the Nominations and Directors' Affairs Committee for IBL.

It was accordingly agreed that the IBL Board is appropriately represented.

There are currently three IBL Board members serving on the Committee.

Details of individual attendance at the meetings held during the year are set out below.

Members	Meetings attended / Eligible to attend
Philip Hourquebie (Chair)	6/6
Henrietta Baldock ¹	5/6
Zarina Bassa	6/6
Vanessa Olver	6/6
Brian Stevenson	6/6
Nicky Newton-King ²	3/3
Khumo Shuenyane ³	2/2

1. Away on business: Where a Director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair.
2. Nicky Newton-King was appointed as a member of the Committee on her appointment as Chair of the DLC SEC on 3 August 2023.
3. Khumo Shuenyane stepped down as a member of the Committee on 3 August 2023.

Looking Forward

2024/25 Focus areas

- Oversee the succession plan for the Board, Executive and senior management including the IBL CEO transition.
- Conduct a recruitment process for potential new Board members, given planned Board retirements
- Monitor progress made with respect to the Board action plan identified following the 2023/24 Board effectiveness review
- Oversee the 2024/25 external Board effectiveness review



More information on the skills, knowledge and experience of the Committee members can be found on pages 146 to 149 of the Investec Group's 2024 integrated and strategic annual report.

Philip Hourquebie

Chair, DLC Nomdac
24 June 2024

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT CONTINUED

What we did in 2023/24

Board suitability

In order to provide assurance that the composition of the IBL and DLC Boards were appropriate and in line with internal procedures and regulatory guidance, the suitability assessment of the Boards was conducted in July 2023, with the Committee reviewing the feedback during the last financial year. A skills matrix has been developed for the annual assessment of the individual suitability of each Director and the collective suitability of the Boards. Further to the suitability review, the Committee concluded that the Board was suitably skilled.

Non-Executive Director succession planning

Succession planning remained a key focus for the Committee in 2023/24.

We further developed our succession plan for Non-Executive Directors, which includes step in succession plans, medium-term planning (orderly refreshing of the Board and its Committees) and long-term planning (looking ahead to the skills that may be required on the Board and its Committees in the future).

As indicated above, we started our search for Zarina Bassa's replacement and engaged Dreyton Glendower to assist with the recruitment.

Executive and Senior Management succession planning and talent management

The Committee also continues to consider the overall health of the executive talent pipeline, together with detailed succession planning for Executive and senior management.

During the year, the Committee discussed proposed changes to Executive and senior management, as part of the implementation of our Executive succession plan.

We regularly review the existing internal pipeline of candidates for immediate and medium- to longer-term movement into key leadership and functional roles. This process is subject to routine challenge to ensure that we understand the breadth of internal potential as well as the experience and expertise offered by external talent pools.

Additional engagement with future leaders is facilitated through presentations at Board meetings, business-led sessions and conferences.

Induction and training

The Chair, supported by the Committee, leads the training and development of directors. On appointment, each Director receives a formal and tailored induction, which is supported by an ongoing development programme.

New Non-Executive Directors receive a tailored induction programme that focuses on the Group's purpose, values and culture, strategy, structure, operations and governance, risk and compliance. The programme also takes account of the specific role that the director has been appointed to fulfil and their skills and experience to date. An induction pack is provided, and meetings scheduled with the Board and appropriate management.

A comprehensive development programme operates throughout the year, with both compulsory computer-based training, and in person training sessions offered across a range of topics, including:

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

Directors who take on new roles or change roles during the year attend induction meetings in respect of those new roles.

Time commitment

The expected time commitment of the Chair and Non-Executive Directors is agreed on appointment. Consideration is given to an individual's capacity to take on the role, based on an assessment of existing external commitments and demands on time. Any changes, such as additional external appointments which could impair the ability to meet the above, can only be accepted following approval by the Chair and Group Chief Executive.

Conflicts of interest and independence

Each Director has a duty to disclose any actual or potential conflict of interest, as defined by law, for consideration and approval if appropriate by the Board. This requirement is supported by the Committee's annual review of the register of Directors' interests. Additionally, the Board and its Committees consider conflicts of interest at the beginning of every meeting.



Further details of our Conflicts of Interest Policy can be found on page 167 of the Investec Group's 2024 integrated and strategic annual report.

The annual review of the register of Directors' interests informs the assessment of Director independence.

Based on its assessment for the year, the Committee is satisfied that, with the exception of Stephen Koseff, who was appointed as a non-Independent Non-Executive Director, all the Non-Executive Directors remained independent in character and judgement.



Read more in the Board report on page 156 of the Investec Group's 2024 integrated and strategic annual report.

Director re-appointment

All Non-Executive Directors undertake an initial term of three years subject to annual re-election by shareholders. The term can be extended but consistent with best practice, does not exceed nine years unless defined circumstances are deemed to exist, and subject to approval from the South African Prudential Authority, in accordance with directive 4/2018 (matters relating to Sound Corporate Governance).

In recommending Directors for election and re-election at the AGM, the Committee has considered the performance of each of the Directors and their ability to continue meeting the time commitments required. We have taken into consideration individual capabilities, skills and experience, independence and any potential conflicts of interest that have been disclosed. The external roles held by all Directors were considered to be appropriate.

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT CONTINUED

Corporate Governance

During the year the Committee reviewed the Group's corporate governance framework and associated processes. This included a comprehensive review of the Investec Reserved Matters for the Board, IBL Board, IBP Board and IW&I International Board, and the Committee continued to review during its ongoing implementation.

We have also made certain improvements to further support the connectivity between the Board and the Boards of the Group's principal subsidiaries. Building upon our model of the Chairs of our Board Committees, also being members of the respective subsidiary Board committee, and the chairs of the subsidiary Boards being members of the Group Board, we have introduced regular reports from the Group Chief Executive to the Boards of the Group's principal subsidiaries, and established a regular Directors' Conference. The Directors' Conference is designed to foster social cohesion and strategic alignment across the boards, with invitations extended to the Directors, Executive leadership and senior management of the Group and its principal subsidiaries.

As part of our broader governance responsibilities, the Committee also considered regular updates on developments in corporate governance, in particular the revisions to the UK Corporate Governance Code. The Committee continues to monitor potential future developments in the UK and South Africa and elsewhere to ensure that the impact of any proposed governance and regulatory changes on the Group and its operations is considered.

DLC SOCIAL AND ETHICS COMMITTEE REPORT



Prioritising purpose, inclusivity, and a strong culture is essential for any organisation that seeks to maximise productivity and create enduring worth.

Nicky Newton-King

Chair of the DLC SEC

Introduction

I am pleased to present the Investec DLC Social and Ethics Committee report for the financial year ended 31 March 2024. This report reflects the Group's commitment to ethical conduct, social responsibility, and environmental sustainability across its business activities.

The Social and Ethics Committee consists of three independent Non-Executive Directors and the Group Chief Executive. Committee discussions are additionally strengthened by the contribution of the Group Chair and a number of senior executives from across the Group. The range of experience within the Committee's composition ensures robust consideration of topics as diverse as sustainability practices, human rights, labour practices, consumer protection, anti-corruption, and community involvement. The Committee's composition complies with the requirements of the South African Companies Act. The attendance and participation at Committee meetings of senior executives from across the Group also ensures that sustainability-related matters are integrated more deeply into the Group's operations. Moreover, the Committee is well versed in the work of the Transformation Committee, the Employment Equity Forum, and the Workforce Engagement Forum to ensure that belonging, inclusion and diversity are addressed across the Group as a whole.

We invite you to read the full report and provide us with your feedback. We value your input and support in the journey towards creating a positive impact for the Group's stakeholders and for society at large.

Role and responsibilities

The role of the Committee is to:

- Ensure that the Group promotes environmental, social and economic sustainability
- Oversee the Group's climate and nature-related policies, processes and response to climate and nature-related matters
- Oversee the Group's behaviour as a corporate citizen, including its contribution to the development of the communities in which it operates
- Monitor the Group's standing in terms of the goals and purpose of the South African Employment Equity Act, and the South African Broad Based Black Economic Empowerment (B-BBEE) Act
- Oversee the Group's initiatives to ensure ethical behaviour and business practices
- Oversee the Group's reputation management
- Fulfil the statutory requirements of a Social and Ethics Committee as stipulated by the South African Companies Act.



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

Membership and attendance

On 03 August 2023, following nine years of service, Khumo Shuenyane stepped down from Investec's Boards and Committees. I would like to express my sincere gratitude to Khumo as well as my respect for his leadership and dedication. He has been a great colleague and friend, and we will miss his insights and wisdom at Group level, but also specifically at this Committee. I wish Khumo all the best for his future endeavours.

We have not filled the vacancy on the Committee following Khumo's departure. We are confident that we have a strong and diverse team of Directors who will continue to oversee the interests of the Group's stakeholders and the sustainability of the Group's business. In due course, we may look to add another member to the Committee, specifically to reflect on developments in the Group's business outside South Africa.

DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

Attendance for the year was as follows:

Members	Meetings attended / Eligible to attend
Khumo Shuenyane ¹	1/1
Morris Mthombeni ³	3/4
Nicky Newton-King ²	4/4
Jasandra Nyker	4/4
Fani Titi ³	3/4

1. Khumo Shuenyane stepped down as the Chair on 03 August 2023.
2. Nicky Newton-King took the role of Chair on 03 August 2023
3. Away on business: Members of the Committee receive reports even when they are not able to attend meetings and provide their feedback through the Chair as necessary



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

Sustainability (including climate, nature and ESG)

The Group has strong sustainability credentials within the industry. This stems from its long-standing recognition of the significance of sustainability in creating long-term worth for its business and stakeholders.

