Investec

OUT OF THE ORDINARY

Possibilities and opportunities

Investec plc
(excludes results of Investec Limited)

Unaudited condensed consolidated financial information for the six months ended 30 September 2022

IFRS – Pound Sterling

OVERVIEW OF RESULTS

Introduction

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information.

The description of alternative performance measures and their calculation is provided on page 49.

All other definitions can be found on page 50.

Key financial statistics	**30 Sept 2022**	30 Sept 2021	% change	31 March 2022
Total operating income before expected credit loss impairment charges (£'000)	618 234	512 689	20.6%	1 087 969
Operating costs (£'000)	421 540	380 426	10.8%	775 866
Adjusted operating profit (£'000)	168 791	127 413	32.5%	286 944
Earnings attributable to ordinary shareholders (£'000)	124 138	108 425	14.5%	235 854
Cost to income ratio (%)	68.2%	74.2%		71.3%
Total capital resources (including subordinated liabilities) (£'000)	3 328 847	3 375 859	(1.4%)	3 438 906
Total equity (£'000)	2 620 266	2 613 354	0.3%	2 680 166
Total assets (£'000)	29 124 396	25 468 465	14.4%	27 946 313
Net core loans (£'000)	15 348 588	13 692 364	12.1%	14 423 199
Customer accounts (deposits) (£'000)	18 880 502	16 701 989	13.0%	18 293 891
Loans and advances to customers as a % of customer deposits	81.3%	82.0%		78.9%
Cash and near cash balances (£'mn)	8 463	7 315	15.7%	8 871
Funds under management (£'mn)	40 473	44 704	(9.5%)	44 419
Total gearing ratio (i.e. total assets to equity)	11.1x	9.7x		10.4x
Total capital ratio	15.7%	14.6%		16.5%
Tier 1 ratio	12.2%	12.5%		12.8%
Common Equity Tier 1 ratio	10.8%	10.9%		11.4%
Leverage ratio	8.0%	7.7%		9.0%
Leverage ratio (fully loaded)	7.8%	7.3%		8.7%
Stage 3 exposure as a % of gross core loans subject to ECL	2.0%	2.4%		2.1%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	1.6%	1.6%		1.6%
Credit loss ratio	0.32%*	0.09%*		0.17%

* Annualised.

CONDENSED CONSOLIDATED INCOME STATEMENT

£'000	**Six months to 30 Sept 2022**	Six months to 30 Sept 2021	Year to 31 March 2022
Interest income	527 328	344 247	718 446
Interest expense	(195 591)	(115 023)	(235 727)
Net interest income	**331 737**	**229 224**	**482 719**
Fee and commission income	234 871	238 306	510 228
Fee and commission expense	(8 049)	(7 279)	(14 913)
Investment income	19 225	15 294	31 255
Share of post-taxation profit of associates and joint venture holdings	4 588	6 785	13 878
Trading income/(loss) arising from			
– customer flow	37 529	32 715	60 372
– balance sheet management and other trading activities	173	(9 861)	(7 103)
Other operating income	(1 840)	7 505	11 533
Total operating income before expected credit loss impairment charges	**618 234**	**512 689**	**1 087 969**
Expected credit loss impairment charges	(27 903)	(4 850)	(25 159)
Operating income	**590 331**	**507 839**	**1 062 810**
Operating costs	(421 540)	(380 426)	(775 866)
Operating profit before goodwill, acquired intangibles and strategic actions	**168 791**	**127 413**	**286 944**
Impairment of goodwill	(805)	—	—
Amortisation of acquired intangibles	(6 662)	(6 482)	(12 936)
Closure and rundown of the Hong Kong direct investments business	(280)	(597)	(1 203)
Operating profit	**161 044**	**120 334**	**272 805**
Implementation costs on distribution of investment to shareholders	(367)	—	(1 017)
Profit before taxation	**160 677**	**120 334**	**271 788**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(37 642)	(12 167)	(37 612)
Taxation on goodwill, acquired intangibles and strategic actions	1 103	258	1 678
Profit after taxation	**124 138**	**108 425**	**235 854**
Loss attributable to other non-controlling interests	—	—	—
Earnings attributable to shareholders	**124 138**	**108 425**	**235 854**

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

£'000	**Six months to 30 Sept 2022**	Six months to 30 Sept 2021	Year to 31 March 2022
Profit after taxation	**124 138**	**108 425**	**235 854**
Other comprehensive income/(loss):			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income	47 412	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement*	(277)	(229)	(307)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	(7 256)	(431)	(2 276)
Foreign currency adjustments on translating foreign operations	13 977	1 982	5 450
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	1 049	617
Items that will not be reclassified to the income statement:			
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(79 377)	27 911	22 864
Gains attributable to own credit risk*	—	4 753	11 059
Movement in post-retirement benefit liabilities	—	—	40
Total comprehensive income	**98 617**	**143 460**	**273 301**
Total comprehensive loss attributable to non-controlling interests	—	—	—
Total comprehensive income attributable to ordinary shareholders	89 977	135 020	256 421
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	8 640	8 440	16 880
Total comprehensive income	**98 617**	**143 460**	**273 301**

* Net of £2.3 million tax credit (30 September 2021: £4.1 million tax charge; 31 March 2022: £4.2 million tax credit), except for the impact of rate changes on deferred tax as shown separately above.

CONSOLIDATED BALANCE SHEET

£'000	At 30 Sept 2022	At 31 March 2022	At 30 Sept 2021
Assets			
Cash and balances at central banks	4 490 840	5 379 994	3 332 458
Loans and advances to banks	1 503 335	1 467 770	1 526 435
Reverse repurchase agreements and cash collateral on securities borrowed	2 041 317	1 447 473	1 486 577
Sovereign debt securities	1 376 257	1 165 777	1 086 517
Bank debt securities	109 789	61 714	50 699
Other debt securities	590 175	427 761	493 680
Derivative financial instruments	1 125 737	693 133	628 646
Securities arising from trading activities	135 849	163 165	457 478
Investment portfolio	536 360	694 324	750 300
Loans and advances to customers	15 352 394	14 426 475	13 695 269
Other loans and advances	187 143	122 717	102 761
Other securitised assets	86 320	93 087	101 851
Interests in associated undertakings and joint venture holdings	63 571	66 895	60 938
Deferred taxation assets	105 708	110 377	91 024
Current taxation assets	36 100	33 448	36 173
Other assets	961 929	1 139 439	1 092 301
Property and equipment	127 004	155 055	170 369
Goodwill	249 031	249 836	249 836
Software	9 934	7 066	7 892
Other acquired intangible assets	35 603	40 807	47 261
	29 124 396	**27 946 313**	**25 468 465**
Liabilities			
Deposits by banks	2 425 565	2 026 601	1 420 267
Derivative financial instruments	1 385 425	863 295	750 832
Other trading liabilities	42 260	42 944	42 364
Repurchase agreements and cash collateral on securities lent	149 515	154 828	158 810
Customer accounts (deposits)	18 880 502	18 293 891	16 701 989
Debt securities in issue	1 349 430	1 648 177	1 572 783
Liabilities arising on securitisation of other assets	90 025	95 885	104 215
Current taxation liabilities	2 643	2 460	17 708
Other liabilities	1 470 184	1 379 327	1 323 638
	25 795 549	**24 507 408**	**22 092 606**
Subordinated liabilities	708 581	758 739	762 505
	26 504 130	**25 266 147**	**22 855 111**
Equity			
Ordinary share capital	202	202	202
Ordinary share premium	555 812	806 812	806 812
Treasury shares	(170 427)	(161 522)	(139 159)
Other reserves	(91 664)	(23 914)	(28 163)
Retained income	2 050 716	1 782 961	1 698 478
Ordinary shareholders' equity	**2 344 639**	**2 404 539**	**2 338 170**
Perpetual preference share capital and premium	24 794	24 794	24 794
Shareholders' equity excluding non-controlling interests	**2 369 433**	**2 429 333**	**2 362 964**
Other Additional Tier 1 securities in issue	250 000	250 000	250 000
Non-controlling interests in partially held subsidiaries	833	833	390
Total equity	**2 620 266**	**2 680 166**	**2 613 354**
Total liabilities and equity	**29 124 396**	**27 946 313**	**25 468 465**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 1 April 2021	**202**	**806 812**	**(134 185)**
Movement in reserves 1 April 2021 – 30 September 2021			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Gains attributable to own credit risk	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Movement of treasury shares	—	—	(4 974)
At 30 September 2021	**202**	**806 812**	**(139 159)**
Movement in reserves 1 October 2021 – 31 March 2022			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Gains attributable to own credit risk	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(22 363)
At 31 March 2022	**202**	**806 812**	**(161 522)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves										
Capital reserve account	Fair value reserve	Foreign currency reserves	Own credit reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(195 383)	**139 841**	**1 579**	**(11 723)**	**1 624 130**	**2 231 273**	**24 794**	**2 256 067**	**250 000**	**390**	**2 506 457**
—	—	—	—	108 425	108 425	—	108 425	—	—	108 425
—	(55)	—	1 104	—	1 049	—	1 049	—	—	1 049
—	(229)	—	—	—	(229)	—	(229)	—	—	(229)
—	(431)	—	—	—	(431)	—	(431)	—	—	(431)
—	27 911	—	—	—	27 911	—	27 911	—	—	27 911
—	—	1 982	—	—	1 982	—	1 982	—		1 982
—	—	—	4 753	—	4 753	—	4 753	—	—	4 753
—	**27 196**	**1 982**	**5 857**	**108 425**	**143 460**	**—**	**143 460**	**—**	**—**	**143 460**
—	—	—	—	(1 199)	(1 199)	—	(1 199)	—	—	(1 199)
—	—	—	—	(24 264)	(24 264)	—	(24 264)	—	—	(24 264)
—	—	—	—	(174)	(174)	174	—	—	—	—
—	—	—	—	—	—	(174)	(174)	—	—	(174)
—	—	—	—	(8 440)	(8 440)	—	(8 440)	8 440	—	—
—	—	—	—	—	—	—	—	(8 440)	—	(8 440)
2 488	—	—	—	—	(2 486)	—	(2 486)	—	—	(2 486)
(192 895)	**167 037**	**3 561**	**(5 866)**	**1 698 478**	**2 338 170**	**24 794**	**2 362 964**	**250 000**	**390**	**2 613 354**
—	—	—	—	127 429	127 429	—	127 429	—	—	127 429
—	8	—	(440)	—	(432)	—	(432)	—	—	(432)
—	(78)	—	—	—	(78)	—	(78)	—	—	(78)
—	(1 845)	—	—	—	(1 845)	—	(1 845)	—	—	(1 845)
—	(5 047)	—	—	—	(5 047)	—	(5 047)	—	—	(5 047)
—	—	3 468	—	—	3 468	—	3 468	—	—	3 468
—	—	—	6 306	—	6 306	—	6 306	—	—	6 306
—	—	—	—	40	40	—	40	—	—	40
—	**(6 962)**	**3 468**	**5 866**	**127 469**	**129 841**	**—**	**129 841**	**—**	**—**	**129 841**
—	—	—	—	4 679	4 679	—	4 679	—	—	4 679
—	—	—	—	(39 052)	(39 052)	—	(39 052)	—	—	(39 052)
—	—	—	—	(173)	(173)	173	—	—	—	—
—	—	—	—	—	—	(173)	(173)	—	—	(173)
—	—	—	—	(8 440)	(8 440)	—	(8 440)	8 440	—	—
—	—	—	—	—	—	—	—	(8 440)	—	(8 440)
—	—	—	—	—	—	—	—	—	443	443
1 877	—	—	—	—	(20 486)	—	(20 486)	—	—	(20 486)
(191 018)	**160 075**	**7 029**	**—**	**1 782 961**	**2 404 539**	**24 794**	**2 429 333**	**250 000**	**833**	**2 680 166**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 31 March 2022	**202**	**806 812**	**(161 522)**
Movement in reserves 1 April 2022 – 30 September 2022			
Profit after taxation	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Transfer from fair value reserve to retained income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Total comprehensive income for the year	—	—	—
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Share premium reduction	—	(251 000)	—
Distribution to shareholders	—	—	—
Movement of treasury shares	—	—	(8 905)
At 30 September 2022	**202**	**555 812**	**(170 427)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves											
Capital reserve account	Fair value reserve	Foreign currency reserves	Cash flow hedge reserve	Own credit reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(191 018)	**160 075**	**7 029**	**—**	**—**	**1 782 961**	**2 404 539**	**24 794**	**2 429 333**	**250 000**	**833**	**2 680 166**
—	—	—	—	—	124 138	124 138	—	124 138	—	—	124 138
—	(277)	—	—	—	—	(277)	—	(277)	—	—	(277)
—	—	—	47 412	—	—	47 412	—	47 412	—	—	47 412
—	(7 256)	—	—	—	—	(7 256)	—	(7 256)	—	—	(7 256)
—	(79 377)	—	—	—	—	(79 377)	—	(79 377)	—	—	(79 377)
—	(48 318)	—	—	—	48 318	—	—	—	—	—	—
—	—	13 977	—	—	—	13 977	—	13 977	—	—	13 977
—	**(135 228)**	**13 977**	**47 412**	**—**	**172 456**	**98 617**	**—**	**98 617**	**—**	**—**	**98 617**
—	—	—	—	—	(6 916)	(6 916)	—	(6 916)	—	—	(6 916)
—	—	—	—	—	(4 621)	(4 621)	—	(4 621)	—	—	(4 621)
—	—	—	—	—	(44 050)	(44 050)	—	(44 050)	—	—	(44 050)
—	—	—	—	—	(200)	(200)	200	—	—	—	—
—	—	—	—	—	—	—	(200)	(200)	—	—	(200)
—	—	—	—	—	(8 440)	(8 440)	—	(8 440)	8 440	—	—
—	—	—	—	—	—	—	—	—	(8 440)	—	(8 440)
—	—	—	—	—	251 000	—	—	—	—	—	—
—	—	—	—	—	(91 474)	(91 474)	—	(91 474)	—	—	(91 474)
6 089	—	—	—	—	—	(2 816)	—	(2 816)	—	—	(2 816)
(184 929)	**24 847**	**21 006**	**47 412**	**—**	**2 050 716**	**2 344 639**	**24 794**	**2 369 433**	**250 000**	**833**	**2 620 266**

