Investec

OUT OF THE ORDINARY

Creating enduring worth

Investec plc Group

Pillar 3 quarterly disclosure report - 31 December 2024

CONTENTS

ABBREVIATIONS

In the sections that follow, the following abbreviations are used:

AT1	Additional Tier 1
CCB	Capital Conservation Buffer
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
DLC	Dual Listed Company
DLC BRCC	DLC Board Risk and Capital Committee
ECL	Expected Credit Loss
EU	European Union
FCA	Financial Conduct Authority
FHC	Financial Holding Company
Group	Investec plc and its subsidiaries
HQLA	High-Quality Liquid Assets
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LSE	London Stock Exchange
NSFR	Net Stable Funding Ratio
PRA	Prudential Regulation Authority
RWAs	Risk Weighted Assets
SA	Standardised Approach
SREP	Supervisory Review Process
SME	Small and Medium Sized Enterprises
T2	Tier 2
UK	United Kingdom

01

Introduction

INTRODUCTION

Investec plc is a Specialist Banking Group with access to a diversified wealth management offering to deliver an extensive range of products and services.

The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-touch and high-tech approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values purposeful thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team and our people are empowered and committed to our values and culture.

During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in Southern Africa (including the Dubai International Finance Centre), and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002). Investec plc is a FTSE 250 company.

Investec plc and Investec Limited are separate legal entities, but are bound together by contractual agreements and mechanisms. Investec operates as a single unified economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.

Regulation and supervision

Investec plc is an approved United Kingdom (UK) Financial Holding Company (FHC). In line with the Capital Requirements Directive (CRD) V requirements and Capital Requirements Regulation (CRR) II amendments requiring FHC and Mixed FHC of Prudential Regulation Authority (PRA)-regulated subsidiaries to become approved holding companies, Investec plc applied in June 2021 for approval in accordance with Part 12B of the Financial Services and Markets Act 2000. The approval was effective 14 October 2021. Investec plc is now responsible for ensuring compliance with prudential requirements on a consolidated basis. Investec Bank plc, the main banking subsidiary of Investec plc, continues to be authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA.

Investec plc calculates capital resources and requirements using the Basel 3 framework, as implemented in the European Union (EU) through the CRD IV, as amended by CRR II and CRD V. Following the end of the Brexit transitional period, the EU rules (including binding technical standards) have been onshored and now form part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.

Subsidiaries of Investec plc may be subject to additional regulations, as implemented in other relevant jurisdictions.

The Basel 3 framework is structured around three 'pillars' namely Pillar 1 minimum capital requirements, Pillar 2 supervisory review process and Pillar 3 market discipline. Pillar 3 aims to complement the other two pillars by developing a set of disclosure requirements that will allow market participants to gauge the capital adequacy of a firm.

Policy

The Pillar 3 disclosures in this document are prepared in accordance with the Disclosure (CRR) part of the PRA rulebook, which took effect 1 January 2022, at the Investec plc consolidated Group level, which includes Investec plc and its subsidiaries (the Group) as at 31 December 2024, with comparative figures provided for 30 September 2024, 30 June 2024, 31 March 2024, and 31 December 2023 where relevant.

The Group is classified as a 'large institution' and is therefore subject to quarterly Pillar 3 reporting.

The Pillar 3 disclosures are published in a standalone disclosure report and are available to view on the Investec website at www.investec.com. The Pillar 3 disclosures of the Group are governed by the Investec plc Pillar 3 disclosure policy, which is approved by the DLC Board Risk and Capital Committee (DLC BRCC), a delegated sub-committee of the Investec plc Board. The Board delegates responsibility for review and approval of these disclosures to the Group Finance Director and Group Credit Risk Officer.

Large subsidiary disclosures are published semi-annually. The sub-set of Pillar 3 disclosures for Investec Bank plc as at 30 September 2024 are included in Appendix A of the Investec plc Group and Investec Bank plc Interim Pillar 3 disclosure report. The disclosure report can be found on the Investec Group's website.