With sustainability gaining greater prominence, clients are actively seeking out sustainable practices. This shift has driven the momentum behind sustainable finance, making it a growing aspect of client requirements. Consequently, significant attention across the Group has been focused on the development of the Sustainable and Transition Finance Classification Framework (published as part of this reporting suite) which will guide future business activities as the Group drives towards its ambition to achieve Net Zero by 2050. This involved a detailed process of testing and improving the sustainability related data and strategic commitments across the banking subsidiaries in the Group, while also bearing in mind the distinct regulatory and just transition requirements in the two key jurisdictions in which the Group operates.

The Group expects to publish sustainable finance targets before the end of 2024. Both the Framework and the targets will form important aspects of the new remuneration policy that will be presented to shareholders at the AGM later this year.

In line with this increased focus on sustainable finance, the Group has obtained a €500k grant from Proparco to enhance technical sustainable finance capacity in its South African operations. This is being used to enhance the knowledge within the business regarding climate finance and for advisory services within the operations in South Africa.

The Committee is keeping a watchful eye on regulatory developments around sustainability disclosures, including the recently published recommendations by the South African Prudential Authority during 2023 and those in IFRS S1 and S2. The Group expects to be able to comply with these recommendations when they become mandatory. This year, the Group carried out a double materiality assessment as guided by the European Commission's Corporate Sustainability Reporting Directive (CSRD). Insights from that assessment will be addressed in the coming financial year.



Further information can be found in the Investec Group's 2024 sustainability report.

Social

The Group has spent considerable time and energy further underlining its goal as a purposeful organisation, recognising that a clear sense of purpose provides direction and motivation for staff to drive lasting value.

The Committee has focused on reviewing workforce developments to ensure consistency across the Group, an important quality given the multiple jurisdictions within which the Group operates. The Group's strong belief is that prioritising its purpose of creating enduring worth for all its stakeholders, inclusivity and a strong culture, are key differentiators in enabling the Group to attract and retain top talent and deliver lasting outcomes to clients and shareholders.

The Group's B-BBEE rating improved from level 2 to level 1 during the year, a position to which the Group is committed.

The Group expects to achieve its targets in the current Employment Equity Plan, which is due to conclude on 31 December 2024. The proposed amendments to the Employment Equity Act regulations published in February 2024, will impact sectoral numerical targets. As a result, the process of creating the Group's new Employment Equity Plan, has started. The new Plan and associated targets will in due course be reviewed by the Committee.

During the year, the Group underwent a Director General Review by the Department of Employment and Labour in SA. The subsequent recommendations have been addressed to the satisfaction of the Department. In the UK, the FCA is consulting on target setting for diversity representation and the Committee is monitoring developments in this regard. That said, the UK business shows impressive gender diversity at senior leadership levels. The Committee had a good discussion on global developments which in some jurisdictions outside of Investec's key operating jurisdictions, seemed to be rolling back focus and commitment to diversity, belonging and inclusion and confirmed the Group's deep commitment to diversity and building an organisation in which all staff feel they belong.

The Committee has reviewed and approved numerous policies and practices to support the Group's commitments to the United Nations Global Compact and the UK Modern Slavery Act 2015. The Modern Slavery Act Statement for Investec plc entity and a Group Modern Slavery statement, are both available on the Investec website.



Refer to www.investec.com for Investec plc Modern Slavery Act Statement and the Group Modern Slavery Act statement.

DLC SOCIAL AND ETHICS COMMITTEE REPORT

CONTINUED

Governance

Sustainability is becoming an increasingly important aspect of discussions with the Group's shareholders. In this regard, the Committee has been working with the DLC Remuneration Committee on the selection of appropriate sustainability-related Key Performance Indicators (KPIs) for the 2024 remuneration policy, which will be presented to shareholders at the AGM in August 2024.

The Group is rolling out an introductory sustainability learning module to ensure that all employees gain a thorough understanding of how sustainability issues impact Investec. The Group's commitment to sustainability leadership is exemplified by the participation of members from our Group Executive Team, including the Group Chief Executive, in a five-day training programme on sustainability leadership for executives delivered by INSEAD. The impact of Group-wide learning is evidenced by the extensive support for the development of the Sustainable and Transition Finance Framework, as well as by the level of engagement from across the Group in this Committee's activities.

The Committee engaged in an extensive discussion on the ethical implications of using Generative Artificial Intelligence (Generative AI) in the business and will be watching developments both within Investec as well as more broadly.

The issue of account closure by banks has featured in both SA and UK media (although not in relation to Group practices). The Committee invested considerable time in understanding the extensive processes undertaken across the Group before client accounts are closed. The Committee will review developments in this regard from time to time.

The Committee discussed the executive management's response to key reputational risk issues throughout the year, noting the detailed attention given to them.

Finally, given the background of national elections in SA and the UK, the Committee discussed the appropriate positioning of political party funding by the Group. While there is no political party funding in the UK, in SA the Group provided support to non-aligned institutions which advance the democratic process.

Stakeholder engagement

The Group's engagements with its numerous stakeholders are managed in different ways and at different levels in the organisation.

Overall, the Committee believes that the Group has established suitable relationships with its main stakeholders. In the coming financial year, the Committee will assess how the Group's purpose affects each stakeholder group and discuss how to enhance the outcomes.

The recently concluded double materiality assessment to identify and assess the Group's most significant impacts, risks and opportunities has generated a good understanding of the sustainability topics that are material to key stakeholders. This has provided an excellent basis for future discussions at the Committee, with stakeholders and across the business.

I close by thanking my Committee members as well as the Group executives and staff for their engagement with the Committee's mandate. Our discussions are becoming richer and more meaningful which I very much expect will benefit the Group's sustainability journey.



Nicky Newton-King
Chair, DLC SEC
24 June 2024

DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

What we did in 2023/24

Sustainability (including climate, nature and ESG)

The Committee recognises the importance of sustainability matters in creating long-term value for all of our stakeholders and contributing meaningfully to our people, communities and the planet. We monitor climate change as an emerging risk through the DLC BRCC.

Over the course of the year, the Committee reviewed many matters, including:

- Progress following the commitment made to achieving net-zero carbon emissions by 2050, as part of the net-zero banking alliance, and processes to enhance our scope 3 emissions reporting with refined assumptions and systems automation
- The enhanced sustainable and transition finance framework
- Review of the Group Modern Slavery Statement and the Group fossil fuel statement while continuing to be mindful of the need for alignment, considering the differences in the energy landscape in SA and the UK
- Our sustainability strategy framework and policy
- An update on the business initiatives designed to support our clients in their participation in the transition
- Our reporting readiness considering the increased sustainability reporting developments internationally
- The outcomes of the double materiality assessment which is disclosed in the Investec Group's integrated and strategic annual report 2024
- Transactions that were of high concern from an ESG risk perspective and confirming management alignment to the outcomes
- The latest ESG ratings and changes in ratings methodologies.

In addition we:

- Discussed our enhanced sustainable and transition finance classification framework and the linkage of a sustainable finance target to executive remuneration

- Received an update on Investec Wealth & Investment International's integration of ESG in their investment processes and philosophies reflecting their approach to ensuring continuity and consistency in their ESG integration and stewardship function.

People

Our purpose-led culture is our strategic differentiator. As a culture-driven organisation, our values and philosophies must underpin and inform people's conduct. With this in mind, the Committee reviewed:

- Progress towards employment equity plans
- The SA political party funding policy which led to the funding political parties being replaced by a focus on supporting NGOs that were encouraging people to vote and on providing electoral education to society
- Our progress made on purpose and values within the organisation
- Our wellbeing offering to employees, noting an emphasis on extending this offering to include a specific focus on mental health that coincided with the world mental health awareness day on 10 October 2023
- Ongoing culture conversations and the continuous work regarding culture, including what that looks like post the Rathbones' transaction, post COVID and the return to office. There was a focus on the speed of execution in the context of an entrepreneurial environment
- Our progress with respect to gender and diversity targets.



Refer to www.investec.com for our UK pay gap reports.

Belonging, inclusion and diversity (BID) remained a key area of discussion including issues such as the incorporation of neurodivergence into the BID spectrum. Trends and debates in BID were reviewed setting out the BID strategy, ecosystem, learning programmes, the current diversity reporting landscape, emerging global trends and debates and our response to those trends and debates.

The priorities of the strategy included consultative forums in both the UK and South Africa, chaired by individuals with a seat on the relevant management forum. This ensures senior level commitment, increasing the representation of underrepresented groups in senior roles and decision-making forums and entrenching the culture of belonging. Based on our cultural positioning that encourages employees to bring their whole, authentic self to work, our key focus areas for 2023/24 were:

- Purpose and values
- Considering global alignment wherever possible for all policies, procedures, and practices
- Leadership development to promote belonging, inclusion, and diversity
- Enhancing existing BID networks, including the gender balance, multicultural, pride and, young minds networks, and the EE forum
- Raising awareness of disabilities
- Continuing to work on making decision making forums and senior management more representative as part of our EE plan initiatives.

Community initiatives

Our community initiatives reflect our commitment to making a positive social impact and promoting education, skills development, and community engagement. The Committee is aware of several Corporate Social Responsibility initiatives across the Group including:

- YES programme: We have actively participated in the YES (Youth Employment Service) programme, which aims to provide work opportunities for young individuals and empower them with valuable skills and experience. The feedback highlighted that the key areas of impact are IT, tourism and conservation, artisanal skills, education and energy infrastructure. We have effectively merged our learnership model with our YES commitment to make a greater impact. Our focus is on providing promising YES interns with formal learnership opportunities following completion of their YES internship. This allows them to gain an accredited qualification. As part of our broader YES strategy, we sponsor learnerships with the Artisan Development Academy and ORT SA Cape. We reaffirmed our future commitment to the programme.

DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

- Promaths: We continue to support the Promaths initiative, which focuses on improving high school learner performance in mathematics and science, increasing their chances of obtaining university admission and university bursaries or scholarships
- University academic support programmes: We partner with universities to enable student access and support student academic performance through various university preparation initiatives, extended study programmes and academic support offerings
- Staff volunteerism: We encourage our employees to actively participate in volunteering activities, contributing their time, skills and in some instances money to various community projects and initiatives
- Teacher internship partnership: We continue to partner with the Department of Basic Education and the Independent Schools Association of Southern Africa (ISASA) to provide teacher internships. This collaboration aims to enhance the quality of education by providing aspiring teachers with practical training and mentorship opportunities.

Governance

The Committee is responsible for monitoring the Group's activities having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice. As such the Committee reviewed matters including:

- Reputational risk reports with a focus on new developments and policies regarding the termination of client relationships in response to reputational risk concerns associated with those clients
- Matters arising from the ethics and whistle blowing reports
- Material conduct breaches, noting that disciplinary processes were followed to address the issues identified.

The Committee noted that the existences of well established policies and governance processes across both jurisdictions around client onboarding and terminations, and that enhancements to ensure better alignment across the Group were being reviewed by the business.

Stakeholder engagement

The Committee appreciates the importance of meeting the diverse needs and expectations of all the Group's stakeholders and building lasting relationships with them. Effective communication and stakeholder engagement are integral in building stakeholder value. The Committee therefore reviewed:

- Stakeholder relationships reports, noting that there is a greater focus on the just transition, the expansion of natural capital and biodiversity expectations, and the expectation of impact driven engagements going forward
- Key themes in stakeholder engagement, as well as an increase in the levels of stakeholder engagement. It was noted that the business was well positioned despite the tough economic environment raising an expectation that clients might experience difficulties. In the UK, although, impairments had increased, no real stakeholder concern was identified
- The outcomes of the double materiality assessment which highlighted our most significant impacts, risks and opportunities. This assessment was prompted by the emergence of new regulations, specifically the CSRD.

Looking ahead

2024/25 Focus areas

- Support and monitor the advancement of the Group's purpose driven initiatives
- Contribute to the setting of a sustainable finance target for the Group and performance against this target
- Monitor the response to the double materiality assessment completed in 2024
- Monitor progress in managing the Group's Scope 3 emissions from its lending and investing activities
- Monitor the setting of the new Employment Equity targets and Belonging, Inclusion and Diversity initiatives across the Group
- Monitor the establishment of the Group's approach to communities, to enable the Group to leverage its involvement for maximum impact.

DLC AUDIT COMMITTEE REPORT



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

Zarina Bassa

Chair of the DLC Audit Committee

Introduction

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

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

Role of the Committee

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

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

- Overseeing and ensuring the integrity of the Group's financial reporting process. This includes additional scrutiny of the accounting for significant transactions and assessing the impact and cause of restatements of prior year financial statements
- Satisfying itself that significant judgements made by management during the Group's financial reporting process are sound and reasonable
- Dealing with concerns, if any, from outside the Group regarding the application of accounting principles and external reporting
- Review the effectiveness of the Group's internal control environment and assurance processes

- Managing and overseeing the performance, conduct, quality and effectiveness of the Group's internal audit functions
- Reviewing the annual work plan, capacity, scope and staffing and independence of internal audit
- Overseeing Group compliance functions
- Overseeing the Group's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the Group's external auditors, including the audit scope, fees, quality control, effectiveness and independence of the external audit function
- Managing the policy, fees and the nature of non-audit services provided by the external auditors
- Managing the appropriateness of the design and effectiveness of the combined assurance model which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory, Compliance, internal audit, external audit and other assurance providers
- Oversight of the processes in the Group that culminate in the Group Chief Executive (Group CE) and Group Financial Director (Group FD) control attestation to the JSE.



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

Committee composition, skills, experience and operation

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

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

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

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



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

The Group CE, Group FD, Group Chief Operating Officer (Group COO), Group Chief Risk Officer (Group CRO), Heads of Internal Audit, 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.

DLC AUDIT COMMITTEE REPORT
CONTINUED

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

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

Members	Meetings attended / Eligible to attend
Zarina Bassa (Chair)	11/11
Vanessa Olver	11/11
Diane Radley ¹	1/1
Philisiwe Sibiyi	11/11

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

Structure of the Investec Group Audit Committees

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

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

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

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

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

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

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

The Chair attends the following committee meetings:

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

Investec Limited Operational Risk Committee

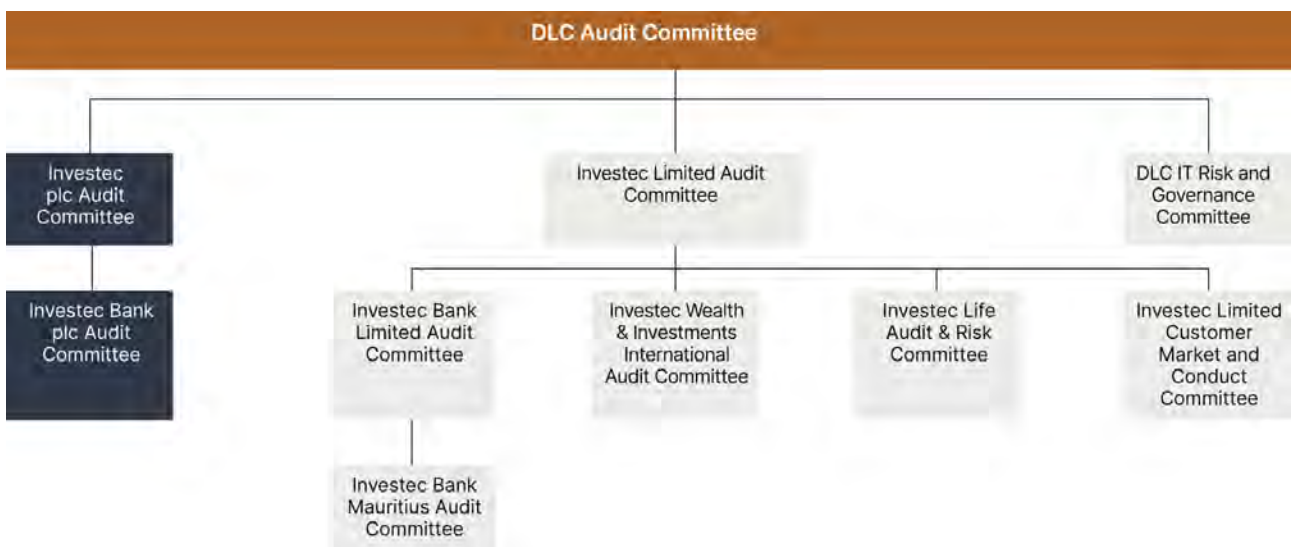
The Investec Limited Operational Risk Committee is mandated by the DLC Board Risk and Capital Committee (BRCC) to review, challenge and report matters related to operational risk. The Committee also approves and recommends operational risk policies including issues relating to non-compliance. The detailed Operational Risk reports are tabled at the DLC BRCC but the head of Operational Risk is a standard attendee at the Investec Limited 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, including control enhancement matters, support the purpose, values and strategic goals of the Group. The DLC IT Risk and Governance Committee reports to both the DLC 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 CMCC is chaired by the Head of Compliance of Investec Limited and Investec Bank Limited and reports to the Investec Limited Audit Committee.



DLC AUDIT COMMITTEE REPORT CONTINUED

Areas covered by the DLC Audit Committee

Key audit matters (KAM)

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

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

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

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

Key audit matters	What we did
<p>Expected credit losses (ECL) assessment</p> <ul style="list-style-type: none"> • The appropriateness of the allowance for ECL is highly subjective and judgemental. 	<ul style="list-style-type: none"> • Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Group • Reviewed the appropriateness of the ECL models and approved the forward-looking macro-economic scenarios applied in the UK 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 and the release of overlays • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers • Reviewed and satisfied ourselves on staging of key exposures • Assessed the appropriateness of the ECL model overlays maintained for emerging risks for which there was insufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays • Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate • Assessed the appropriateness of the ECL provision raised by the Group for large exposures in entities publicly perceived to be in financial distress, in conjunction with BRCC • Evaluated the International Financial Reporting Standard (IFRS® Accounting Standards), as issued by the International Accounting Standards Board (IASB) 9 disclosures for relevance and compliance with IFRS® Accounting Standards • Evaluated the impact of ECL on the interim and annual results.
<p>Fair value of level 3 instruments and the resulting IFRS® Accounting Standards 13 fair value measurement (IFRS 13) disclosure</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Received presentations on the material investments across the Group, including an analysis of the key judgements, assumptions and valuation methodology applied and approved the valuation adjustments proposed by management for the year ended 31 March 2024 • Challenged and debated significant subjective exposures and assumptions including: <ul style="list-style-type: none"> • 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.