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

For the six months to 30 September 2022 £'000	Wealth & Investment (**Private Client**)	Private Banking (**Private Client**; **Specialist Banking**)	Corporate, Investment Banking and Other (**Specialist Banking**)	Group Investments	Group Costs	**Total Group**
Net interest income	9 714	54 618	267 405	—	—	331 737
Fee and commission income	165 497	1 310	68 064	—	—	234 871
Fee and commission expense	(346)	(141)	(7 562)	—	—	(8 049)
Investment income	4	110	11 948	7 163	—	19 225
Share of post-taxation profit of associates and joint venture holdings	—	—	4 588	—	—	4 588
Trading income/(loss) arising from						
– customer flow	515	2 292	34 722	—	—	37 529
– balance sheet management and other trading activities	(27)	13	187	—	—	173
Other operating income	—	—	(1 840)	—	—	(1 840)
Total operating income before expected credit loss impairment charges	**175 357**	**58 202**	**377 512**	**7 163**	**—**	**618 234**
Expected credit loss impairment charges	(2)	(2 353)	(25 548)	—	—	(27 903)
Operating income	**175 355**	**55 849**	**351 964**	**7 163**	**—**	**590 331**
Operating costs	(135 807)	(26 479)	(252 686)	—	(6 568)	(421 540)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**39 548**	**29 370**	**99 278**	**7 163**	**(6 568)**	**168 791**
Loss attributable to other non-controlling interests	—	—	—	—	—	—
Adjusted operating profit/(loss) after non-controlling interests	**39 548**	**29 370**	**99 278**	**7 163**	**(6 568)**	**168 791**
Selected returns and key statistics						
Cost to income ratio	77.4%	45.5%	66.9%	n/a	n/a	68.2%
Total assets (£'mn)	1 062	5 146	22 747	169	n/a	29 124

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT
CONTINUED

For the six months to 30 September 2021 £'000	Wealth & Investment (Private Client)	Private Banking (Private Client / Specialist Banking)	Corporate, Investment Banking and Other (Specialist Banking)	Group Investments	Group Costs	**Total Group**
Net interest income	436	30 546	198 242	—	—	229 224
Fee and commission income	173 390	404	64 512	—	—	238 306
Fee and commission expense	(345)	(14)	(6 920)	—	—	(7 279)
Investment income	5	(12)	5 247	10 054	—	15 294
Share of post-taxation profit of associates and joint venture holdings	—	—	6 785	—	—	6 785
Trading income/(loss) arising from						
– customer flow	534	767	31 414	—	—	32 715
– balance sheet management and other trading activities	(115)	1	(9 747)	—	—	(9 861)
Other operating income	—	—	7 505	—	—	7 505
Total operating income before expected credit loss impairment charges	**173 905**	**31 692**	**297 038**	**10 054**	**—**	**512 689**
Expected credit loss impairment charges	(2)	(560)	(4 288)	—	—	(4 850)
Operating income	**173 903**	**31 132**	**292 750**	**10 054**	**—**	**507 839**
Operating costs	(131 728)	(19 842)	(219 517)	—	(9 339)	(380 426)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**42 175**	**11 290**	**73 233**	**10 054**	**(9 339)**	**127 413**
Loss attributable to other non-controlling interests	—	—	—	—	—	—
Adjusted operating profit/(loss) after non-controlling interests	**42 175**	**11 290**	**73 233**	**10 054**	**(9 339)**	**127 413**
Selected returns and key statistics						
Cost to income ratio	75.7%	62.6%	73.9%	n/a	n/a	74.2%
Total assets (£'mn)*	1 056	3 993	20 033	386	n/a	25 468

* We have changed the total assets calculation for Group Investments whereby it now reflects total assets excluding the effects of intergroup. The prior period has been re-presented in line with this new calculation.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

Net interest income

For the six months to 30 September £'000	Notes	2022 Average balance sheet value	2022 Interest income	2022 Average yield	2021 Average balance sheet value	2021 Interest income	2021 Average yield
Cash, near cash and bank debt and sovereign debt securities	1	9 436 120	60 333	1.28%	7 327 132	8 779	0.24%
Loans and advances	2	14 891 045	391 924	5.26%	12 911 716	298 553	4.62%
Private client		4 917 603	90 911	3.70%	3 683 613	55 397	3.01%
Corporate, Investment Banking and Other		9 973 442	301 013	6.04%	9 228 103	243 156	5.27%
Other debt securities and other loans and advances		669 077	14 468	4.32%	669 623	11 406	3.41%
Other#	3	232 632	60 603	n/a	239 318	25 509	n/a
Total interest-earning assets		**25 228 874**	**527 328**	**4.18%**	**21 147 789**	**344 247**	**3.26%**

For the six months to 30 September £'000	Notes	2022 Average balance sheet value	2022 Interest expense	2022 Average yield	2021 Average balance sheet value	2021 Interest expense	2021 Average yield
Deposits by banks and other debt-related securities	4	3 756 183	18 481	0.98%	3 059 454	16 301	1.07%
Customer accounts (deposits)		18 755 840	111 225	1.19%	16 056 758	44 354	0.55%
Subordinated liabilities		744 636	14 032	3.77%	767 890	24 301	6.33%
Other#	5	355 866	51 853	n/a	372 770	30 067	n/a
Total interest-bearing liabilities		**23 612 525**	**195 591**	**1.66%**	**20 256 872**	**115 023**	**1.14%**
Net interest income			**331 737**			**229 224**	
Annualised net interest margin			**2.63%**			**2.17%**	

Notes:
1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
2 Comprises (as per the balance sheet) loans and advances to customers.
3 Comprises (as per the balance sheet) lease receivables (housed in other assets on the balance sheet) as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5 Comprises (as per the balance sheet) liabilities arising from lease liabilities (housed in other liabilities on the balance sheet) as well as interest expense from derivative financial instruments where there is no associated balance sheet value.
Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Net fee and commission income

For the six months to 30 September £'000	2022	2021
Wealth & Investment businesses net fee and commission income	**165 151**	**173 045**
Fund management fees/fees for assets under management	146 531	152 287
Private client transactional fees	18 966	21 103
Fee and commission expense	(346)	(345)
Specialist Banking net fee and commission income	**61 671**	**57 982**
Specialist Banking fee and commission income	69 374	64 916
Specialist Banking fee and commission expense	(7 703)	(6 934)
Net fee and commission income	**226 822**	**231 027**
Annuity fees (net of fees payable)	154 497	159 969
Deal fees	72 325	71 058

Investment income

For the six months to 30 September £'000	Listed equities	Unlisted equities	Warrants and profit shares	Total investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	Total
2022								
Realised	(1 042)	6 860	925	6 743	(113)	36	3 828	10 494
Unrealised*	859	(2 785)	(717)	(2 643)	(2 944)	—	2 578	(3 009)
Dividend income	7 163	3 677	—	10 840	—	—	233	11 073
Funding and other net related income	—	—	—	—	—	667	—	667
	6 980	**7 752**	**208**	**14 940**	**(3 057)**	**703**	**6 639**	**19 225**
2021								
Realised	(489)	6 150	—	5 661	565	(4 725)	(4 697)	(3 196)
Unrealised*	(233)	13 617	—	13 384	51	4 843	(13 460)	4 818
Dividend income	10 086	2 517	—	12 603	—	—	213	12 816
Funding and other net related income	—	—	—	—	—	856	—	856
	9 364	**22 284**	**—**	**31 648**	**616**	**974**	**(17 944)**	**15 294**

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

ADDITIONAL IAS 34 DISCLOSURES

Analysis of financial assets and liabilities by category of financial instruments

At 30 September 2022 **£'000**	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	**Total**
Assets				
Cash and balances at central banks	—	4 490 840	—	4 490 840
Loans and advances to banks	—	1 503 335	—	1 503 335
Reverse repurchase agreements and cash collateral on securities borrowed	715 228	1 326 089	—	2 041 317
Sovereign debt securities	1 358 691	17 566	—	1 376 257
Bank debt securities	109 789	—	—	109 789
Other debt securities	106 638	483 537	—	590 175
Derivative financial instruments	1 125 737	—	—	1 125 737
Securities arising from trading activities	135 849	—	—	135 849
Investment portfolio	536 360	—	—	536 360
Loans and advances to customers	1 322 094	14 030 300	—	15 352 394
Other loans and advances	—	187 143	—	187 143
Other securitised assets	86 320	—	—	86 320
Interests in associated undertakings and joint venture holdings	—	—	63 571	63 571
Deferred taxation assets	—	—	105 708	105 708
Current taxation assets	—	—	36 100	36 100
Other assets	54 720	600 718	306 491	961 929
Property and equipment	—	—	127 004	127 004
Goodwill	—	—	249 031	249 031
Software	—	—	9 934	9 934
Other acquired intangible assets		—	35 603	35 603
	5 551 426	**22 639 528**	**933 442**	**29 124 396**
Liabilities				
Deposits by banks	—	2 425 565	—	2 425 565
Derivative financial instruments	1 385 425	—	—	1 385 425
Other trading liabilities	42 260	—	—	42 260
Repurchase agreements and cash collateral on securities lent	—	149 515	—	149 515
Customer accounts (deposits)	—	18 880 502	—	18 880 502
Debt securities in issue	22 302	1 327 128	—	1 349 430
Liabilities arising on securitisation of other assets	90 025	—	—	90 025
Current taxation liabilities	—	—	2 643	2 643
Other liabilities	—	919 866	550 318	1 470 184
	1 540 012	**23 702 576**	**552 961**	**25 795 549**
Subordinated liabilities	—	708 581	—	708 581
	1 540 012	**24 411 157**	**552 961**	**26 504 130**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value hierarchy