Philosophy and approach to capital and liquidity

The Group has maintained a conservative approach to capital and liquidity for many years, long before many of the regulations came into effect. The Group holds capital in excess of regulatory requirements and remains well capitalised. At 31 December 2024, the Common Equity Tier 1 (CET1) ratio of the Group was 12.3%. As Investec plc is on the Standardised Approach (SA), our risk weighted assets (RWAs) represent a large portion of our total assets. As a result, we inherently hold more capital than firms who apply the Advanced Internal Ratings-Based Approach.

The Group retains one of the highest leverage ratios amongst its peers, whilst meeting the Basel 3 liquidity requirements for some time. The leverage ratio – calculated as regulatory capital over regulatory balance sheet assets for the Group – was 9.6% at 31 December 2024.

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding. As such, the Group considers ongoing access to appropriate liquidity for all its operations to be of paramount importance, and our core liquidity philosophy is reflected in day-to-day practices.

We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%.

At 31 December 2024, the Group's point in time Liquidity Coverage Ratio (LCR) was 407% and the point in time Net Stable Funding Ratio (NSFR) was 152%, well above the minimum regulatory minimum of 100%. The LCR and NSFR ratios disclosed in table 1 Key Metrics (UK KM1) reflects the trailing 12-month and 4-quarter average ratios respectively.

Minimum capital requirements

Investec plc's minimum CET1 requirement at 31 December 2024 is 8.6% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% Capital Conservation Buffer (CCB), a 0.3% Pillar 2A requirement and a 1.4% Countercyclical Capital Buffer (CCyB). The Group's institution-specific CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set. The UK CCyB rate increased as per below and caused an increase in Investec plc's minimum CET1 requirement.

Regulatory developments

Basel 3.1 standards

The UK Basel 3.1 proposals where first released by the PRA in November 2022. The Basel 3.1 standards aimed to restore credibility in risk-weighted ratios, by introducing more robust and risk-sensitive SAs, whilst curtailing the RWA benefits Internal Models can provide. The proposals aim to advance the PRA's primary objective to promote the safety and soundness of the firms that it regulates. By improving the measurement of risk, the PRA are of the view that it will help ensure firms are adequately capitalised given the risks they are exposed to. Whilst the PRA was proposing limited adjustments to the international standards in order to adhere to the global reforms, they did propose to remove several onshored EU discretions, such as the small and medium-sized enterprise (SME) and infrastructure lending supporting factors.

The first policy statement on the Basel 3.1 proposals were published in December 2023 and covered market risk, CCR, CVA risk and operational risk. Subsequently, on 12 September 2024, the PRA published its second near-final policy statement which provides feedback to responses received from industry on specific policy areas, namely credit risk (standardised and internal ratings-based approaches), credit risk mitigation, the output floor, Pillar 3 disclosures and reporting. The statement also provided feedback on parts of the Pillar 2 framework relating to the Pillar 2A credit risk methodology, use of internal based approach benchmarks and the interaction with the output floor.

The PRA had initially confirmed in a statement released in September 2023, that the implementation date would be delayed by six months to 1 July 2025, with full compliance required by 1 January 2030. Since that statement and the publication of the first policy statement in December 2023, the PRA has continued to monitor the implementation times of other jurisdictions and the adequacy of the period between publication of the PRA rules and their implementation and confirmed in the September 2024 policy statement that the implementation date will be moved out by a further six months to 1 January 2026 with a transitional period of 4 years to ensure full implementation by 1 January 2030 in line with the original proposals. The policy statement also confirmed that the SME and infrastructure supporting factor will be removed, however, to ensure overall capital requirements do not increase for SME and infrastructure exposures, the PRA will introduce a new firm-specific structural adjustment to Pillar 2A (the 'SME lending adjustment'). How the structural adjustment will be managed in practice is currently unclear and industry are waiting for the PRA to provide further clarification.

The PRA have also confirmed that an off-cycle review of firm-specific Pillar 2 capital requirements will be conducted ahead of day 1 implementation. The PRA is conducting a data collection exercise to inform this assessment, which will look to address double counting and unwarranted increases or decreases in capital arising from changes in RWAs as a result of the Basel 3.1 standards and plan to apply firm-specific structural adjustments to Pillar 2A to ensure overall capital for SME and infrastructure lending do not increase as result of the removal of the Pillar 1 supporting factors. The deadline for the data collection exercise is 31 March 2025.