DLC AUDIT COMMITTEE REPORT CONTINUED

Key audit matters	What we did
Uncertain tax provisions and other legal matters	<ul style="list-style-type: none"> • Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements • Evaluated the appropriateness of the accounting and disclosures regarding the investigation by the Office of the Public Prosecutor in Cologne. This was done by having closed Committee meetings with executive management and external audit. Considered guidance from external and internal legal counsel regarding the recognition, measurement and disclosure of a provision for this matter. Refer to note 54 of the Investec Group's 2024 annual financial statements for further information • Received regular updates from the Group Executive, Group Tax, Group Finance and Group Legal Counsel on uncertain tax and legal matters to enable the Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment • Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 • Reviewed a technical memorandum prepared by management regarding the recognition, measurement and disclosure of the motor vehicle finance industry-wide investigation in the UK. Considered guidance provided by external and internal legal counsel regarding the recognition, measurement and disclosure of the provision. Refer to note 54 of the Investec Group's 2024 annual financial statements for further information • Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements. Refer to note 54 in the Investec Group's 2024 annual financial statements.
Restatements of prior year comparative information	Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments <ul style="list-style-type: none"> • It was identified that a restatement was required in respect of the application of hedge accounting (cash flow and fair value hedging) applied in prior years for certain portfolios in IBL which did not meet the requirements to apply hedge accounting under IAS 39 and that certain financial instruments were incorrectly fair valued. The Committee spent time understanding the extent of the matter, how it came about, and what needed to be done to address the matter in the financial statements and to identify and prevent any occurrences in the future • Held two Committee meetings with executive management and external audit to evaluate the cause and impact of the restatement • The Committee and management, requested the undertaking of an independent in-depth investigation to assess whether there had been any fraud, malfeasance or deliberate intent in relation to the restatement of the application of hedge accounting. The results of this investigation did not indicate this to be the case • Met with internal audit to consider and deliberate on the results of a specific review undertaken on the control environment of the relevant area • Together with the IBL and DLC BRCCs, reviewed management's analysis of the factors that gave rise to the restatement • Evaluated the causes of the restatements and considered their impact on the effectiveness of the Group's control environment in the current and the prior year. The Committee will ensure relevant control enhancements are implemented and the requisite resourcing is in place if required

DLC AUDIT COMMITTEE REPORT CONTINUED

Key audit matters	What we did
<p>Restatements of prior year comparative information (continued)</p>	<ul style="list-style-type: none"> • Considered the impact, if any, on the control attestation made by the Group CE and Group FD as required by the JSE Listings Requirements 3.84(k). Concluded that there was no material impact on the ability of the Group CE and Group FD to make this attestation • Reviewed the appropriateness of the disclosure provided for the restatements. Refer to note 62 in the Investec Group's 2024 annual financial statements for further information. <p>Other restatements</p> <ul style="list-style-type: none"> • The Committee concluded that the other restatements predominantly related to reclassifications and gross-up/gross down of balance sheet and income statement line items or where management elected to restate to achieve better disclosure. The Committee will continue to assess the remediation plan from management to improve the classification process.
<p>Significant transactions</p>	<ul style="list-style-type: none"> • Reviewed the technical memorandum prepared by Group Finance regarding the accounting treatment and required disclosure for the Rathbones transaction that resulted in the deconsolidation of Investec Wealth and Investment UK (100% held subsidiary) and the recognition of a 41.25% investment in Rathbones plc. Considered and concluded on the appropriateness of the accounting treatment as a discontinued item in terms of IFRS Accounting Standards. Evaluated the appropriateness of the accounting treatment as an associate and valuation of the investment in Rathbones plc at a DLC level and Investec plc level. Considered the impact and addressed the implications of non-coterminous year-ends • Reviewed the technical memorandum prepared by Group Finance regarding the accounting treatment and required disclosure for the sale of the Burstone Group Limited (previously Investec Property Fund Limited) (Burstone) management function that resulted in the deconsolidation of Burstone. Evaluated the appropriateness of the Burstone investment at fair value • Reviewed the disclosure provided for discontinued operations for Burstone and Investec Wealth and Investment UK which were both deconsolidated. Reviewed the technical memorandum prepared by Group Finance on the application of IFRS 5 regarding discontinued operations • Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, impairment, valuation methods and assumptions applied.
<p>Audit firm rotation</p>	<ul style="list-style-type: none"> • Monitored and managed the rotation of the external audit from KPMG Inc. to PricewaterhouseCoopers Inc. for Investec Limited and Investec Bank Limited • Following conclusion of a competitive tender process conducted in 2023, recommended to the Board the appointment of Deloitte LLP as the External Auditors of Investec plc and Investec Bank plc, and the appointment of Deloitte & Touche as the second new auditor, along with the re-appointment of PricewaterhouseCoopers Inc. as the joint external auditors of Investec Limited and Investec Bank Limited for the financial year ending 31 March 2025 • Managed the process and oversaw the commencement of the shadow audit process by Deloitte & Touche and Deloitte LLP of the Investec Limited and Investec plc 2024 financial year audit • Monitored the non-audit services performed by Deloitte LLP and Deloitte & Touche during the shadow audit 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
<p>Going concern and the viability statement</p>	<ul style="list-style-type: none"> • Considered reports on the Group's budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any, on both going concern and the three-year Viability Statement • Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Group to continue as a going concern • Considered the impact of strategic corporate actions on the capital plans and the three year Viability Statement • Noted the Investec Bank plc Viability Statement as recommended for approval by the Investec Bank plc Audit Committee to the Investec Bank plc Board. • Recommended the approval of the going concern assumption and the Group Viability Statement underlying the annual financial statements to the DLC Board.
<p>Information technology systems, cyber security and controls impacting financial reporting</p>	<ul style="list-style-type: none"> • Received and reviewed reports in respect of IT systems, cyber security and controls impacting financial reporting • Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process • Considered broader IT and Governance matters, including security, control improvements, IT strategy and operations through attendance by the Audit Committee and BRCC Chairs at the DLC IT Risk and Governance Committee • Since 2015, Investec has been using Targeted Attack Simulations (TAS) to understand our cyber risk exposure and evaluate the adequacy of our security controls • Met with IT external auditors to discuss the results of the audit of IT systems and controls.
<p>External audit and audit quality</p>	<ul style="list-style-type: none"> • Monitored and managed the rotation of the external audit from KPMG Inc. to PricewaterhouseCoopers Inc. for Investec Limited and Investec Bank Limited • Managed the relationship with the external auditors, Ernst & Young LLP, Ernst & Young Inc. and PricewaterhouseCoopers Inc. • Considered the external audit report on the review performed on the interim results and the audit performed on the annual results • Met with key partners of Ernst & Young LLP and Ernst & Young Inc. (auditors of DLC), Ernst & Young LLP (auditors of Investec plc) and Ernst & Young Inc. and PricewaterhouseCoopers Inc. (auditors of Investec Limited) prior to every Audit Committee meeting to discuss the 2023/24 audit plan, key areas of focus, findings, scope and conclusions • Obtained feedback from the cross-reviews performed between the joint firms at an Investec Limited level, and by the DLC team across a DLC level • Pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy • Discussed external audit feedback on the Group's critical accounting estimates and judgements, restatements and the control environment • Approved the external audit plan, audit fee and the main areas of focus • Assessed the independence and objectivity of the external auditors

DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p>External audit and audit quality (continued)</p>	<ul style="list-style-type: none"> • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Group including the Summary of Audit Differences for the year ended 31 March 2024. The Committee ensured that it was comfortable that the level of unadjusted audit differences were within tolerable error for both actual and judgemental differences and that there was no bias towards over or understatement • Noted and reviewed the unqualified independent audit report in relation to the Group • Met separately with the leadership of Ernst & Young Inc., Ernst & Young LLP and PricewaterhouseCoopers Inc. to discuss Independent Regulatory Board for Auditors (IRBA) review ratings and accreditations, independence, firm quality control and the results of internal inspections of the firm and individual partners • Monitored audit quality and audit partner accreditation. 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 IVTM, 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.
<p>Regulatory compliance and reporting</p>	<ul style="list-style-type: none"> • Received regular reports from the Regulatory Compliance functions and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the internal and external auditors or regulators • Requested specific updates or presentations from management on areas considered high risk or where exceptions had been identified • Received regular updates from the compliance function in respect of Regulatory Interactions, Risk Ratings and High-Risk exposures, Conduct, Financial Crime, Compliance Monitoring, Training, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) reviews conducted in respect of Group subsidiaries • Monitored regulatory developments and the potential impact on South Africa and the UK, following the addition of South Africa to the Financial Action Task Force (FATF) greylist in February 2023 • Reviewed the reporting obligations in respect of significant transactions completed during the financial year • Reviewed the reporting obligations in line with the JSE listing requirements in respect of the Investec Limited share buy-back of its own shares and acquisition of Investec plc shares.
<p>Post balance sheet disclosure</p>	<ul style="list-style-type: none"> • Considered any post balance sheet events that may require the AFS to be adjusted or require additional disclosure. Refer to note 63 in the Investec Group's 2024 annual financial statements • Reviewed and approved the content and the publication of a change statement.
<p>Climate, nature and biodiversity and environmental, social and governance (ESG)</p>	<ul style="list-style-type: none"> • Reviewed ESG reporting and disclosures • Considered the changing regulatory landscape for all jurisdictions that the Group operates in, including undertaking specific training for the Committee.

DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p>Internal controls</p> <ul style="list-style-type: none"> The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans. 	<ul style="list-style-type: none"> Attended regular meetings of the DLC BRCC. Based on reports presented at those meetings, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames Reviewed reports from the independent audit committees of the Group's subsidiaries, including entities that the Group's management is operationally responsible for Evaluated the impact of working from home on the overall control environment and operational risk Evaluated reports on the internal control environment from the internal and external auditors with specific emphasis on culture and conduct elements in the internal audit reports Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the Group's IT controls. Considered updates on key internal and external audit findings with respect to the IT control environment Convened a special IBL Audit Committee meeting to consider the internal audit reports in respect of FRTB and the CVA model application 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 2023/24 TAS Reviewed the work performed by Group Finance to support the control attestation made by the Group CE and Group FD as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix Noted internal audit reports and conclusions on internal controls, internal financial controls and the risk management framework for the year under review Reviewed the year-end conclusions from internal audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year.
<p>Combined assurance matrix</p>	<ul style="list-style-type: none"> Confirmed our satisfaction with the appropriateness of the design and effectiveness of the combined assurance model applied, which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory Compliance, internal audit, external audit and other assurance providers Confirmed our satisfaction with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year-end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes.

DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p>Fair, balanced and understandable reporting</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Undertook an assessment on behalf of the Board, to provide the Board with assurance that it can make the statement Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure Reviewed the accounting treatment of key judgements and the quality of earnings assessment Considered the appropriateness and the cause of the restatement of the annual financial statements. Reviewed the appropriateness of the remedial plans implemented by management to ensure the cause has been appropriately addressed Reviewed the appropriateness of the disclosure provided regarding restatements and significant transactions completed during the financial year Assessed disclosure controls and procedures Confirmed that management had reported on and evidenced the basis on which representations to the external 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 Reviewed feedback from Group Finance in respect of a project launched to refine the annual financial statements in order to improve disclosures, improve financial control and reporting processes Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2024 were appropriate in ensuring that those statements were fair, balanced and understandable Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report Reviewed the outcomes of the combined assurance coverage model as discussed above Reviewed the process put in place to provide assurance on the Group CE and Group FD attestation as stipulated by the JSE Reviewed the annual reports of the DLC, Investec Limited, Investec plc and all significant subsidiaries.
<p>Business control environment</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Received regular reports from the subsidiary audit committees, including entities that the Group's management is operationally responsible for Attended the audit committee meetings of all significant subsidiaries Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans Received updates from senior management and scrutinised action plans following internal audit findings Reviewed the process for reporting to the Committee by key subsidiaries and associates and considered regular reports from such entities, for example, Investec Life.

DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p>Finance function</p>	<ul style="list-style-type: none"> • Considered the financial reporting as prepared by Group Finance regarding the interim results for the period ended 30 September 2023 and final results for the 31 March 2024 year end • In a closed session, discussed and concluded that the finance functions of 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.
<p>Compliance with applicable accounting standards</p>	<ul style="list-style-type: none"> • Reviewed various accounting papers prepared by Group Finance addressing subjective accounting treatments and significant accounting judgements • The Committee chair discussed the key judgements and complex accounting treatments with both external audit and management in the weekly meetings leading up to the year-end sign off • Reviewed and obtained confirmation from Group Finance that the recommendations in the JSE proactive monitoring report had been implemented in the preparation of the annual financial statements • Concluded on the reasonableness of the significant accounting judgements.
<p>Related party disclosures</p>	<ul style="list-style-type: none"> • Considered and reviewed related party disclosures for the Group • Considered and reviewed the process followed by Group Finance to ensure the completeness of related party disclosure • DLC Nomdac reviewed key related party transactions during the year and ensured compliance with Investec related party policies.
<p>Internal audit</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan • Reviewed and approved the Group internal audit charter • Oversaw and provided input into the appointment of a new Head of Internal Audit for Investec Limited, Vilola Gounden • Provided input into and considered the annual performance and objectives of the Heads of Internal Audit • Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills development and automation of audit processes • Monitored and followed up internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management • Tracked high and moderate risk findings, and monitored related remediation plans • Met with the Heads of Internal Audit prior to each Committee meeting, without management being present, to discuss the remit of and reports of internal audit and any issues arising from the internal audits conducted • Monitored audit quality in relation to internal audit. The methodology, process and skills were presented to a separately convened Audit Committee to consider audit quality

DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters

Internal audit (continued)

What we did

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

DLC AUDIT COMMITTEE REPORT CONTINUED

External audit

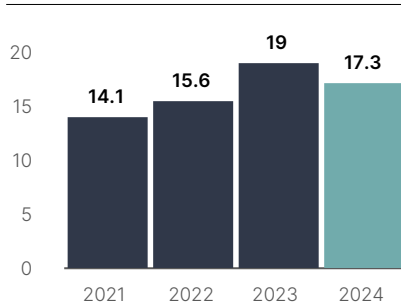
Non-audit services

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 fees paid for the year ended 31 March 2024 amounted to £17.3 million (2023: £19.0 million), of which £3.8 million (2023: £5.8 million) related to the provision of non-audit services. The non-audit services related to services required to be provided by the external auditor, such as, regulatory audits and work to be performed as reporting accountant. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment.

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

Total Fees (£m)



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

Auditor independence and objectivity and audit quality

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

Continuity, quality control on assignment as well as the independence of staff on the assignment were considered.

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

As part of the process:

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors 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.

Francois Prinsloo was appointed as the PricewaterhouseCoopers Inc. lead signing partner for Investec Bank Limited and Investec Limited.

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

Audit firm rotation

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 have been Ernst & Young LLP since 2000

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

Investec Limited

In terms of the South African Banks Act, Investec Limited has to appoint joint auditors. In 2019, the Committee decided to commence the process to rotate the Group's external auditors, being mindful of regulatory requirements, the views expressed by shareholders, the need to have joint auditors and the risks inherent to an auditor transition.

Following a competitive tender process, and upon approval from shareholders at the 2023 AGM, PricewaterhouseCoopers Inc. was appointed as the first new joint external auditor, replacing KPMG Inc., for the financial year ended 31 March 2024.

The joint external auditors of Investec Limited for the financial year ended 31 March 2024 were therefore Ernst & Young Inc. and PricewaterhouseCoopers Inc.

Following a competitive tender process, Deloitte & Touche have been nominated as the second new joint external auditors for the financial year ending 31 March 2025, subject to approval by ordinary shareholders at the AGM to be held in August 2024.

Transition process

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

Year	Auditors	Shadow Auditors
2023/24	EY (SA)	Deloitte (SA)
	PwC (SA)	
	EY (UK)	Deloitte (UK)
2024/25	Deloitte (SA)	
	PwC (SA)	
	Deloitte (UK)	

DLC AUDIT COMMITTEE REPORT CONTINUED

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

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™ 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 the external audit function, the external audit firms and the engagement partners.

In making the recommendation for the re-election and appointment of Investec Limited's auditors, the Board and the Committee have taken into consideration the South African Companies Act and the South African PA requirements with respect to joint auditors, regulatory requirements, 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 Deloitte & Touche, and the

re-election of PricewaterhouseCoopers Inc., as joint auditors of Investec Limited at the AGM in August 2024 for the financial year ending 31 March 2025. In addition, the Board and the Committee is recommending the appointment of Deloitte LLP as auditors of Investec plc at its AGM in August 2024 for the financial year ending 31 March 2025.

Looking ahead

The role of the Committee will remain focused on:

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

Vote of thanks

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

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

I would further like to welcome Diane in her new role as Chair designate of the Committee. It is a role I'm sure she will

enjoy and I believe that the Group will benefit from her insights and experience.

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



Zarina Bassa

Chair, DLC Audit Committee

24 June 2024

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT



Change is inevitable, more so now than ever. But with the right risk management approach, we can manage this change smartly.

Vanessa Olver

Chair of DLC BRCC

Introduction

As Chair of the DLC BRCC (the Committee), I am pleased to report on how the Committee has discharged its responsibilities during the year in line with the applicable South African and UK legislation and/or regulations.

Role of the Committee

Our role is to provide independent challenge and oversight of the Group's risk and capital frameworks, management and governance structures. We also consider whether the resources allocated to the risk management functions are adequate and have the requisite skills to effectively manage the Group's risk and capital functions.

Moreover, through Committee meetings and interactions with the Group Chief Risk Officer, the IBP Chief Risk Officer, the IBL Chief Risk Officer and Heads of Risk of the various subsidiaries, we ensure that effective risk and capital frameworks, plans, policies, processes and systems are in place to ensure current and emerging risks are adequately assessed and appropriately addressed within a reasonable timeframe.



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

The Committee met five times during the year and considered the risk reports presented by management as well as various presentations requested by the Committee.

Coverage

The Committee is mandated by the DLC Board of Directors to maintain oversight of the Group and its subsidiaries risk and capital management.

The Committee therefore has oversight of Investec plc, Investec Limited, Investec Wealth & Investments International Group (IW&I), Investec Life and Investec Markets Limited.

Risks which are directly related to the Group's business strategy and/or strategic decisions remain the direct responsibility of the Board.

Risk sub-committees

The Boards of IBP, IBL and IW&I have mandated authority to their respective risk committees for the management of risk and capital.

As a result of the Rathbones transaction, Investec Wealth & Investment (UK) no longer reports to the DLC BRCC.

Based on our interactions with the risk and finance community, our attendance at sub-committee meetings supporting the risk and capital functions of the Group, as well as the output of BRCC meetings, the Committee believes that the Group has adequate measures in place to ensure the effectiveness of the risk and capital functions.

Composition and attendance

With its membership including both Executives and Non-Executives, the composition of our Committee is designed to provide the necessary breadth of risk expertise and commercial acumen to discharge our responsibilities in line with the King IV™ and the UK Corporate Governance Code.

Regular attendees include:

- Group Chief Risk Officer
- Heads of Risk - Investec Bank Limited and Investec Bank plc

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

Members	Meetings attended / Eligible to attend
Vanessa Olver (Chair)	6/6
Zarina Bassa	6/6
Nishlan Samujh	6/6
Philip Hourquebie	6/6
Khumo Shuenyane ¹	2/2
Henrietta Baldock	6/6
Philisiwe Sibiyi	6/6
Fani Titi	6/6
Stephen Koseff	6/6
Nicky Newton-King	6/6
Jasandra Nyker	6/6
Brian Stevenson	6/6
Diane Radley ²	1/1
Richard Wainwright ³	2/2
Ciaran Whelan ⁴	2/2

1. Khumo Shuenyane stepped down from the Committee effective from 3 August 2023.
2. Diane Radley was appointed as a member of the Committee effective 6 March 2024.
3. Richard Wainwright stepped down from the Committee effective from 3 August 2023.
4. Ciaran Whelan stepped down from the Committee effective from 3 August 2023. Where a Director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair of the Committee.

Audit Committee

The primary role of the DLC Audit Committee is to provide assurance to the Board that appropriate material controls are in place to mitigate risk. The DLC Audit Committee relies on the output of the DLC BRCC to provide assurance through the Combined Assurance Model, as regards principal risk management.