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

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

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

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

		Fair value category		
At 30 September 2022 £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	715 228	—	715 228	—
Sovereign debt securities	1 358 691	1 358 691	—	—
Bank debt securities	109 789	109 789	—	—
Other debt securities	106 638	—	61	106 577
Derivative financial instruments	1 125 737	16	1 065 956	59 765
Securities arising from trading activities	135 849	131 288	119	4 442
Investment portfolio	536 360	170 770	922	364 668
Loans and advances to customers	1 322 094	—	86 316	1 235 778
Other securitised assets	86 320	—	—	86 320
Other assets	54 720	54 720	—	—
	5 551 426	**1 825 274**	**1 868 602**	**1 857 550**
Liabilities				
Derivative financial instruments	1 385 425	—	1 323 056	62 369
Other trading liabilities	42 260	42 260	—	—
Debt securities in issue	22 302	—	22 302	—
Liabilities arising on securitisation of other assets	90 025	—	—	90 025
	1 540 012	**42 260**	**1 345 358**	**152 394**
Net assets at fair value	**4 011 414**	**1 783 014**	**523 244**	**1 705 156**

Transfers between level 1 and level 2
During the current year, there were no transfers between level 1 and level 2.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value hierarchy (continued)

The following table is a reconciliation of the opening balances to the closing balances for the fair value measurements in level 3 of the fair value hierarchy:

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets[1]	Total
Assets					
Balance as at 1 April 2022	**329 936**	**1 211 848**	**93 087**	**153 761**	**1 788 632**
Total gains or (losses)	1 565	40 150	(428)	10 594	51 881
In the income statement	1 565	47 052	(428)	10 594	58 783
In the statement of comprehensive income	—	(6 902)	—	—	(6 902)
Purchases	10 456	706 508	—	84	717 048
Sales	(3 370)	(387 469)	—	(3 502)	(394 341)
Settlements	(4 399)	(450 371)	(6 339)	(10 387)	(471 496)
Transfers into level 3	6 377	—	—	—	6 377
Foreign exchange adjustments	24 103	115 112	—	20 234	159 449
Balance as at 30 September 2022	**364 668**	**1 235 778**	**86 320**	**170 784**	**1 857 550**

1 Comprises level 3 other debt securities, derivative financial instruments and securities arising from trading.

£'000	Liabilities arising on securitisation of other assets	Derivative financial instruments	Total
Liabilities			
Balance as at 1 April 2022	**95 885**	**45 769**	**141 654**
Total losses	47	8 422	8 469
In the income statement	47	8 422	8 468
Settlements	(5 906)	—	(5 906)
Transfers out of level 3	—	(8)	(8)
Foreign exchange adjustments	(1)	8 186	8 185
Balance as at 30 September 2022	**90 025**	**62 369**	**152 394**

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

For the six months to 30 September 2022, investment portfolio of £6.4 million was transferred from level 2 to level 3 and derivative financial instruments of £8 000 was transferred from level 3 to level 2. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value hierarchy (continued)

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

For the six months to 30 September 2022 **£'000**	**Total**	Realised	Unrealised
Total gains included in the income statement for the year			
Net interest income	40 650	31 639	9 011
Investment income*	9 130	2 815	6 315
Trading income arising from customer flow	535	—	535
	50 315	**34 454**	**15 861**
Total gains or (losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	433	433	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(6 902)	—	(6 902)
	(6 469)	**433**	**(6 902)**

* Included within the investment income statement balance are fair value gains of £0.2 million presented within operational items in the income statement.

Level 2 financial assets and financial liabilities

The following table sets out the Group's principal valuation techniques as at 30 September 2022 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy:

	VALUATION BASIS/TECHNIQUE	**MAIN ASSUMPTIONS**
Assets		
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Discount rates
Other debt securities	Discounted cash flow model	Discount rates, swap curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price
	Comparable quoted inputs	Discount rate and net assets
Loans and advances to customers	Average broker quotes	Broker quotes
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Debt securities in issue	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value hierarchy (continued)

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type
The fair values of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The table below shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 30 September 2022	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	106 577	Potential impact on income statement		3 376	(6 191)
		Credit spreads	1.05%-2.1%	149	(320)
		Cash flow adjustments	CPR 9.9%	506	(432)
		Other	^	2 721	(5 439)
Derivative financial instruments	59 765	Potential impact on income statement		4 811	(5 449)
		Volatilities	6%-18.9%	23	(45)
		Cash flow adjustments	CPR 9.9%	23	(23)
		Underlying asset value	^^	4 150	(4 151)
		Other	^	615	(1 230)
Securities arising from trading activities	4 442	Potential impact on income statement			
		Cash flow adjustments	CPR 11.5%	575	(161)
Investment portfolio	364 668	Potential impact on income statement		38 540	(76 297)
		Price earnings multiple	5.5x-14.2x	9 692	(19 307)
		Underlying asset value	^^	8 902	(18 942)
		Other	^	19 946	(38 048)
Loans and advances to customers	1 235 778	Potential impact on income statement		17 053	(34 464)
		Credit spreads	0.26%-9.83%	11 218	(22 478)
		Price earnings multiple	3.5x-4.2x	1 917	(5 467)
		Underlying asset value	^^	1 705	(2 094)
		Other	^	2 213	(4 425)
		Potential impact on other comprehensive income		14 206	(25 655)
		Credit spreads	0.43%-6.58%	13 717	(24 187)
		Other	^	489	(1 468)
Other securitised assets	86 320	Potential impact on income statement			
		Cash flow adjustments	CPR 9.9%	666	(682)
Total level 3 assets	**1 857 550**			**79 227**	**(148 899)**
Liabilities					
Derivative financial instruments	62 369	Potential impact on income statement		(5 128)	3 177
		Volatilities	18.9%	(3)	5
		Underlying asset value	^^	(5 125)	3 172
Liabilities arising on securitisation of other assets*		Potential impact on income statement			
	90 025	Cash flow adjustments	CPR 9.9%	(304)	309
Total level 3 liabilities	**152 394**			**(5 432)**	**3 486**
Net level 3 assets	**1 705 156**				

* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.
^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.
^^ Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value hierarchy (continued)

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

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

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

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

Cash flows
Cash flows relate to the future cash flows that can be expected from the instrument and requires judgement. Cash flows are input into a discounted cash flow valuation.

Price earnings multiple
The price-to-earnings ratio is an equity valuation multiple used in the adjustment of underlying market prices. It is a key driver in the valuation of unlisted investments.

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

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value of financial instruments at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost when the carrying value is not a reasonable approximation of fair value:

At 30 September 2022 £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts
Assets				
Cash and balances at central banks	4 490 840	4 490 840	—	—
Loans and advances to banks	1 503 335	1 503 335	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 326 089	1 090 811	235 278	233 954
Sovereign debt securities	17 566	17 566	—	—
Other debt securities	483 537	34 433	449 104	430 088
Loans and advances to customers	14 030 300	588 494	13 441 806	13 716 333
Other loans and advances	187 143	97 531	89 612	89 299
Other assets	600 718	600 718	—	—
	22 639 528	**8 423 728**	**14 215 800**	**14 469 674**
Liabilities				
Deposits by banks	2 425 565	554 717	1 870 848	1 925 196
Repurchase agreements and cash collateral on securities lent	149 515	89 254	60 261	57 304
Customer accounts (deposits)	18 880 502	11 577 989	7 302 513	7 271 553
Debt securities in issue	1 327 128	1 176	1 325 952	1 293 183
Other liabilities	919 866	916 437	3 429	2 605
Subordinated liabilities	708 581	—	708 581	677 741
	24 411 157	**13 139 573**	**11 271 584**	**11 227 582**

Financial impact of strategic actions

For the six months to 30 September £'000	2022	2021
Closure and rundown of the Hong Kong direct investments business*	(280)	(597)
Implementation costs on distribution of investment to shareholders	(367)	—
Financial impact of strategic actions	**(647)**	**(597)**
Taxation on financial impact of strategic actions	—	—
Net financial impact of strategic actions	**(647)**	**(597)**

* Included within the balance are fair value gains of £0.2 million (30 September 2021: fair value gains of £0.3 million).

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Expected credit loss impairment charges or (release)

For the six months to 30 September £'000	2022	2021
Expected credit losses have arisen on the following items:		
Loans and advances to customers	22 798	5 884
Other loans and advances	5	(116)
Other balance sheet assets	282	136
Off-balance sheet commitments and guarantees	4 818	(1 054)
	27 903	**4 850**

Operating costs

For the six months to 30 September £'000	2022	2021
Staff costs	301 410	271 509
Premises expenses	20 173	22 458
Premises expenses (excluding depreciation and impairments)	9 885	9 286
Premises depreciation and impairments	10 288	13 172
Equipment expenses (excluding depreciation)	30 903	25 164
Business expenses	58 828	52 322
Marketing expenses	6 909	4 754
Depreciation, amortisation and impairment on equipment, software and intangibles	3 317	4 219
	421 540	**380 426**

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

£'000	30 Sept 2022	31 March 2022
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	2 041 337	1 447 485
Expected credit loss	(20)	(12)
Net reverse repurchase agreements and cash collateral on securities borrowed	**2 041 317**	**1 447 473**
Reverse repurchase agreements	2 011 843	1 408 503
Cash collateral on securities borrowed	29 474	38 970
	2 041 317	**1 447 473**
Liabilities		
Repurchase agreements	115 300	129 092
Cash collateral on securities lent	34 215	25 736
	149 515	**154 828**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Extract of loans and advances to customers and other loans and advances

£'000	30 Sept 2022	31 March 2022
Gross loans and advances to customers at amortised cost	14 172 815	13 262 811
Gross loans and advances to customers at FVOCI^	735 407	685 386
Gross loans and advances to customers subject to expected credit losses	**14 908 222**	**13 948 197**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(142 515)	(130 805)
Net loans and advances to customers at amortised cost and FVOCI^	**14 765 707**	**13 817 392**
Loans and advances to customers at fair value through profit and loss	586 687	609 083
Net loans and advances to customers	**15 352 394**	**14 426 475**
Gross other loans and advances	187 169	122 736
Expected credit losses on other loans and advances	(26)	(19)
Net other loans and advances	**187 143**	**122 717**

^ Expected credit losses above do not include £3.8 million (31 March 2022: £3.3 million) ECL held against financial assets held at FVOCI. This is reported on the balance sheet within fair value reserve.

Other securitised assets

£'000	30 Sept 2022	31 March 2022
Loans and advances to customers	81 655	88 004
Other debt securities	4 665	5 083
	86 320	**93 087**

Other assets

£'000	30 Sept 2022	31 March 2022
Settlement debtors	525 031	736 688
Trading properties	4 298	4 287
Prepayments and accruals	57 088	55 635
Trading initial margin	38 378	9 606
Finance lease receivables	244 214	223 902
Indirect taxation assets receivable	—	1 109
Other	92 920	108 212
	961 929	**1 139 439**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Debt securities in issue

£'000	30 Sept 2022	31 March 2022
Repayable in:		
Less than three months	49 605	210 729
Three months to one year	117 810	71 796
One to five years	886 573	1 022 555
Greater than five years	295 442	343 097
	1 349 430	**1 648 177**

Extract of deferred taxation

£'000	30 Sept 2022	31 March 2022
Losses carried forward	**8 458**	8 166

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023.

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

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

The UK Government made further announcements in the mini budget dated 23 September 2022 that the corporation tax rate rise from 19% to 25% and bank surcharge rate reduction from 8% to 3% will be cancelled. However, following that, the Government has announced that it will no longer proceed with the planned cancellation of the corporation tax rate increase and the previously planned increase of the rate to 25% will go ahead with effect from 1 April 2023. There have been no announcements regarding the bank surcharge rate and there remains uncertainty until at least the Autumn statement which is now expected to be released on 17 November 2022 which might provide some clarity regarding the bank surcharge rate to be applicable from 1 April 2023.