Once HM Treasury has passed legislation to revoke the relevant parts of the onshored CRR, the PRA will issue a final policy statement, covering the entire Basel 3.1 package.

The PRA announced on 17 January 2025 a further delay to the UK implementation of Basel 3.1. Following consultations with HM Treasury, the PRA confirmed the implementation date is now scheduled for 1 January 2027, with full compliance still expected by 1 January 2030. The delay is attributed to ongoing uncertainty regarding the timing of the Basel 3.1 implementation in the US and considerations related to competitiveness and growth within the UK banking sector. The PRA have also paused the data collection exercise, originally due by 31 March 2025. The PRA will continue to monitor developments, particularly in the US, and will adjust its approach as necessary.

UK leverage ratio framework

On 10 September 2024, the PRA confirmed it will be reviewing the leverage ratio requirements thresholds, in line with the commitment made in policy statement 21/21. The leverage ratio is an indicator of a firm's solvency and the minimum leverage ratio of 3.25% plus buffers is currently only applicable to firms with more than £50 billion retail deposits or £10 billion non-UK assets. Until the review is complete, the PRA are offering a modification by consent to disapply these rules, until the completion of the review.

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Key metrics

KEY METRICS

Overview of key metrics

This table shows key regulatory capital and liquidity metrics and ratios as well as available own fund amounts, RWAs, additional own fund requirements and leverage.

Table 1: Key metrics (UK KM1)

Ref^	£'million	31 Dec 2024*	30 Sept 2024	30 Jun 2024*	31 Mar 2024	31 Dec 2023*
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2 309	2 317	2 231	2 237	2 183
	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 305	2 313	2 221	2 217	2 167
2	Tier 1 capital	2 659	2 775	2 689	2 695	2 433
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 655	2 771	2 679	2 676	2 417
3	Total capital	3 371	3 487	3 401	3 407	3 144
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3 367	3 483	3 391	3 387	3 129
	Risk weighted exposure amounts					
4	Total risk weighted assets	18 831	18 819	18 911	18 509	19 034
	Total risk weighted exposure amount as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18 827	18 815	18 901	18 490	19 019
	Capital ratios					
5	Common Equity Tier 1 ratio (%)	12.3%	12.3%	11.8%	12.1%	11.5%
	Common Equity Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.2%	12.3%	11.8%	12.0%	11.4%
6	Tier 1 ratio (%)	14.1%	14.7%	14.2%	14.6%	12.8%
	Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.1%	14.7%	14.2%	14.5%	12.7%
7	Total capital ratio (%)	17.9%	18.5%	18.0%	18.4%	16.5%
	Total capital ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.9%	18.5%	17.9%	18.3%	16.4%
	Additional own funds requirements based on SREP (as a percentage of risk weighted exposure amounts)					
UK 7a	Additional CET1 SREP requirement (%)	0.3%	0.3%	0.3%	0.3%	0.3%
UK 7b	Additional AT1 SREP requirement (%)	0.1%	0.1%	0.1%	0.1%	0.1%
UK 7c	Additional T2 SREP requirements (%)	0.1%	0.1%	0.1%	0.1%	0.1%
UK 7d	Total SREP own funds requirements (%)	8.6%	8.6%	8.6%	8.6%	8.6%
	Combined buffer requirement (as a percentage of risk weighted exposure amount)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Institution-specific countercyclical capital buffer (%)	1.4%	1.3%	1.3%	1.3%	1.3%
11	Combined buffer requirement (%)	3.9%	3.8%	3.8%	3.8%	3.8%
UK 11a	Overall capital requirements (%)	12.4%	12.4%	12.4%	12.3%	12.3%
12	CET1 available after meeting the total SREP own funds requirements (%)**	3.7%	3.8%	3.4%	3.5%	2.9%
	Leverage ratio^^					
13	Leverage ratio total exposure measure	27 805	28 541	28 384	27 015	27 357
14	Leverage ratio	9.6%	9.7%	9.5%	10.0%	8.9%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.6%	9.7%	9.4%	9.9%	8.8%

^ The references identify the lines prescribed in the PRA template. Lines represented in this table are those lines which are applicable and have a value assigned to it. All other lines have been suppressed.