Connectivity

In addition to my role as Chair of both the DLC BRCC and IBL BRCC, I serve as a member of the IBP BRCC. This participation allows for a seamless approach across both core banking risk committees and the Group.

I am also a member of the DLC Audit Committee. Given the synergies and nature of the matters considered by the DLC Audit Committee and DLC BRCC, my membership of both committees ensures alignment between the two committees. All DLC Non-Executives are members of the DLC BRCC.

DLC BRCC Committee members attend the IBL BRCC and IBP BRCC meetings by invitation to facilitate their understanding

of the risks facing these two banking subsidiaries. This arrangement ensures cohesion between the Group and its principal subsidiaries.

Global versus local context

During the year the key global environment was characterised by escalating geopolitical tensions in the Middle East and by the conflict in the Ukraine. The strained relationship between China and Taiwan is adding an additional layer of complexity to the global stage.

Supply chain disruptions are continuing to drive geopolitical fragmentation, necessitating strategic diversification.

Interest rate uncertainty remains a key theme, with central banks closely monitoring inflation trajectories.

Global economic growth is anticipated to remain low for major economies, reflecting the ongoing global challenges.

The discussions at Davos 2024 revolved around four main themes:

- Achieving security and cooperation in a fractured world
- Exploring strategies for fostering economic growth and job creation in a rapidly evolving global landscape
- AI as a driving force for the economy and society
- A long-term strategy for climate, nature, and energy.

Finally, it is worth noting that 50 countries will be undergoing elections in 2024 including the USA.

Global inflation is forecast to decline steadily, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. However, 2024 is not without challenge and so we continue to remain vigilant and apply our strong risk management philosophy and disciplines into the year ahead.

South African and UK outlook

South Africa has its own set of challenges namely load shedding, freight constraints as well as South Africa being placed on the Financial Action Task Force (FATF) grey list. Inflation and interest rate increases have put pressure on our clients and corporate institutions. The Prime interest rate in South Africa is at its highest level in 14 years at 11.75%.

In the UK the monetary policy tightening cycle, which began in late 2021 off the

back of high inflation, has seen the demand for credit decrease. In addition, the political backdrop in the UK and technical recession at the end of 2023 introduced uncertainty and a lack of confidence in the UK market.

The uncertainties generated by bank failures in the United States (US) and Europe (SBV, First Republican Bank, Signature Bank and Credit Suisse) had little to no impact on the Group's liquidity position. These crises were decisively resolved by regulators in their respective markets.

During the year the DLC BRCC monitored changes to the global and local outlook.

Risk Management Committees

DLC Capital Committee

The DLC Capital Committee meets at least four times a year and is mandated to provide effective oversight of the Group's capital management process including the following:

- Capital allocation and structuring
- Capital planning and models
- Performance measurements.

The Committee reports to the DLC BRCC and challenges key management assumptions especially as it pertains to capital planning and models.

DLC Information Technology Risk and Governance (ITRG) Committee

The ITRG Committee reports to the DLC BRCC and the DLC Audit Committee and meets quarterly, where technology, information security, cyber security and data reports are discussed and interrogated. Material incidents as well as root causes are understood and high risk exposures and mitigants along with emerging risks and potential mitigants challenged.

Myself as Chair of the BRCC Committee, Chair of the DLC Audit Committee, Zarina Bassa, David Germain and Paul Seward, IBP representative members, attended DLC ITRG Committee meetings to provide enhanced oversight of IT risk.



Refer to the DLC Audit Committee report for more information in respect of the functions of DLC ITRG.

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT

CONTINUED

Oversight of other subsidiaries

The Committee has oversight of the following other subsidiaries:

IW&I

The Committee considered the following:

- Investec Wealth & Investment Undertakings for Collective Investment in Transferable Securities (UCITS): The Committee considered the binding ruling from the South African Revenue Services (SARS) regarding the legislation pertaining to the re-domiciliation in both Guernsey and Luxembourg
- Potential expansion opportunity of Investec Investment Management (IIM) into Latin America
- The approval of the CAT III licence for Investec Platform (Pty) Ltd
- The migration of clients from the IW&I UK Spring platform onto the SecuritEase platform.

The Committee reviewed the reporting line of IW&I and concluded that only executive reports from the Chair of the IW&I Audit and Risk Committee would be presented to the DLC BRCC and the DLC Audit Committee going forward.

Investec Wealth & Investment (UK)

The effective date of the combination of the UK Investec Wealth & Investment Limited and Rathbones Group plc was 21 September 2023, at which point the Group deconsolidated its 100% holding in Investec Wealth & Investment Limited.

Prior to the deconsolidation of Investec Wealth & Investment (UK) the Committee considered the following:

- Operational Resilience including: The Important Business Services (IBS) and Impact Tolerances
- Approval of the Operational Risk Appetite Policy
- People risk: The Committee considered people risk and business leaders were focussed on restoring morale amongst staff to mitigate the risk of further departure of investment managers
- Consumer duty progress and implementation
- The implementation of the Rathbones transaction and any potential transitional risk issues.

Investec Life

The Committee receives regular reports from Investec Life.

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

What we did in 2023/24

The standard and regular agenda items of the Committee include comprehensive reports on the following:

Capital adequacy	Investment risk	Regulatory developments and risk
Balance sheet management	Market risk	Climate change, nature and environmental, social and governance (ESG) risk
Credit and counterparty risk	Reputational and legal risk	Resources
Operational risk	Concentration risk	Other matters
Technology, information security and cyber risk	Model risk	

The following section outlines the significant matters addressed and the progress made during the year in respect of these risks.

As in previous years, the Committee discharged its responsibilities as covered in the DLC BRCC terms of reference.

Capital adequacy

The Committee reviewed Investec Bank Limited's submission in response to the Common Scenario Stress Test (CSST) facilitated by the South African Prudential Authority (South African PA). The CSST required participating banks to forecast credit risk, liquidity risk and capital adequacy over a three-year horizon under three distinct economic scenarios formulated by the South African PA.

Investec plc is in the early stages of a process to migrate from the standardised approach to the Internal Ratings Based (IRB) approach. The Committee reviewed and discussed the model governance process and the Foundation Internal Rating Based (FIRB) Global Fund Finance model, the Income Producing Real Estate (IPRE) slotting models and the Energy and Infrastructure and Finance Model.

The Board approved a proposed share purchase and a share buyback programme of up to R7 billion (c.350 million), pursuant to which Investec Limited would purchase Investec plc ordinary shares and would buy back its own shares. At 31 March 2024, Investec Limited had executed R6.8bn (Investec Limited: R1.4 billion and Investec plc: R5.3 billion) of the planned R7bn DLC share buy-back programme. The share buyback increased Investec Limited's ROE by 2.3%.

During the year the Committee reviewed, challenged and approved:

- The Investec Limited three year capital plans, including, under various stress scenarios
- The Investec Limited and Investec plc updated macro-economic scenarios

- The Investec plc Capital Adequacy Assessment Process (ICAAP)
- The Investec Limited ICAAP
- The DLC Viability Statement.

Capital ratios have remained sound throughout the year and well above regulatory minimums.

Balance sheet management

Furthermore, the Committee monitors liquidity and interest rate risk in the respective banking books with the key regulatory metrics being the Liquidity Cover Ratio (LCR) and Net Stable Fund Ratio (NSFR) ratios. Both of these were comfortably above regulatory minimums.

The Committee also received presentations from management on sources of funding, cost of funding strategies and the UK equity hedge effectiveness.

During the year the Committee reviewed, discussed and approved:

- The Investec Limited Contingency Funding Plan and Recovery plan
- The Investec plc Contingency Funding and Recovery Plan (CFRP) and Resolution Pack
- The Investec plc Internal Liquidity Adequacy Assessment Process (ILAAP).

Credit and counterparty risk

The Committee closely monitored the credit books given the macro-economic environment and potential for an increase in defaults, specifically in Stage 2 and Stage 3 exposures. Detailed presentations were received on the top non-performing exposures.

Despite the current macro-economic pressures, we have healthy balance sheets in both South Africa and the UK with some idiosyncratic Stage 3 exposures in the UK. We have debated and will continue to closely monitor interest rate-sensitive portfolios.

The Committee challenged management on the credit overlays, certain Stage 3

Expected Credit Losses (ECLs) and any IFRS 9 model overrides in both geographies.

Operational risk

The Committee continued to focus on operational risk, which includes data management, external and internal fraud risk, financial crime risk, information security risk, legal risk, model risk, operational resilience risk, people risk, physical security and safety risk, processing and execution risk, technology risk and third-party risk.

The Committee requested a review of operational risk losses over a five-year period for Investec Limited of all gross and net losses per business unit as well as near misses to ensure losses as well as recovery strategies and risk limits were appropriate.

Operational resilience continued to be top of mind, given the current power and water challenges in South Africa and with Investec Bank Mauritius and the UK reliant on South Africa for certain important business services.

Investec Bank Mauritius' systems are hosted and run from South Africa and so a feasibility assessment was conducted to determine how the UK could replicate their systems in the event of a complete grid failure in South Africa.

From a UK perspective, in terms of the operational resilience regulations, the Committee received regular updates on the progress made to address vulnerabilities identified in the self-assessment, reaffirmed the important business services and impact tolerances and reviewed the updated self-assessment. The Committee challenged Investec Bank plc's impact tolerances for important business services as well as provide input on Investec Bank plc's self-assessment. The Committee reviewed the work underway to test the resilience of the services and platforms provided by Investec Bank Limited and other third-party providers.

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

Fraud has been a focus with fraudulent documentation and interception of client e-mails being key themes in the digital environment in which we operate and more recently the deepfake CEO impersonator in both geographies.

During the year the Committee reviewed and approved:

- The Investec Limited Operational Risk Policy
- The Investec Limited Operational Risk Management Policy.