Extract of subordinated liabilities

£'000	30 Sept 2022	31 March 2022
Issued by Investec Bank plc and Investec plc		
Remaining maturities:		
In one year or less, or on demand	—	—
In more than one year, but not more than two years	—	—
In more than two years, but not more than five years	—	—
In more than five years	708 581	758 739
	708 581	**758 739**

Medium-term notes

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

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

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

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

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Offsetting

At 30 September 2022 £'000	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on balance sheet			Related amounts not offset		
	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	Cash collateral	**Net amount**
Assets						
Cash and balances at central banks	4 490 840	—	4 490 840	—	—	4 490 840
Loans and advances to banks	1 503 335	—	1 503 335	—	(195 853)	1 307 482
Reverse repurchase agreements and cash collateral on securities borrowed	2 041 317	—	2 041 317	(60 187)	(103 215)	1 877 915
Sovereign debt securities	1 376 257	—	1 376 257	—	—	1 376 257
Bank debt securities	109 789	—	109 789	—	—	109 789
Other debt securities	590 175	—	590 175	—	—	590 175
Derivative financial instruments	1 125 737	—	1 125 737	(529 959)	(392 261)	203 517
Securities arising from trading activities	135 849	—	135 849	(48 391)	—	87 458
Investment portfolio	536 360	—	536 360	—	—	536 360
Loans and advances to customers	15 352 394	—	15 352 394	—	—	15 352 394
Other loans and advances	187 143	—	187 143	—	(10 808)	176 335
Other securitised assets	86 320	—	86 320	—	—	86 320
Other assets	961 929	—	961 929	—	—	961 929
	28 497 445	**—**	**28 497 445**	**(638 537)**	**(702 137)**	**27 156 771**
Liabilities						
Deposits by banks	2 425 565	—	2 425 565	—	(482 909)	1 942 656
Derivative financial instruments	1 385 425	—	1 385 425	(553 677)	(187 711)	644 037
Other trading liabilities	42 260	—	42 260	(29 417)	—	12 843
Repurchase agreements and cash collateral on securities lent	149 515	—	149 515	(34 153)	(17 938)	97 424
Customer accounts (deposits)	18 880 502	—	18 880 502	—	(12 567)	18 867 935
Debt securities in issue	1 349 430	—	1 349 430	(21 290)	(1 012)	1 327 128
Liabilities arising on securitisation of other assets	90 025	—	90 025	—	—	90 025
Other liabilities	1 470 184	—	1 470 184	—	—	1 470 184
Subordinated liabilities	708 581	—	708 581	—	—	708 581
	26 501 487	**—**	**26 501 487**	**(638 537)**	**(702 137)**	**25 160 813**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Offsetting (continued)

At 31 March 2022 £'000	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on balance sheet			Related amounts not offset		
	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	Cash collateral	**Net amount**
Assets						
Cash and balances at central banks	5 379 994	—	5 379 994	—	—	5 379 994
Loans and advances to banks	1 467 770	—	1 467 770	—	(45 950)	1 421 820
Reverse repurchase agreements and cash collateral on securities borrowed	1 447 473	—	1 447 473	(89 970)	(15 538)	1 341 965
Sovereign debt securities	1 165 777	—	1 165 777	—	—	1 165 777
Bank debt securities	61 714	—	61 714	—	—	61 714
Other debt securities	427 761	—	427 761	—	—	427 761
Derivative financial instruments	693 133	—	693 133	(272 446)	(209 749)	210 938
Securities arising from trading activities	163 165	—	163 165	(46 114)	—	117 051
Investment portfolio	694 324	—	694 324	—	—	694 324
Loans and advances to customers	14 426 475	—	14 426 475	—	—	14 426 475
Other loans and advances	122 717	—	122 717	—	(5 930)	116 787
Other securitised assets	93 087	—	93 087	—	—	93 087
Other assets	1 139 439	—	1 139 439	—	—	1 139 439
	27 282 829	**—**	**27 282 829**	**(408 530)**	**(277 167)**	**26 597 132**
Liabilities						
Deposits by banks	2 026 601	—	2 026 601	—	(215 054)	1 811 547
Derivative financial instruments	863 295	—	863 295	(298 340)	(47 482)	517 473
Other trading liabilities	42 944	—	42 944	(38 287)	—	4 657
Repurchase agreements and cash collateral on securities lent	154 828	—	154 828	(25 761)	(4 348)	124 719
Customer accounts (deposits)	18 293 891	—	18 293 891	—	(10 233)	18 283 658
Debt securities in issue	1 648 177	—	1 648 177	(46 142)	(50)	1 601 985
Liabilities arising on securitisation of other assets	95 885	—	95 885	—	—	95 885
Other liabilities	1 379 327	—	1 379 327	—	—	1 379 327
Subordinated liabilities	758 739	—	758 739	—	—	758 739
	25 263 687	**—**	**25 263 687**	**(408 530)**	**(277 167)**	**24 577 990**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

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

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

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

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

CREDIT AND COUNTERPARTY RISK

The following risk management and capital section will provide details on the quantitative disclosure required on a semi-annual basis. For additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2022.

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.

Net core loans increased £926 million since 31 March 2022 to £15.3 billion. A portion of this growth has been driven by the weakening of the Pound Sterling against the US Dollar and Euro the over the period, currency neutral annualised growth would be 7.9%. Loan growth has predominantly been driven by high net worth mortgages as well as a number of areas across corporate and other lending.

The overall loan portfolio continues to perform well. Asset quality ratios remain low. Total Stage 3 exposures total £304million at 30 September 2022 or 2.0% of gross core loans subject to ECL reduced from 2.1% at 31 March 2022, predominantly due to limited new defaults.

Stage 2 exposures have increased to £1 067 million or 7.2% of gross core loans subject to ECL (£992 million or 7.1% at 31 March 2022) resulting from the model driven impacts of the updated macro-economic scenarios accounting for the elevated levels of inflation in the UK, interest rate rises, energy considerations and other relevant factors since 31 March 2022.

The annualised credit loss ratio at 30 September 2022 is 0.32%. The credit loss ratio is trending towards the 'through-the-cycle' range of 30-40bps following very limited charges taken in the prior year due to the significant level of UK Government support provided during the COVID-19 pandemic.

£'million	**30 Sept 2022**	31 March 2022
Gross core loans	**15 495**	**14 557**
Gross core loans at FVPL	587	609
Gross core loans subject to ECL*	**14 908**	**13 948**
Stage 1	13 537	12 665
Stage 2	1 067	992
of which past due greater than 30 days	44	28
Stage 3	304	291
ECL	**(146)**	**(134)**
Stage 1	(35)	(32)
Stage 2	(38)	(35)
Stage 3	(73)	(67)
Coverage ratio		
Stage 1	0.26%	0.25%
Stage 2	3.6%	3.5%
Stage 3	24.0%	23.0%
Annualised credit loss ratio	**0.32%**	**0.17%**
ECL impairment charges on core loans	(23)	(22)
Average gross core loans subject to ECL	14 428	12 969
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	231	224
Aggregate collateral and other credit enhancements on Stage 3	235	230
Stage 3 as a % of gross core loans subject to ECL	2.0%	2.1%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.6%	1.6%

Note: Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £43 million at 31 March 2022 to £40 million at 30 September 2022 and therefore Ongoing (excluding Legacy) is no longer reported separately in the table above. These Legacy assets are predominantly reported in Stage 3 and make up 16.8% of Stage 3 gross core loans. These assets have been significantly provided for and coverage remains high at 56.9%. Refer to definitions on page 50.

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

£'million	Gross core loans at amortised cost and FVOCI – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL	Gross core loans
At 30 September 2022										
Commercial real estate	**1 243**	**(3)**	**165**	**(8)**	**102**	**(25)**	**1 510**	**(36)**	**42**	**1 552**
Commercial real estate – investment	985	(2)	141	(6)	96	(22)	1 222	(30)	39	1 261
Commercial real estate – development	247	(1)	18	(1)	—	—	265	(2)	3	268
Commercial vacant land and planning	11	—	6	(1)	6	(3)	23	(4)	—	23
Residential real estate	**703**	**(2)**	**61**	**(4)**	**36**	**(17)**	**800**	**(23)**	**35**	**835**
Residential real estate – investment	385	(1)	30	(3)	6	(2)	421	(6)	34	455
Residential real estate – development	303	(1)	29	(1)	6	(3)	338	(5)	—	338
Residential vacant land and planning	15	—	2	—	24	(12)	41	(12)	1	42
Total lending collateralised by property	**1 946**	**(5)**	**226**	**(12)**	**138**	**(42)**	**2 310**	**(59)**	**77**	**2 387**
Coverage ratio		**0.26%**		**5.3%**		**30.4%**		**2.6%**		
At 31 March 2022										
Commercial real estate	**1 334**	**(3)**	**152**	**(6)**	**105**	**(21)**	**1 591**	**(30)**	**46**	**1 637**
Commercial real estate – investment	1 104	(2)	108	(4)	99	(18)	1 311	(24)	42	1 353
Commercial real estate – development	222	(1)	38	(1)	—	—	260	(2)	4	264
Commercial vacant land and planning	8	—	6	(1)	6	(3)	20	(4)	—	20
Residential real estate	**676**	**(2)**	**3**	**—**	**34**	**(16)**	**713**	**(18)**	**29**	**742**
Residential real estate – investment	394	(1)	3	—	4	(1)	401	(2)	27	428
Residential real estate – development	276	(1)	—	—	6	(3)	282	(4)	—	282
Residential vacant land and planning	6	—	—	—	24	(12)	30	(12)	2	32
Total lending collateralised by property	**2 010**	**(5)**	**155**	**(6)**	**139**	**(37)**	**2 304**	**(48)**	**75**	**2 379**
Coverage ratio		**0.25%**		**3.9%**		**26.6%**		**2.1%**		

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2022										
Mortgages	4 314	(2)	100	(1)	56	(6)	4 470	(9)	24	4 494
High net worth and specialised lending	972	(2)	36	(2)	16	(2)	1 024	(6)	3	1 027
Total high net worth and other private client lending	**5 286**	**(4)**	**136**	**(3)**	**72**	**(8)**	**5 494**	**(15)**	**27**	**5 521**
Coverage ratio		**0.08%**		**2.2%**		**11.1%**		**0.3%**		
At 31 March 2022										
Mortgages	3 995	(1)	86	—	57	(4)	4 138	(5)	25	4 163
High net worth and specialised lending	938	(2)	42	(1)	6	(2)	986	(5)	3	989
Total high net worth and other private client lending	**4 933**	**(3)**	**128**	**(1)**	**63**	**(6)**	**5 124**	**(10)**	**28**	**5 152**
Coverage ratio		**0.06%**		**0.8%**		**9.5%**		**0.2%**		