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

* The 31 December 2024, 30 June 2024 and 31 December 2023 capital amounts and capital ratios exclude quarterly profits and associated foreseeable charges and dividends for the respective period. In accordance with the PRA rules, profits may only be included in a firm's capital position once the profits have been independently verified by an external audit firm. Note 30 September 2024 and 31 March 2024 comparatives include verified profits and associated foreseeable charges and dividends for that period.

** Line 12 CET1 available after meeting the total Supervisory Review Process (SREP) own funds requirements (%) is equal to CET1 ratio (line 5) minus total SREP own funds requirements (line UK 7d).

KEY METRICS

Table 1: Key metrics (UK KM1) (CONTINUED)

Ref^	£'million	31 Dec 2024*	30 Sept 2024	30 Jun 2024*	31 Mar 2024	31 Dec 2023*
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	7 784	7 372	7 169	6 756	6 541
UK 16a	Cash outflows - Total weighted value	3 364	3 322	3 299	3 247	3 216
UK 16b	Cash inflows - Total weighted value	1 663	1 641	1 620	1 556	1 535
16	Total net cash outflows (adjusted value)	1 701	1 681	1 678	1 691	1 680
17	Liquidity coverage ratio (%)**	460%	440%	428%	402%	394%
	Net Stable Funding Ratio					
18	Total available stable funding	22 574	22 346	22 153	21 759	21 389
19	Total required stable funding	15 214	15 431	15 373	15 247	14 974
20	NSFR ratio (%)***	148%	145%	144%	143%	143%

^ The references identify the lines prescribed in the PRA template. Lines represented in this table are those lines which are applicable and have a value assigned to it. All other lines have been suppressed.

* The 31 December 2024, 30 June 2024 and 31 December 2023 capital amounts and capital ratios exclude quarterly profits and associated foreseeable charges and dividends for the respective period. In accordance with the PRA rules, profits may only be included in a firm's capital position once the profits have been independently verified by an external audit firm. Note 30 September 2024 and 31 March 2024 comparatives include verified profits and associated foreseeable charges and dividends for that period.

** The LCR ratio disclosed in this table is the trailing 12-month average ratio.

*** The NSFR ratio disclosed in this table is the trailing 4-quarter average ratio.

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Risk weighted assets

RISK WEIGHTED ASSETS

Overview of RWAs

RWAs increased by 7% or £12 million to £18.8 billion over the quarter, driven primarily by increases in market risk RWAs, offset by reductions in credit risk and counterparty credit risk (CCR) RWAs.

Credit risk RWAs decreased by £87 million. The reduction is attributable to a decrease in RWAs held on the Group's investment in Ninety One, due to a decrease in the investment value. In addition the Group saw further redemptions and sell downs in Fund Solutions.

CCR RWAs decreased by £39 million, primarily driven by mark-to-market reductions in interest rate products and commodity swaps.

Securitisation RWAs increased by £28 million driven by an increase in rated structured credit instruments, most notably US exposures, acquired during favourable market conditions.

Market risk RWAs increased by £107 million, mainly due to increases in collective investment undertaking position risk and foreign exchange risk.

Operational risk RWAs remained flat at £1.9 billion.

The table shows RWAs and minimum capital requirement by risk type and regulatory approach.

Table 4: Overview of risk weighted exposure amounts (UK OV1)

		Risk weighted exposure amounts (RWEAs)		Total own fund requirements*
Ref^	**£'million**	**31 December 2024**	30 September 2024	**31 December 2024**
1	Credit risk (excluding CCR)	15 754	15 838	1 260
2	Of which the standardised approach	15 754	15 838	1 260
6	Counterparty credit risk - CCR	509	548	41
7	Of which the standardised approach	452	489	36
UK 8a	Of which exposures to a CCP	2	3	—
UK 8b	Of which credit valuation adjustment - CVA	30	28	2
9	Of which other CCR	25	28	2
15	Settlement risk	2	2	—
16	Securitisation exposures in the non-trading book (after the cap)	138	110	11
18	Of which SEC-ERBA (including IAA)	28	6	1
19	Of which SEC-SA approach	110	104	9
UK 19a	Of which 1 250%/ deduction^^	1	1	—
20	Position, foreign exchange and commodities risks (Market risk)	549	442	44
21	Of which the standardised approach	549	442	44
23	Operational risk	1 879	1 879	150
UK 23b	Of which standardised approach	1 879	1 879	150
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	708	710	57
29	**Total*** **	**18 831**	**18 819**	**1 506**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ Investec plc has chosen to deduct from CET1 capital securitisation positions that attract a RW of 1 250%. Line UK 19a will not be included in line 16 Securitisation exposures in the non-trading book (after the cap).
* Total own funds requirements measured at 8% of RWAs.
** The RWAs are already included in total credit risk.
*** Line 29 Total is the sum of Lines 1, 6, 15, 16, 20 and 23.