Technology, information security and cyber risk

The Committee received updates on the effectiveness and adequacy of controls in managing IT technology risk. Technology risk exposures were discussed and closely monitored and tracked.

Disruptions were well managed and operational processes were continually enhanced.

The Committee received updates from the Chief Technology Officer on current and emerging risks which included insider and cyber threats, third-party management, generative AI, technology talent and resourcing, and resilience.

With the increasing dependence on external service providers, the Committee reviewed work underway to enhance third party monitoring and oversight, with particular focus on cloud providers and concentration risk.

Updates were received regarding the progress of strategic technology initiatives.

There was heightened focus on information security and cyber risk, in light of the inherent exposure to insider risk and sophisticated cyber threats.

The Committee considered security risk exposures and the ongoing control improvements, with particular focus on privileged IT access control, vulnerabilities, penetration tests, data loss detection and insider monitoring.

Since 2015, Investec has been using targeted attack simulations to understand our cyber risk posture and evaluate the adequacy of security controls. These are undertaken by specialist independent security firms.

The most recent assessment concluded that controls were effective in detecting and protecting against external attack. A small number of findings were identified which were swiftly addressed. Planning for the next targeted attack simulation is in progress.

External security specialists were also engaged to perform a ransomware readiness assessment for assurance on the effectiveness of Investec's controls. Recommendations were prioritised and implemented.

Cyber posture is benchmarked by industry-recognised security scoring firms, which place Investec above the industry average and in the leader's category. Controls are adaptive in line with the changing technology landscape and emerging threats.

Investment risk

There were no risk appetite breaches during the year.

Key investments were regularly discussed by the Committee, including listed and unlisted investments such as the larger shareholdings in IEP and Ninety One plc.

Market risk

There were no unapproved risk appetite breaches during the year.

The DLC BRCC reviewed and challenged management on desk specific losses in South Africa that impacted the current and prior year and requested a report on new additional controls and measures that management had implemented, which were discussed and challenged.

Reputational and legal risk

The Committee reviewed regular reports from the Group Chief Risk Officer on reputational matters to enable it to discuss and consider these matters and evaluate management's response to such risks and any impact on the Group.

The Gold Mafia series named several individuals and entities involved in a global monetary laundering network. Investec conducted an internal investigation in this regard, which was presented to the Committee. Our investigations revealed that Investec did not have any exposure and we continue to work with the Regulator in this regard.

Concentration risk

The Committee considered the limited overlap of credit and investment exposure across South Africa and the UK and accordingly, along with management, created a single view of the Group's concentration risk which included:

- Combined debt exposures
- Top banks' exposure
- Combined equity exposures
- Loans per jurisdiction

- New syndicated loans.
- Technology concentration risk was discussed along with strong mitigants.

Model risk

The Committee reviewed and approved model recalibrations and tracked the progress of the UK IRB project.

The South African PA required a dual governance approach to be followed for all future models.

The Committee together with the DLC and IBL Audit Committees reviewed and approved both the Credit Valuation Adjustment (CVA) and Fundamental Review of the Trading Book (FRTB) applications to the South African PA.

The UK has begun its migration from the standardised approach to IRB approach. The benefits of the transition will include that rating agents would be able to compare the Group to peers, it will enhance the credit risk framework and reduce capital requirements.

Regulatory developments and risk

South Africa

In February 2023, South Africa was added to the FATF Grey List. Enhanced due diligence was applied by the UK, Switzerland, the Channel Islands and Mauritius to all new and existing clients in any transaction or business relationship with a person established in a high-risk third country, which included South African clients. Regulatory developments in this regard and the potential impact on South Africa were monitored by the Committee together with the DLC and IBL Audit Committees during the year.

The implementation of the final phase of the Basel III post-crisis reforms, which sharpens the Credit Risk, CVA, Market Risk (i.e., the FRTB), Operational Risk and Output Floor frameworks, remains a key focus and the Committee continues to be kept abreast on the effects of the proposed reforms on Investec Bank Limited's capital position.

The proposed effective date of the capitalisation requirements for these reforms is 1 January 2025. Investec Bank Limited remains well positioned to absorb these changes.

The Committee considered the implications of the new Resolution Framework which became effective in June 2023 as well as the proposed First Loss After Capital (FLAC) instruments, a new subordinated class of loss absorbing debt instruments. The instruments, applicable to designated

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

institutions, enable statutory bail-in as part of the Resolution Framework. The Draft Prudential Standard on FLAC was issued for industry comment in December 2023, with a proposed effective date of 1 January 2025.

In a Proposed Directive issued in November 2023 the South African PA proposed the implementation of a positive cycle-neutral countercyclical capital buffer (PCN CCyB) of 1%, effective from 1 January 2026. The PCN CCyB would increase IBL's regulatory minimum capital requirement.

UK

In the UK, some of the Basel III standards relating to quantity and quality of capital maintained by firms, leverage and liquidity requirements have already been implemented into domestic law through the European Union (Withdrawal) Act 2018, which took effect when the UK exited the EU at the end of 2020.

At the end of November 2022, the Prudential Regulation Authority (PRA) published the Basel 3.1 Consultation Paper which will implement the remaining parts of the Basel III standards in the UK. The proposals address the final element of the reforms to the measurement of Risk Weighted Assets (RWAs). The proposals would, among other things, revise the calculation of RWAs by improving both the measurement of risk in internal models and standardised approaches, and the comparability of risk measurement across firms. The revision of the calculation of RWAs stretched across all risk categories including, Market Risk, Credit Risk, Counterparty Credit Risk (CCR) CVA Risk, Operational Risk and covers the Output floor.

On 27 September 2023, the PRA released a statement confirming the implementation will be delayed by six months to 1 July 2025, with full compliance required by 1 January 2030.

The statement also confirmed that the final rules will be published in two separate parts. The initial set of near-final rules, which encompass market risk, CCR, CVA risk and operational risk, were published in December 2023. The publication of the second set of rules will be delayed due to the UK pre-election closed period. The PRA has also indicated that the Pillar 2A framework will need to be recalibrated due to the changes to the standardised approaches for the different risk types and confirmed that an off-cycle review of firm-specific Pillar 2 capital requirements will be conducted ahead of day 1 implementation. The Committee will continue to be informed about the impact of the pending rule changes.

The Committee reviewed and approved the Investec plc Pillar 3 and Investec Bank plc Pillar 3 policies and disclosures.



Investec plc Pillar 3 and Investec Bank plc Pillar 3 policies and disclosures can be found at www.investec.com.

The Bank of England formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in. Investec plc, and Investec Bank plc as a material subsidiary, will therefore be subject to a revised Minimum Requirement for own funds and Eligible Liabilities (MREL) requirement. The MREL transition will commence from 1 January 2026 in a phased manner with End-state MREL applying from 1 January 2032. Any additional requirements will be met as part of increasing wholesale market issuance from the existing established base.

Climate change, nature and ESG risk

The Committee was kept updated on the improvement actions being taken from an ESG and climate risk perspective. These included assessing core loans and advances as well as reviewing the risk classifications per the International Finance Corporation (IFC) guidelines.

The DLC SEC and the Committee approved the Sustainable and Transition Finance Classification Framework. Management is now focusing on setting targets by the end of this year in order to achieve net zero by 2050.

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



Investec related sustainability policies and disclosures can be found at www.investec.com.

Resources

The Committee also considers whether the resources allocated to the risk management functions are adequate for the effective management of the Group's risk exposures and concluded that the size, skills and tenor of the respective teams was appropriate.

Other matters

The Committee considered and recommended approval of:

- Investec plc and Investec Bank plc Risk appetite and policies

- Group Executive Risk Committee (GERC) terms of reference
- Market communication and disclosure policy
- All terms of reference for Investec Bank Limited and Investec Bank plc BRCC and Large Exposure Committees
- South African Banks Act Regulation 39 and 40 reviews
- Risk Data Aggregation and Risk Reporting (RDAAR) and annual attestation
- Group cyber insurance policy.

2024/25 focus areas

- Monitor and assess global headwinds including the ongoing war in Ukraine, geopolitical tensions in the Middle East, the relationship between China and Taiwan on the Group
- Focus on expansionary credit conditions
- Monitor and assess the impact of inflation and interest rate environment locally and globally on the Group
- Continue to focus on Technology and Innovation including cyber security
- Focus on climate, nature and energy impacts in the loan books
- Continue to focus on Group resilience, including organisational and operational resilience, cloud and third party dependencies
- Where applicable, receive business unit presentations and updates on control improvement focus areas identified in the current year
- Continue to monitor the implications of FATF and any new regulations
- Monitor, debate and review emerging risks such as disruptive technologies, Generative AI and blockchain and mitigating controls
- Monitor the impact of new regulatory reforms in the UK and South Africa specifically the Basel III post-crises reforms
- Oversee the progress of IBP and its IRB project
- Monitor the progress of Investec plc and IBP in developing the RAF.