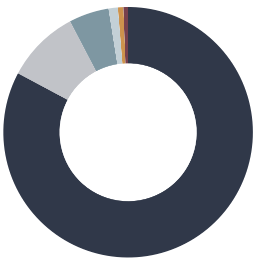
CREDIT AND COUNTERPARTY RISK
CONTINUED

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

£'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 30 September 2022										
Corporate and acquisition finance	1 782	(9)	179	(8)	11	(1)	1 972	(18)	98	2 070
Asset-based lending	312	(1)	30	—	—	—	342	(1)	4	346
Fund finance	1 542	(1)	3	—	—	—	1 545	(1)	60	1 605
Other corporate and financial institutions and governments	370	(2)	—	—	4	(1)	374	(3)	13	387
Small ticket asset finance	1 137	(8)	244	(7)	33	(15)	1 414	(30)	—	1 414
Motor finance	683	(2)	162	(5)	7	(3)	852	(10)	—	852
Aviation finance	133	(1)	7	—	—	—	140	(1)	272	412
Power and infrastructure finance	346	(2)	80	(3)	39	(3)	465	(8)	36	501
Total corporate and other lending	**6 305**	**(26)**	**705**	**(23)**	**94**	**(23)**	**7 104**	**(72)**	**483**	**7 587**
Coverage ratio		**0.41%**		**3.3%**		**24.5%**		**1.0%**		
At 31 March 2022										
Corporate and acquisition finance	1 528	(7)	207	(13)	10	(1)	1 745	(21)	125	1 870
Asset-based lending	352	(1)	27	—	—	—	379	(1)	12	391
Fund finance	1 194	(1)	18	—	—	—	1 212	(1)	44	1 256
Other corporate and financial institutions and governments	379	(2)	37	(2)	3	(1)	419	(5)	11	430
Small ticket asset finance	1 183	(8)	242	(7)	29	(18)	1 454	(33)	—	1 454
Motor finance	628	(2)	121	(3)	6	(2)	755	(7)	—	755
Aviation finance	96	(1)	10	(1)	—	—	106	(2)	244	350
Power and infrastructure finance	362	(2)	47	(2)	41	(2)	450	(6)	70	520
Total corporate and other lending	**5 722**	**(24)**	**709**	**(28)**	**89**	**(24)**	**6 520**	**(76)**	**506**	**7 026**
Coverage ratio		**0.42%**		**3.9%**		**27.0%**		**1.2%**		

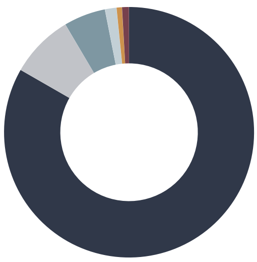
An analysis of gross core loans by country of exposure

30 September 2022
£15 495 million



United Kingdom	82.8%
Europe (excluding UK)	9.5%
North America	5.2%
Asia	1.2%
Other	0.7%
Australia	0.6%

31 March 2022
£14 557 million



United Kingdom	83.3%
Europe (excluding UK)	8.2%
North America	5.4%
Asia	1.5%
Other	0.7%
Australia	0.9%

CREDIT AND COUNTERPARTY RISK
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 2022 to 30 September 2022. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL. The increase in transfers into Stage 2 was almost all driven by the changes in the macro-economic environment and corresponding PD deterioration in the loan book. There was little uptick in transfers into Stage 3 as a proportion of the opening book reflecting limited new defaults experienced to date.

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 ECLs in Stage 3 that have been written off, typically when an asset has been sold.

The ECL impact of changes to risk parameters and models during the prior period largely reflects the management overlay of £16.8 million which has remained unchanged since 31 March 2022. 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 the opening date, 31 March 2022.

	Stage 1		Stage 2		Stage 3		Total	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2022	**12 665**	**(32)**	**992**	**(35)**	**291**	**(67)**	**13 948**	**(134)**
Transfer from Stage 1	(340)	2	311	(2)	29	—	—	—
Transfer from Stage 2	129	(1)	(151)	2	22	(1)	—	—
Transfer from Stage 3	1	—	10	(1)	(11)	1	—	—
ECL remeasurement arising from transfer of stage	—	1	—	(4)	—	(7)	—	(10)
New lending net of repayments (includes assets written off)	877	(4)	(113)	2	(30)	1	734	(1)
Changes to risk parameters and models	—	—	—	—	—	—	—	—
Foreign exchange and other	205	(1)	18	—	3	—	226	(1)
At 30 September 2022	**13 537**	**(35)**	**1 067**	**(38)**	**304**	**(73)**	**14 908**	**(146)**

	Stage 1		Stage 2		Stage 3		Total	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2021	**10 415**	**(27)**	**1 242**	**(42)**	**332**	**(101)**	**11 989**	**(170)**
Transfer from Stage 1	(297)	1	281	(1)	16	—	—	—
Transfer from Stage 2	503	(8)	(564)	9	61	(1)	—	—
Transfer from Stage 3	2	—	1	—	(3)	—	—	—
ECL remeasurement arising from transfer of stage	—	3	—	(2)	—	(2)	—	(1)
New lending net of repayments (includes assets written off)	1 383	1	(121)	3	(131)	31	1 131	35
Changes to risk parameters and models	—	(3)	—	—	—	—	—	(3)
Foreign exchange and other	25	—	2	—	—	—	27	—
At 30 September 2021	**12 031**	**(33)**	**841**	**(33)**	**275**	**(73)**	**13 147**	**(139)**

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

An analysis of gross credit and counterparty exposures
Gross credit and counterparty exposure totalled £29.8 billion at 30 September 2022. Cash and near cash balances amounted to £8.5 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks and sovereign debt securities. These exposures are all Stage 1. There are immaterial Stage 2 and Stage 3 exposures outside of loans and advances to customers which are small relative to the balance sheet. Loans and advances to customers (including committed facilities) account for greater than 95% of overall ECLs.

An analysis of gross credit and counterparty exposures

£'million	30 Sept 2022	31 March 2022
Cash and balances at central banks	4 491	5 380
Loans and advances to banks	1 503	1 468
Reverse repurchase agreements and cash collateral on securities borrowed	2 041	1 447
Sovereign debt securities	1 376	1 166
Bank debt securities	110	62
Other debt securities	596	433
Derivative financial instruments	1 022	645
Securities arising from trading activities	19	26
Loans and advances to customers	15 495	14 557
Other loans and advances	187	123
Other securitised assets	6	6
Other assets	38	116
Total on-balance sheet exposures	**26 884**	**25 429**
Guarantees	135	138
Committed facilities related to loans and advances to customers	2 297	1 957
Contingent liabilities, letters of credit and other	482	326
Total off-balance sheet exposures	**2 914**	**2 421**
Total gross credit and counterparty exposures	**29 798**	**27 850**

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 30 September 2022 **£'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL#	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	4 491	—	4 491	—	—	4 491
Loans and advances to banks	1 503	—	1 503	—	—	1 503
Reverse repurchase agreements and cash collateral on securities borrowed	2 041	715	1 326	—	—	2 041
Sovereign debt securities	1 376	24	1 352	—	—	1 376
Bank debt securities	110	—	110	—	—	110
Other debt securities	596	107	489	(6)	—	590
Derivative financial instruments	1 022	1 022	—	—	104	1 126
Securities arising from trading activities	19	19	—	—	117	136
Investment portfolio	—	—	—	—	536*	536
Loans and advances to customers	15 495	587	14 908	(146)	—	15 349
Other loans and advances	187	–	187	—	—	187
Other securitised assets	6	6	—	—	80^	86
Interest in associated undertakings and joint venture holdings	—	—	—	—	64	64
Deferred taxation assets	—	—	—	—	106	106
Current taxation assets	—	—	—	—	36	36
Other assets	38	—	38	—	924**	962
Property and equipment	—	—	—	—	127	127
Goodwill	—	—	—	—	249	249
Software	—	—	—	—	10	10
Other acquired intangible assets	—	—	—	—	36	36
Total on-balance sheet exposures	**26 884**	**2 480**	**24 404**	**(152)**	**2 389**	**29 121**
Guarantees	135	—	135	—	—	135
Committed facilities related to loans and advances to customers	2 297	68	2 229	(12)	—	2 285
Contingent liabilities, letters of credit and other	482	—	482	(1)	227	708
Total off-balance sheet exposures	**2 914**	**68**	**2 846**	**(13)**	**227**	**3 128**
Total exposures	**29 798**	**2 548**	**27 250**	**(165)**	**2 616**	**32 249**

Includes £3.8 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely loans and advances to customers) and the statutory balance sheet.

* 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 net credit exposure that the Group has in the vehicles is reflected in the 'total credit and counterparty exposure'.

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

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

At 31 March 2022 **£'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL#	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	5 380	—	5 380	—	—	5 380
Loans and advances to banks	1 468	—	1 468	—	—	1 468
Reverse repurchase agreements and cash collateral on securities borrowed	1 447	669	778	—	—	1 447
Sovereign debt securities	1 166	34	1 132	—	—	1 166
Bank debt securities	62	—	62	—	—	62
Other debt securities	433	144	289	(5)	—	428
Derivative financial instruments	645	645	—	—	48	693
Securities arising from trading activities	26	26	—	—	137	163
Investment portfolio	—	—	—	—	694*	694
Loans and advances to customers	14 557	609	13 948	(134)	—	14 423
Other loans and advances	123	—	123	—	—	123
Other securitised assets	6	6	—	—	87^	93
Interest in associated undertakings and joint venture holdings	—	—	—	—	67	67
Deferred taxation assets	—	—	—	—	110	110
Current taxation assets	—	—	—	—	33	33
Other assets	116	—	116	—	1 023**	1 139
Property and equipment	—	—	—	—	155	155
Goodwill	—	—	—	—	250	250
Software	—	—	—	—	7	7
Other acquired intangible assets	—	—	—	—	41	41
Total on-balance sheet exposures	**25 429**	**2 133**	**23 296**	**(139)**	**2 652**	**27 942**
Guarantees	138	—	138	—	—	138
Committed facilities related to loans and advances to customers	1 957	53	1 904	(7)	—	1 950
Contingent liabilities, letters of credit and other	326	—	326	(1)	181	506
Total off-balance sheet exposures	**2 421**	**53**	**2 368**	**(8)**	**181**	**2 594**
Total exposures	**27 850**	**2 186**	**25 664**	**(147)**	**2 833**	**30 536**

Includes £3.3 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely loans and advances to customers and sovereign debt securities) and the statutory balance sheet.

* 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 net credit exposure that the Group has in the vehicles is reflected in the 'total credit and counterparty exposure'.

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

CREDIT AND COUNTERPARTY RISK
CONTINUED

Gross credit and counterparty exposures by residual contractual maturity

At 30 September 2022 **£'million**	Up to three months	Three to six months	Six months to one year	One to five years	Five to 10 years	> 10 years	**Total**
Cash and balances at central banks	4 491	—	—	—	—	—	4 491
Loans and advances to banks	1 497	—	—	6	—	—	1 503
Reverse repurchase agreements and cash collateral on securities borrowed	1 129	21	213	174	—	504	2 041
Sovereign debt securities	775	171	114	255	40	21	1 376
Bank debt securities	17	—	—	80	13	—	110
Other debt securities	14	5	8	52	335	182	596
Derivative financial instruments	230	113	235	402	37	5	1 022
Securities arising from trading activities	—	—	—	2	11	6	19
Loans and advances to customers	1 295	867	2 157	7 845	1 998	1 333	15 495
Other loans and advances	17	—	—	85	74	11	187
Other securitised assets	—	—	—	—	—	6	6
Other assets	38	—	—	—	—	—	38
Total on-balance sheet exposures	**9 503**	**1 177**	**2 727**	**8 901**	**2 508**	**2 068**	**26 884**
Guarantees	107	3	1	24	—	—	135
Committed facilities related to loans and advances to customers	71	89	275	1 560	287	15	2 297
Contingent liabilities, letters of credit and other	45	12	108	277	40	—	482
Total off-balance sheet exposures	**223**	**104**	**384**	**1 861**	**327**	**15**	**2 914**
Total gross credit and counterparty exposures	**9 726**	**1 281**	**3 111**	**10 762**	**2 835**	**2 083**	**29 798**