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Liquidity risk

LIQUIDITY RISK

Liquidity coverage ratio

The LCR is designed to ensure that banks have sufficient high-quality liquid assets to meet their liquidity needs throughout a 30 calendar day severe stress. The table below is as prescribed in the PRA Pillar 3 liquidity instruction guidelines on LCR Disclosure Annex XIV, and in accordance with Article 451a(2) (CRR). As required within the guidelines, the table shows values and figures as the simple averages of month end observations over the 12 months preceding the end of each quarter.

As at 31 December 2024 the point in time LCR was 407% (30 September 2024: 433%) and well above the 100% regulatory requirement. The trailing 12-month average LCR to 31 December 2024 was 460% (30 September 2024: 440%).

Table 28: Quantitative information of LCR (UK LIQ1)

		Total unweighted value (average)				Total weighted value (average)			
Ref^	**£'million Quarter ending on**	**31 Dec 2024**	**30 Sep 2024**	**30 Jun 2024**	**31 Mar 2024**	**31 Dec 2024**	**30 Sep 2024**	**30 Jun 2024**	**31 Mar 2024**
UK 1b	Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					**7 784**	**7 372**	**7 169**	**6 756**
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:^^	14 127	13 713	13 515	13 124	726	686	674	650
3	Stable deposits	2 056	2 040	2 066	2 067	103	102	103	102
4	Less stable deposits	3 118	2 927	2 819	2 724	525	480	450	425
5	Unsecured wholesale funding	2 726	2 618	2 593	2 583	1 288	1 219	1 206	1 183
7	Non-operational deposits (all counterparties)	2 715	2 616	2 592	2 576	1 277	1 217	1 205	1 176
8	Unsecured debt	11	2	1	7	11	2	1	7
9	Secured wholesale funding					16	15	17	19
10	Additional requirements	2 498	2 567	2 635	2 664	795	850	873	875
11	Outflows related to derivative exposures and other collateral requirements	325	360	363	366	325	360	363	367
12	Outflows related to loss of funding on debt products	17	19	27	33	17	19	27	33
13	Credit and liquidity facilities	2 156	2 187	2 245	2 265	454	471	485	475
14	Other contractual funding obligations	623	607	572	589	470	483	458	452
15	Other contingent funding obligations	711	709	705	695	68	69	70	68
16	**TOTAL CASH OUTFLOWS**					**3 364**	**3 322**	**3 299**	**3 247**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	789	697	583	578	326	309	279	267
18	Inflows from fully performing exposures	1 065	1 046	1 048	998	948	923	937	892
19	Other cash inflows	604	651	654	654	389	409	404	397
20	**TOTAL CASH INFLOWS**	**2 458**	**2 394**	**2 285**	**2 230**	**1 663**	**1 641**	**1 620**	**1 556**
UK-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	2 458	2 394	2 285	2 230	1 663	1 641	1 620	1 556
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER***					**7 784**	**7 372**	**7 169**	**6 756**
22	**TOTAL NET CASH OUTFLOWS***					**1 701**	**1 681**	**1 678**	**1 691**
23	**LIQUIDITY COVERAGE RATIO***					**460%**	**440%**	**428%**	**402%**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.
^^ Row 2 is made up of total retail deposits (i.e. stable deposits, less stable deposits and LCR exempt retail deposits).
* The figures are calculated based on the trailing 12-month averages and therefore the totals in the table above will not tie back to the figures disclosed.

Investec