Vanessa Olver
Chair, DLC BRCC
24 June 2024

Annexures



IN THIS SECTION

127 Alternative performance measures

129 Definitions

130 Glossary

132 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 page 93 of the Group's 2024 annual financial statements 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 page 93 of the Group's 2024 annual financial statements for calculation

Adjusted operating profit

Refer to the calculation in the table below:

£'000	31 March 2024	31 March 2023
Operating profit before goodwill, acquired intangibles and strategic actions	885 888	819 479
Less: Profit attributable to other non-controlling interests	(1 382)	(752)
Adjusted operating profit[^]	884 506	818 727

[^] This key metric is based on the pro-forma income statements on page ## of the Group's 2024 Integrated report

Adjusted operating profit per employee

Adjusted operating profit divided by average total employees including permanent and temporary employees

Annuity income

Net interest income plus net annuity fees and commissions



Refer to note 2 on pages 75 and 76 and note 3 on page 77 of the Investec Group's 2024 annual financial statements

Core loans

The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

£'million	UK and Other		Southern Africa		Total Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Loans and advances to customers per the balance sheet	16 570	15 568	14 075	14 545	30 645	30 113
Add: Own originated loans and advances to customers per the balance sheet	—	—	269	273	269	273
Add: ECL held against FVOCI loans	(13)	(5)	—	—	(13)	(5)
Net core loans	16 557	15 563	14 344	14 818	30 901	30 381
of which subject to ECL*	15 916	15 012	14 280	14 743	30 196	29 755
Net core loans at amortised cost and FVOCI	15 916	15 012	13 669	14 104	29 585	29 116
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes) [^]	—	—	611	639	611	639
of which FVPL (excluding fixed rate loans above)	641	551	64	75	705	626
Add: ECL	187	146	116	150	303	296
Gross core loans	16 744	15 709	14 460	14 968	31 204	30 677
of which subject to ECL*	16 103	15 158	14 396	14 893	30 499	30 051
of which FVPL (excluding fixed rate loans above)	641	551	64	75	705	626

[^] 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 2023: £0.6 billion), £1 million in Stage 2 (31 March 2023: £1 million) and the remaining £42 million in Stage 3 (31 March 2023: £44 million). The ECL on the Stage 1 portfolio is £1 million (31 March 2023: £2 million), ECL on the Stage 2 portfolio is £nil (31 March 2023: £nil) and ECL on the Stage 3 portfolio is £5 million (31 March 2023: £11 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 2024	31 March 2023
Operating costs (A)	1 120 245	1 085 999
Total operating income before expected credit losses	2 085 246	1 986 324
Less: Profit attributable to non-controlling interests	(1 382)	(752)
Total (B)	2 083 864	1 985 572
Cost to income ratio (A/B)^	53.8%	54.7%

^ This key metric is based on the pro-forma income statements on page ## of the Group's 2024 Integrated report

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
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 percentage of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net tangible asset value per share	Tangible ordinary shareholders' equity (which excludes goodwill and other acquired intangible assets) divided by the number of shares in issue  Refer to calculation on page 81 of the Investec Group's 2024 year-end results booklet
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets  Refer to calculation on pages 75 to 76 of the Investec Group's 2024 annual financial statements.
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Return on average ordinary shareholders' equity (ROE)	Adjusted earnings attributable to ordinary shareholders divided by average ordinary shareholders' equity  Refer to calculation on pages 82 to 85 of the Investec Group's 2024 year-end results booklet.
Return on average tangible ordinary shareholders' equity (ROTE)	Adjusted earnings attributable to ordinary shareholders divided by average tangible ordinary shareholders' equity  Refer to calculation on pages 82 to 85 of the Investec Group's 2024 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 93 of the Investec Group's 2024 annual financial statements 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 93 of the Investec Group's 2024 annual financial statements 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.

Funds under management

Consists of funds managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

Headline earnings per share

Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants. Headline earnings per share calculated by dividing the Group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to page 93 of the Investec Group's 2024 annual financial statements 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 75 of the Investec Group's 2024 annual financial statements for the 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 75 of the Investec Group's 2024 annual financial statements for the calculation.

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

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking.

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.

Net-zero

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

Ninety One and Ninety One Group

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

Ongoing basis

Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of Group restructures.

Structured credit

Reflects the gross exposure of rated and unrated structured credit classified within other debt securities and other loans and advances on the balance sheet. Refer to page 62 for detail.

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 the calculation on page 93 of the Investec Group's 2024 annual financial statements.

GLOSSARY

Abbreviation	Meaning	Abbreviation	Meaning
ADR Forum	Arrears, Default and Recovery Forum	FSLAB	Financial Sector Laws Amendment Bill
AFS	Available for sale	FVOCI	Fair value through other comprehensive income
AGM	Annual general meeting	FVPL	Fair value through profit and loss
AIRB	Advanced Internal Ratings-Based	G-SIB	Global systemically important banks
ALCO	Asset and Liability Committee	GDP	Gross domestic product
AML	Anti-money laundering	Group ERC	Group Executive Risk Committee
AT1	Additional Tier 1	Group CRO	Group Chief Risk Officer
BCBS	Basel Committee of Banking Supervision	Group CE	Group Chief Executive
BoE	Bank of England	Group COO	Group Chief Operating Officer
BOM	Bank of Mauritius	Group FD	Group Financial Director
BRCC	Board Risk and Capital Committee	GFSC	Guernsey Financial Services Commission
BRRD	Bank Recovery and Resolution Directive	GMRA	Global Master Repurchase Agreement
CAM	Combined Assurance Matrix	GMSLA	Global Master Securities Lending Agreement
CBILS	Coronavirus Business Interruption Loan Scheme	HQLA	High quality liquid assets
CCB	Capital Conservation Buffer	HVCRE	High Volatility Commercial Real Estate
CMCC	Customer Market and Conduct Committee	IBL	Investec Bank Limited
CCR	Counterparty credit risk	IBL BRCC	IBL Board Risk and Capital Committee
CCyB	Countercyclical Capital Buffer	IBL ERC	IBL Executive Risk Committee
CDS	Credit default swap	IBL Review ERRF	IBL Review Executive Risk Review Forum
CET1	Common Equity Tier 1	IBOR	Interbank offered rate
CFP	Contingency Funding Plan	IBP	Investec Bank plc
CFRP	Contingency Funding and Recovery Plan	IBP BRCC	IBP Board Risk and Capital Committee
CFT	Combating the financing of terrorism	IBP ERC	IBP Executive Risk Committee
COVID	Corona Virus Disease	IBP Review ERRF	IBP Review Executive Risk Review Forum
CPD	Continued Professional Development	IBS	Important Business Services
CPI	Consumer Price Index	ICAAP	Internal Capital Adequacy Assessment Process
CRD IV	Capital Requirements Directive IV	IEP	IEP Group
CRR	Capital Requirements Regulation	IFC	International Finance Corporation
CRS	Common Reporting Standard	IFRIC	International Financial Reporting Interpretations Committee
CSA	Credit Support Annex	IFRS	International Financial Reporting Standard
CSST	Common Scenario Stress Test	IIM	Investec Investment Markets
CVA	Credit valuation adjustment	ILAAP	Internal Liquidity Adequacy Assessment Process
D-SIB	Domestic systemically important bank	IPRE	Income Producing Real Estate
DLC	Dual listed company	IRB	Internal Ratings-Based
DLC BRCC	DLC Board Risk and Capital Committee	IRBA	Independent Regulatory Board for Auditors
DLC Nomdac	DLC Nominations and Directors Affairs Committee	IRRBB	Interest Rate Risk in the Banking Book
DLC SEC	DLC Social and Ethics Committee	ISDA	International Swaps and Derivatives Association
DLC Remco	DLC Remuneration Committee	ITGR	Information Technology Risk and Governance
DLC ITRG	DLC IT Risk and Governance Committee	IW&I	Investec Wealth & Investment International Group
EBA	European Banking Authority	JIBAR	Johannesburg Interbank Average Rate
ECL	Expected credit loss	JSE	Johannesburg Stock Exchange
EP	Equator Principles	KAM	Key Audit Matters
ES	Expected shortfall	LCR	Liquidity Coverage ratio
ESG	Environmental, social and governance	LGD	Loss given default
EU	European Union	LIBOR	London Inter-bank Offered Rate
EVT	Extreme value theory	LTV	Loan-to-value
FATCA	Foreign Account Tax Compliance Act	MDR	Mandatory Disclosure Rules
FATF	Financial Action Task Force	MER	Mutual Evaluation Report
FCA	Financial Conduct Authority	MFR	Minimum FLAC Requirement
FD	Financial Director	MiFID	Markets in Financial Instruments Directive
FDI	Foreign direct investment	MIVF	Mann Island Vehicle Finance
FINMA	Swiss Financial Market Supervisory Authority	MPG	Market Practitioners Group
FIRB	Foundation Internal Ratings-Based	MREL	Minimum Requirements for Own Funds and Eligible Liabilities
FLAC	Financial Loss Absorbing Capacity	NSFR	Net Stable Funding ratio
FPC	Financial Policy Committee	NZBA	Net-Zero Banking Alliance
FRTB	Fundamental Review of the Trading Book	OCI	Other comprehensive income
FSCS	Financial Services Compensation Scheme		
FSLAA	Financial Sector Laws Amendment Act		

GLOSSARY

CONTINUED

OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PCN-CCyB	Positive Cycle-Neutral Countercyclical Capital Buffer
PD	Probability of default
PRA	Prudential Regulation Authority
PwC Inc.	PricewaterhouseCoopers Incorporated
RMBS	Residential mortgage-backed securities
RDARR	Risk Data Aggregation and Risk Reporting
ROE	Return on Equity
RWA	Risk weighted asset
S&P	Standard & Poor's
SA-CCR	Standardised Approach for measuring Counterparty Credit Risk
SAMLIT	South African Anti-Money Laundering Integrated Task
SARS	South African Revenue Service
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SICR	Significant increase in credit risk
SME	Small and Medium-sized Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SPPI	Solely payments of principal and interest
SREP	Supervisory Review and Evaluation Process
sVaR	Stressed VaR
TCFD	Task Force on Climate-related Financial Disclosures
TFSME	Bank of England Term Funding Scheme for Small and Medium Enterprises
TNFD	Taskforce on nature-related financial disclosures
TTC	Through-the-cycle
TTP	Temporary transitional powers
UCITS	Undertakings for Collective Investments in Transferable Securities
UK	United Kingdom
UN	United Nations
US	United States
VaR	Value at Risk
ZARONIA	South African Rand Overnight Index Rate

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Directorate as at 24 June 2024**Executive Directors**

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Nishlan Samujh (Group Finance Director)

Non-Executive Directors

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