CREDIT AND COUNTERPARTY RISK
CONTINUED

Gross credit and counterparty exposures by industry

£'million	High net worth and other professional individuals	Lending collateralised by property	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
At 30 September 2022							
Cash and balances at central banks	—	—	—	—	4 491	—	—
Loans and advances to banks	—	—	—	—	—	—	1 503
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	368	—	1 673
Sovereign debt securities	—	—	—	—	1 376	—	—
Bank debt securities	—	—	—	—	—	—	110
Other debt securities	—	—	—	10	9	17	422
Derivative financial instruments	—	—	—	66	—	11	739
Securities arising from trading activities	—	—	—	—	—	1	14
Loans and advances to customers	5 521	2 387	15	518	222	1 474	1 990
Other loans and advances	—	—	—	—	—	—	176
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	38
Total on-balance sheet exposures	**5 521**	**2 387**	**15**	**594**	**6 466**	**1 503**	**6 665**
Guarantees	8	—	—	10	—	—	93
Committed facilities related to loans and advances to customers	139	591	—	368	58	158	728
Contingent liabilities, letters of credit and other	12	—	—	309	—	12	148
Total off-balance sheet exposures	**159**	**591**	**—**	**687**	**58**	**170**	**969**
Total gross credit and counterparty exposures	**5 680**	**2 978**	**15**	**1 281**	**6 524**	**1 673**	**7 634**
At 31 March 2022							
Cash and balances at central banks	—	—	—	—	5 380	—	—
Loans and advances to banks	—	—	—	—	—	—	1 468
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	485	—	962
Sovereign debt securities	—	—	—	—	1 166	—	—
Bank debt securities	—	—	—	—	—	—	62
Other debt securities	—	—	—	9	10	13	239
Derivative financial instruments	—	—	—	32	—	2	469
Securities arising from trading activities	—	—	—	—	3	2	16
Loans and advances to customers	5 152	2 379	14	619	233	1 333	1 661
Other loans and advances	—	—	—	—	—	—	112
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	39
Total on-balance sheet exposures	**5 152**	**2 379**	**14**	**660**	**7 277**	**1 350**	**5 028**
Guarantees	7	—	—	11	—	—	97
Committed facilities related to loans and advances to customers	131	436	—	262	66	205	596
Contingent liabilities, letters of credit and other	18	—	—	191	—	8	104
Total off-balance sheet exposures	**156**	**436**	**—**	**464**	**66**	**213**	**797**
Total gross credit and counterparty exposures	**5 308**	**2 815**	**14**	**1 124**	**7 343**	**1 563**	**5 825**

CREDIT AND COUNTERPARTY RISK
CONTINUED

Retailers and wholesalers	Manufacturing and commerce	Construction	Other residential mortgages	Corporate commercial real estate	Mining and resources	Leisure, entertainment and tourism	Transport	Motor finance	Com-munication	**Total**
—	—	—	—	—	—	—	—	—	—	4 491
—	—	—	—	—	—	—	—	—	—	1 503
—	—	—	—	—	—	—	—	—	—	2 041
—	—	—	—	—	—	—	—	—	—	1 376
—	—	—	—	—	—	—	—	—	—	110
—	—	—	73	—	—	—	57	—	8	596
19	47	2	—	—	118	—	18	—	2	1 022
—	—	—	4	—	—	—	—	—	—	19
243	873	122	—	170	74	91	667	852	276	15 495
—	—	—	11	—	—	—	—	—	—	187
—	—	—	6	—	—	—	—	—	—	6
—	—	—	—	—	—	—	—	—	—	38
262	**920**	**124**	**94**	**170**	**192**	**91**	**742**	**852**	**286**	**26 884**
—	—	—	—	3	—	—	21	—	—	135
11	102	14	—	9	15	2	26	—	76	2 297
—	—	—	—	—	—	—	1	—	—	482
11	**102**	**14**	**—**	**12**	**15**	**2**	**48**	**—**	**76**	**2 914**
273	**1 022**	**138**	**94**	**182**	**207**	**93**	**790**	**852**	**362**	**29 798**
—	—	—	—	—	—	—	—	—	—	5 380
—	—	—	—	—	—	—	—	—	—	1 468
—	—	—	—	—	—	—	—	—	—	1 447
—	—	—	—	—	—	—	—	—	—	1 166
—	—	—	—	—	—	—	—	—	—	62
—	—	—	99	—	—	—	55	—	8	433
6	11	—	—	—	111	1	13	—	—	645
—	—	—	5	—	—	—	—	—	—	26
285	797	110	—	123	96	85	656	755	259	14 557
—	—	—	11	—	—	—	—	—	—	123
—	—	—	6	—	—	—	—	—	—	6
20	1	—	—	—	—	—	53	—	3	116
311	**809**	**110**	**121**	**123**	**207**	**86**	**777**	**755**	**270**	**25 429**
2	—	—	—	3	—	—	18	—	—	138
7	104	7	—	40	32	2	9	—	60	1 957
—	—	—	—	—	4	—	1	—	—	326
9	**104**	**7**	**—**	**43**	**36**	**2**	**28**	**—**	**60**	**2 421**
320	**913**	**117**	**121**	**166**	**243**	**88**	**805**	**755**	**330**	**27 850**

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE

Key judgements at 30 September 2022
At 30 September 2022, the revised macro-economic scenarios have been updated to account for elevated levels of inflation in the UK, interest rate rises, energy considerations and other relevant factors since 31 March 2022. There has also been an increase in scenario weighting of the downside 1 – inflation scenario by 5% to 35% and a consequent reduction in the downside 2 – global shock weighting. The ECL impairment charge impact of the macro-economic scenario updates and weightings over the period was £9.9 million.

There remains a significant amount of economic uncertainty and, given the events currently taking place that have not been factored into the models' history, significant model performance uncertainty exists. To ensure that the overall level of ECL was reasonable and that the judgements applied had been suitably tested, management reviewed the overall output of ECLs and considered a number of alternative assumptions. As a result, an ECL overlay is still considered appropriate.

We continue to hold a management ECL overlay totalling £16.8 million at 30 September 2022 (£16.8 million at 31 March 2022; £21 million at 30 September 2021) to account for the considerable uncertainty that remains in the macro-economic environment. In particular, with respect to the ongoing situation in the UK political environment and resulting market volatility. The management ECL overlay seeks to capture the significant level of judgement required in the application of the macro-economic scenarios as well as the ongoing uncertainty in the UK and global operating environment that is not currently captured completely by modelled outputs.

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURES
CONTINUED

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

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

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

Economic developments since 31 March 2022 have resulted in a number of updates to the macro-economic scenarios. The main considerations being the Russian invasion of Ukraine, and consequentially energy market issues, both in terms of the elevated levels of natural gas prices and supply issues which have significant implications for the UK and the EU. In addition, persistently elevated levels of inflation globally resulted in aggressive Central Bank tightening as well as fiscal policy in the UK. While the selection of scenarios at 30 September 2022 remained the same as at 31 March 2022, an upside, base case and two downside cases (inflation, global shock) the base case and downside 1-inflation have been updated to reflect the most recent developments.

At 30 September 2022, in addition to updated macro-economic forecasts, the scenario weightings were reassessed taking into account changes to the balance of risks as well as the updated scenario forecasts. As such, the revised weightings stood at 10% upside, 45% base case, 35% downside 1-inflation and 10% downside 2-global shock. The main change was a 5% increase in weighting of the inflation scenario. In overall terms the balance of risks remained skewed to the downside.

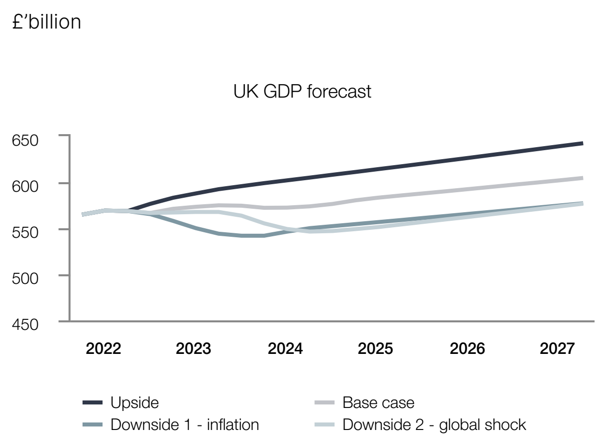
The base case has been updated to reflect a number of developments and changes to assumptions since 31 March 2022. Firstly, the Russian invasion of Ukraine has continued for longer than expected. The energy implications as a result of the conflict have also influenced updated assumptions. Secondly, recent UK fiscal policy developments alter the domestic outlook materially. The domestic expected case now envisages inflation remaining stubbornly high, in excess of 10% into 2023 before moderating. A tighter degree of monetary policy is also now expected following the UK fiscal policy announcements, which are viewed as supporting demand and ultimately inflation. A peak bank rate of 5% is now expected in the second quarter of 2022 and expected to remain at that level into 2024, when an easing is expected following a recession in the second half of 2023. The housing market is expected to weaken, and prices to fall 5% given higher interest rates. Globally the outlook is characterised by higher interest rates in response to persistently high levels of inflation. However, a global economic slowdown over 2023 is expected to result in many central banks beginning to ease monetary policy by the end of 2023.

The downside 1-inflation scenario is an updated version of the scenario used at 31 March 2022. It assumes a more entrenched level of core inflation globally than previously, consequently resulting in more aggressive monetary tightening by central banks. Additional UK specific factors, including an expansionary fiscal policy stance, contribute to a peak BoE Bank rate of 6.50% in 2023 which remains at that level into 2024. The sharp tightening of financial conditions globally causes a global economic downturn and recessions in the major advanced economies. In the UK the severity is a 3.9% peak-to-trough fall in GDP. The stress scenario is also characterised by rising unemployment and falls in house prices, while financial markets see a correction in equity and bond values. Through the mid to later part of the forecast horizon, policy rates are cut in response to the economic downturn, and GDP growth gradually recovers.

The downside 2-global shock is a hypothetical scenario designed to encapsulate a variety of tail risks. It models a severe synchronised global economic downturn and a sharp repricing of all asset classes, particularly those whose valuations are most elevated. Although the shock is assumed to take place early on in the forecasting horizon, lasting headwinds mean the economic and asset price recovery that follows is a slow one. Partly, this also reflects the assumption that fiscal support is not as substantial as it was during the initial phase of the COVID-19 pandemic. Faced by a deflationary shock, central banks loosen policy. The BoE does so via asset purchases and a cut in Bank rate, to a low of 0.25%. Over time, economic recovery prompts a renewed but slow rise in policy rates.

In the upside case, an assumption is that UK fiscal policy is effective and that economic activity expands more briskly, thanks to a pick-up in labour productivity, which sustains faster growth for longer as medium-term GDP growth averages 2% per annum. Amid a positive environment for corporates, unemployment falls even further. This stronger than expected rebound is seen globally, and monetary policy remains held around neutral levels.

The graph below shows the forecasted UK GDP under each macro-economic scenario applied at 30 September 2022.



ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURES
CONTINUED

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

	At 30 September 2022 average 2022 – 2027				At 31 March 2022 average 2022 – 2027			
Macro-economic scenarios	**Upside** %	**Base case** %	**Downside 1 inflation** %	**Downside 2 global shock** %	Upside %	Base case %	Downside 1 inflation %	Downside 2 global shock %
UK								
GDP growth	2.5	1.3	0.3	0.4	2.6	1.9	0.8	0.3
Unemployment rate	3.3	4.4	5.8	6.3	3.3	3.7	5.4	6.4
CPI inflation	3.8	4.2	5.8	2.8	2.4	3.1	3.2	1.6
House price growth	4.2	2.1	(1.0)	(3.2)	3.5	2.9	1.5	(3.6)
Bank of England – Bank rate (end year)	2.5	3.4	4.1	0.7	1.8	1.9	2.0	(0.2)
Euro area								
GDP growth	2.7	1.1	0.4	0.2	2.8	2.1	1.1	0.1
US								
GDP growth	2.7	1.3	0.7	0.3	3.1	2.1	1.4	0.6
Scenario weightings	**10**	**45**	**35**	**10**	**10**	**45**	**30**	**15**

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 30 September 2022.

	Financial years				
Base case %	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**
UK					
GDP growth	1.6	0.6	0.9	1.8	1.6
Unemployment rate	3.9	4.6	4.8	4.3	4.3
CPI inflation	10.0	4.9	2.0	2.0	2.0
House price growth	8.2	(2.9)	0.3	2.3	2.4
Bank of England – Bank rate (end year)	4.8	4.5	2.5	2.5	2.5
Euro area					
GDP growth	2.1	(0.3)	0.6	1.6	1.6
US					
GDP growth	1.1	0.4	1.2	1.8	1.8

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 30 September 2022. 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 level in downside 2-global shock scenario.

Five-year extreme points At 30 September 2022	**Upside** %	**Baseline: Base case five-year average** %	**Downside 1 inflation** %	**Downside 2 global shock** %
UK				
GDP growth	4.2	1.3	(3.7)	(4.3)
Unemployment rate	3.2	4.4	7.6	7.4
CPI inflation	3.8	4.2	13.8	0.8
House price growth	11.2	2.1	(13.3)	(21.9)
BoE – Bank rate (end year)	2.3	3.4	6.5	0.3
Euro area				
GDP growth	4.1	1.1	(3.4)	(4.2)
US				
GDP growth	4.7	1.3	(3.8)	(3.9)

INVESTMENT RISK

Investment risk in the banking book

Investment risk in the banking book comprises 1.9% of total assets at 30 September 2022.

Summary of investments

An analysis of income and revaluations of these investments can be found in the investment income note on page 12. The balance sheet value of investments is indicated in the table below.

£'million **Category**	**On-balance sheet value of investments 30 Sept 2022**	On-balance sheet value of investments 31 March 2022
Unlisted investments	366	336
Listed equities	1	2
Ninety One^	169	356
Total investment portfolio	**536**	**694**
Trading properties	4	4
Warrants and profit shares	6	6
Total	**546**	**704**

^ The investment in Ninety One is reflected as part of the investment portfolio. Investec plc has c.10% shareholding in Ninety One (previously known as Investec Asset Management) as an investment (31 March 2022: c.15%).

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

30 September 2022

£373 million

Finance and insurance	46.9%
Manufacturing and commerce	11.8%
Transport	9.7%
Real estate	9.1%
Retailers and wholesalers	8.7%
Other	4.8%
Construction	3.8%
Communication	3.1%
Leisure, entertainment and tourism	2.1%

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.

Since 1 January 2020, the UK has applied the new securitisation framework. Given risk-weightings under this new framework are generally not reliant on external ratings, a breakdown by risk-weight has also been provided in the analysis below.

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit activities reflect only those exposures to which we consider ourselves to be at risk.

Nature of exposure/activity	**30 Sept 2022 £'million**	31 March 2022 £'million	Balance sheet and credit risk classification
Structured credit (gross exposure)	629	429	
<40% RWA	623	423	Other debt securities and other loans and advances
>40% RWA	6	6	

Analysis of gross structured credit exposure

£'million	AAA	AA	A	BBB	BB	B and below	Total rated	Total unrated	**Total**
US corporate loans	340	69	7	—	—	—	416	82	498
UK RMBS	60	24	1	—	—	—	85	5	90
European corporate loans	40	1	—	—	—	—	41	—	41
Total at 30 September 2022	**440**	**94**	**8**	**—**	**—**	**—**	**542**	**87**	**629**
<40% RWA	440	94	7	—	—	—	541	82	623
>40% RWA	—	—	1	—	—	—	1	5	6
Total at 31 March 2022	**282**	**83**	**16**	**—**	**—**	**—**	**381**	**48**	**429**

MARKET RISK

Market risk in the trading book

Traded market risk

The focus of our trading activities is primarily on supporting 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.

Value at Risk

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

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

95% one-day VaR £'000	30 September 2022				31 March 2022			
	Period end	Average	High	Low	**Year end**	Average	High	Low
Equities	299	365	683	251	381	479	742	335
Foreign exchange	23	12	76	3	5	9	69	1
Interest rates	28	28	73	15	21	28	172	8
Credit	44	7	45	1	1	13	89	1
Consolidated*	**287**	**367**	**679**	**256**	**370**	**469**	**699**	**340**

* 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 £'000	30 Sept 2022 Period end	31 March 2022 Year end
Equities	430	530
Foreign exchange	31	7
Interest rates	43	36
Credit	62	1
Consolidated^	**422**	**525**

^ 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.

Stressed VaR

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

£'000	30 Sept 2022 Period end	31 March 2022 Year end
99% one-day sVaR	**645**	**858**

MARKET RISK
CONTINUED

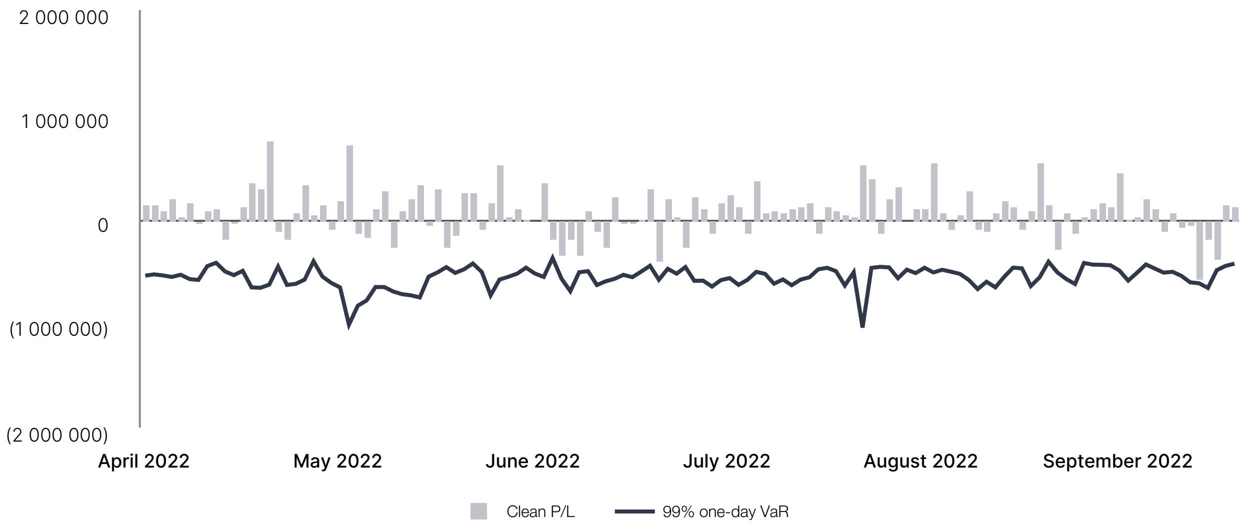
Backtesting

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

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

Using clean profit and loss data for backtesting resulted no exceptions over the period at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. Two to three exceptions are expected over a one year period. The absence of exceptions is attributable to the continued risk reduction in the structured products book and the market volatility of 2020 still being in the historic VaR time series for much of the reporting period.

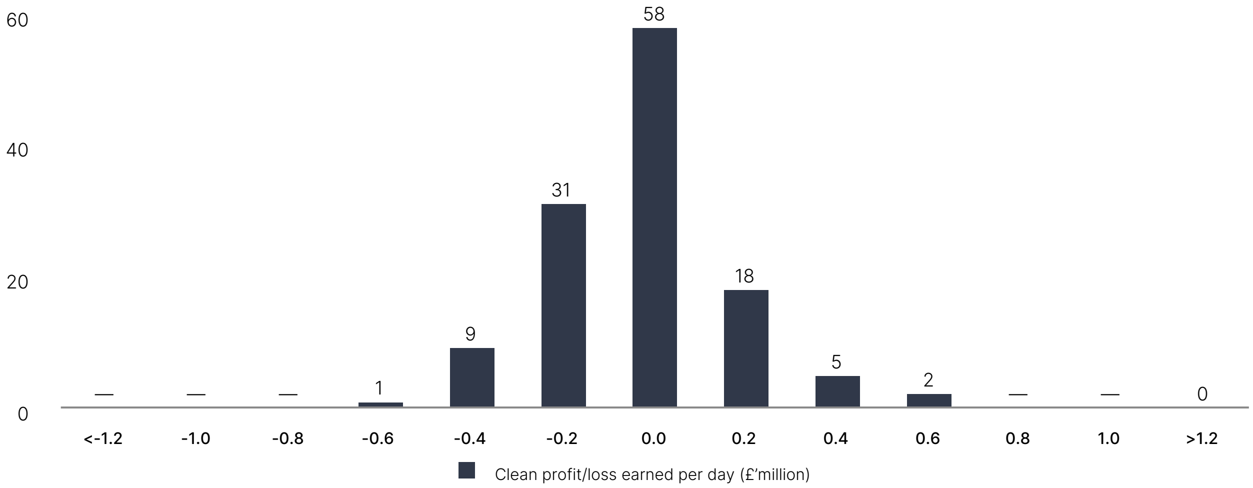
99% one-day VaR backtesting (£)



Clean profit and loss histogram

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The graph shows that a clean profit was realised on 83 days out of a total of 124 days in the trading business. The average daily clean profit and loss generated for the six months to 30 September 2022 was £70 981 (six months to 30 September 2021: £73 387).

Clean profit and loss
Frequency: Days in the period



BALANCE SHEET RISK AND LIQUIDITY

Balance sheet risk management

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

Liquidity risk

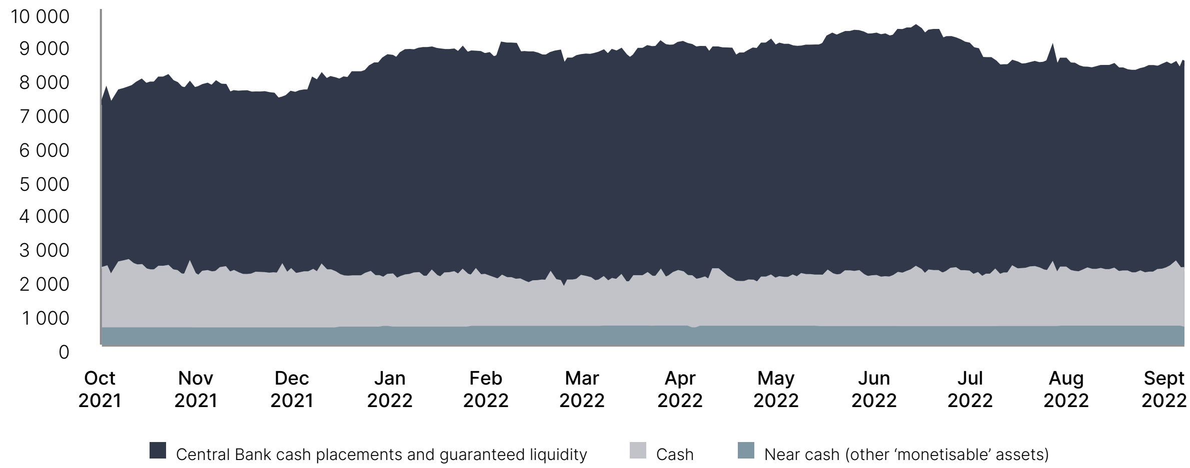
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises 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.

Liquidity risk is further broken down into:

- **Funding liquidity risk:** this relates to the risk that the Group will be unable to meet current and/or future cash flows or collateral requirements in the normal course of business, without adversely affecting its solvency, financial position or its reputation
- **Market liquidity risk:** this relates to the risk that the Group may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

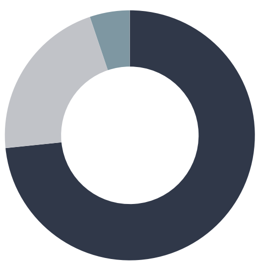
Cash and near cash trend

£'million



An analysis of cash and near cash at 30 September 2022

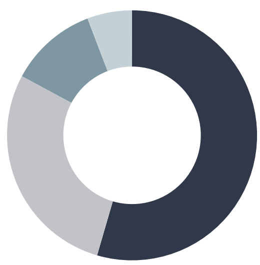
£8 463 million



Central Bank cash placements and guaranteed liquidity	73.4%
Cash	21.4%
Near cash (other 'monetisable' assets)	5.2%

Bank and non-bank depositor concentration by type at 30 September 2022

£21 307 million



Individuals	54.5%
Other financial institutions and corporates	28.3%
Banks	11.4%
Small business	5.8%

BALANCE SHEET RISK AND LIQUIDITY
CONTINUED

Liquidity mismatch
The tables that follow show the contractual and behavioural liquidity mismatch.

With respect to the contractual liquidity table that follows, we record all assets and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity gap, 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: the contractual repayments of many deposits are on demand, or at notice, but in reality withdrawals vary significantly from this. Historical observations of the products are used to model the behavioural lives, and this analysis has identified significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

Contractual liquidity at 30 September 2022

£'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	5 386	599	3	—	—	6	—	5 994
Investment/trading assets	94	1 450	885	312	686	1 131	1 421	5 979
Securitised assets	—	1	—	—	1	25	59	86
Advances	178	453	651	866	2 145	7 843	3 403	15 539
Other assets	3	591	53	61	42	419	357	1 526
Assets	**5 661**	**3 094**	**1 592**	**1 239**	**2 874**	**9 424**	**5 240**	**29 124**
Deposits – banks	(548)	—	—	—	—	(1 878)	—	(2 426)
Deposits – non-banks	(7 510)	(714)	(4 091)	(3 548)	(1 899)	(1 073)	(46)	(18 881)
Negotiable paper	—	(30)	(20)	(17)	(102)	(887)	(293)	(1 349)
Securitised liabilities	—	—	(2)	(2)	(4)	(38)	(44)	(90)
Investment/trading liabilities	(88)	(319)	(495)	(201)	(188)	(286)	—	(1 577)
Subordinated liabilities	—	—	—	—	—	—	(709)	(709)
Other liabilities	(86)	(725)	(30)	(49)	(185)	(325)	(72)	(1 472)
Liabilities	**(8 232)**	**(1 788)**	**(4 638)**	**(3 817)**	**(2 378)**	**(4 487)**	**(1 164)**	**(26 504)**
Total equity	—	—	—	—	—	—	(2 620)	(2 620)
Contractual liquidity gap	**(2 571)**	**1 306**	**(3 046)**	**(2 578)**	**496**	**4 937**	**1 456**	**—**
Cumulative liquidity gap	(2 571)	(1 265)	(4 311)	(6 889)	(6 393)	(1 456)	—	

Behavioural liquidity at 30 September 2022
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	**3 435**	**854**	**(3 014)**	**(2 510)**	**383**	**(544)**	**1 396**	**—**
Cumulative	3 435	4 289	1 275	(1 235)	(852)	(1 396)	—	

Regulatory ratios
The Investec plc and IBP (solo basis) LCRs are calculated using the PRA rulebook (CRR) and our own interpretations where the regulation calls for it. Banks are required to maintain a minimum LCR of 100%. As at 30 September 2022, the LCR was 366% for Investec plc and 360% 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 Investec plc and IBP (solo basis) NSFRs are calculated using the PRA rulebook (CRR) and our own interpretations where the regulation calls for it. The NSFR at 30 September 2022 was 136% for Investec plc and 129% for IBP (solo basis).

BALANCE SHEET RISK AND LIQUIDITY
CONTINUED

Non-trading interest rate risk
Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity.

Sources of interest rate risk in the banking book include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of Group assets, liabilities and off-balance sheet 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
- **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.

Interest rate sensitivity gap at 30 September 2022
The table below shows our non-trading interest rate mismatch assuming no management intervention.

£'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short-term funds – banks	5 843	—	101	—	—	—	5 944
Investment/trading assets	2 687	135	127	202	32	366	3 549
Securitised assets	86	—	—	—	—	—	86
Advances	9 223	760	725	4 268	563	—	15 539
Other assets	—	—	—	—	—	1 340	1 340
Assets	**17 839**	**895**	**953**	**4 470**	**595**	**1 706**	**26 458**
Deposits – banks	(2 419)	—	—	—	—	—	(2 419)
Deposits – non-banks	(14 414)	(1 828)	(1 837)	(706)	(9)	—	(18 794)
Negotiable paper	(323)	—	—	(877)	—	—	(1 200)
Securitised liabilities	(90)	—	—	—	—	—	(90)
Investment/trading liabilities	(115)	—	—	—	—	—	(115)
Subordinated liabilities	—	—	(359)	(350)	—	—	(709)
Other liabilities	—	—	—	—	—	(621)	(621)
Liabilities	**(17 361)**	**(1 828)**	**(2 196)**	**(1 933)**	**(9)**	**(621)**	**(23 948)**
Total equity	—	—	—	—	—	(2 510)	(2 510)
Balance sheet	**478**	**(933)**	**(1 243)**	**2 537**	**586**	**(1 425)**	**—**
Off-balance sheet	612	1 254	1 014	(2 180)	(700)	—	—
Repricing gap	**1 090**	**321**	**(229)**	**357**	**(114)**	**(1 425)**	**—**
Cumulative repricing gap	1 090	1 411	1 182	1 539	1 425	—	

Economic value sensitivity at 30 September 2022
As outlined, non-trading interest rate risk is measured and monitored using an economic value sensitivity approach. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

	Sensitivity to the following interest rates (expressed in original currencies)				
million	GBP	USD	EUR	Other (GBP)	**All (GBP)**
200bps down	(7.5)	5.7	3.1	0.4	0.5
200bps up	8.3	(4.4)	(2.7)	(0.4)	1.8

The Group previously disclosed its exposures to IBOR benchmarks as at 31 March 2022. In the Group's view, the change in exposure since this date has not been significant.

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	30 September 2022*	31 March 2022*
Common Equity Tier 1 ratio**	10.8%	11.4%
Common Equity Tier 1 ratio (fully loaded)***	10.6%	11.0%
Tier 1 ratio**	12.2%	12.8%
Total capital ratio**	15.7%	16.5%
Risk weighted assets (£'million)**	18 025	16 980
Leverage exposure measure (£'million)^	27 692	24 181
Leverage ratio^	8.0%	9.0%
Leverage ratio (fully loaded)^***	7.8%	8.7%

Capital structure and capital adequacy

£'million	30 September 2022*	31 March 2022*
Shareholders' equity	**2 278**	**2 340**
Shareholders' equity excluding non-controlling interests	2 369	2 429
Foreseeable charges and dividends	(43)	(44)
Perpetual preference share capital and share premium	(25)	(25)
Deconsolidation of special purpose entities	(23)	(20)
Non-controlling interests	**—**	**—**
Non-controlling interests per balance sheet	1	1
Non-controlling interests excluded for regulatory purposes	(1)	(1)
Regulatory adjustments to the accounting basis	**(7)**	**71**
Additional value adjustments	(7)	(6)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	—	—
Cash flow hedging reserve	(47)	—
Adjustment under IFRS 9 transitional arrangements	47	77
Deductions	**(315)**	**(480)**
Goodwill and intangible assets net of deferred taxation	(300)	(303)
Investment in capital of financial entities above 10% threshold	—	(164)
Deferred taxation assets that rely on future profitability excluding those arising from temporary difference	(8)	(8)
Securitisation positions which can alternatively be subject to a 1 250%	(4)	(5)
Amount of insufficient coverage for non-performing exposures	(3)	—
Common Equity Tier 1 capital	**1 956**	**1 931**
Additional Tier 1 instruments	250	250
Tier 1 capital	**2 206**	**2 181**
Tier 2 capital	**631**	**628**
Tier 2 instruments	766	766
Non-qualifying surplus capital attributable to non-controlling interests	(135)	(138)
Total regulatory capital	**2 837**	**2 809**
Risk weighted assets**	**18 025**	**16 980**

* The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. Investec plc CET1 ratio would be 24bps (31 March 2022: 28bps) higher, on this basis.

** The CET1, Tier 1 and total capital ratios and risk weighted assets (RWAs) are calculated applying the IFRS 9 transitional arrangements (including the Capital Requirements Regulation (CRR) II changes introduced by the 'quick fix' regulation adopted in June 2020).

*** The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assume full adoption of IFRS 9 (including the 'quick fix' regulation in the UK).

^ The leverage ratios are calculated on an end-quarter basis.

CAPITAL ADEQUACY
CONTINUED

Risk weighted assets and capital requirements

£'million	Risk weighted assets**		Capital requirements	
	30 September 2022	31 March 2022	**30 September 2022**	31 March 2022
	18 025	**16 980**	**1 442**	**1 358**
Credit risk	14 399	13 366	1 152	1 069
Equity risk	511	562	41	45
Counterparty credit risk	619	555	50	44
Credit valuation adjustment risk	67	103	5	8
Market risk	643	608	51	49
Operational risk	1 786	1 786	143	143

Leverage

£'million	30 September 2022*	31 March 2022*
Total exposure measure^	27 692	24 181
Tier 1 capital (as reported)**	2 206	2 181
Leverage ratio^	**8.0%**	**9.0%**
Total exposure measure (fully loaded)^ ***	27 645	24 104
Tier 1 capital (fully loaded)***	2 159	2 104
Leverage ratio (fully loaded)^ * **	**7.8%**	**8.7%**

* The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating CET1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's 2022 interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. Investec plc CET1 ratio would be 24bps (31 March 2022: 28bps) higher, on this basis.

** The CET1, Tier 1 and total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the CRR II changes introduced by the 'quick fix' regulation adopted in June 2020).

*** The CET1 and Tier 1 ratio (fully loaded) and the leverage ratio (fully loaded) assume full adoption of IFRS 9 (including the 'quick fix' regulation in the UK).

^ The leverage ratios are calculated on an end-quarter basis.

ANNEXURE 1 – ALTERNATIVE PERFORMANCE MEASURES

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

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

Adjusted operating profit	Refer to the calculation in the table below

£'000	30 Sept 2022	30 Sept 2021	31 March 2022
Operating profit before goodwill, acquired intangibles and strategic actions	168 791	127 413	286 944
Add: Loss attributable to other non-controlling interests	—	—	—
Adjusted operating profit	**168 791**	**127 413**	**286 944**

Annuity income	Net interest income (refer to page 11) plus net annuity fees and commissions (refer to page 12)
Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

£'million	30 Sept 2022	31 March 2022
Loans and advances to customers per the balance sheet	15 352	14 426
ECL held against FVOCI loans reported on the balance sheet within reserves	(3)	(3)
Net core loans	**15 349**	**14 423**
of which amortised cost and FVOCI ('subject to ECL')	14 762	13 814
of which FVPL	587	609
Add: ECL	146	134
Gross core loans	**15 495**	**14 557**
of which amortised cost and FVOCI ('subject to ECL')	14 908	13 948
of which FVPL	587	609

Cost to income ratio	Refer to the calculation in the table below

£'000	30 Sept 2022	30 Sept 2021	31 March 2022
Operating costs (A)	421 540	380 426	775 866
Total operating income before expected credit loss impairment charges	618 234	512 689	1 087 969
Add: Loss attributable to other non-controlling interests	—	—	—
Total (B)	618 234	512 689	1 087 969
Cost to income ratio (A/B)	**68.2%**	**74.2%**	**71.3%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Gearing ratio	Total assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets Refer to calculation on page 11

DEFINITIONS

Cash and near cash
Includes cash, near cash (other 'monetisable' assets) and Central Bank cash placements and guaranteed liquidity

ECL
Expected credit loss

Funds under management
Consists of funds managed by the Wealth & Investment business, and by the Property business (which forms part of the Specialist Bank) in the prior year

FVOCI
Fair value through other comprehensive income

FVPL
Fair value through profit and loss

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, loans and advances, other debt securities, other loans and advances and finance lease receivables

Refer to page 11 for calculation

Interest-bearing liabilities
Deposits by banks, customer accounts (deposits), repurchase agreements and cash collateral on securities lent, debt securities in issue, lease liabilities and subordinated liabilities

Refer to page 11 for calculation

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

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

Strategic actions
Comprises the closure and rundown of the Hong Kong direct investments business and financial impact of Group restructures

Subject to ECL
Includes financial assets held at amortised cost and FVOCI

CET1 capital
Common Equity Tier 1 capital

RWAs
Risk weighted assets

CRR II
Capital Requirements Regulation II

CRD IV
Capital Requirements Directive IV

Investec