Investec

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Creating enduring worth

Investec Bank plc
(a subsidiary of Investec plc)

Unaudited condensed financial information for the six months ended 30 September 2023

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 51.

All other definitions can be found on page 52.

Key financial statistics	**30 Sept 2023**	30 Sept 2022^	% change	31 March 2023^
Total operating income before expected credit loss impairment charges (£'000)	574 942	448 861	28.1%	960 901
Operating costs (£'000)	310 656	286 460	8.4%	577 152
Adjusted operating profit (£'000)	225 215	134 511	67.4%	317 009
Earnings attributable to ordinary shareholder (£'000)	571 246	127 577	>100.0%	571 247
Cost to income ratio (%)	54.0%	63.8%		60.1%
Total capital resources (including subordinated liabilities) (£'000)	3 990 447	3 371 598	18.4%	3 520 937
Total equity (£'000)	3 323 131	2 663 017	24.8%	2 789 454
Total assets (£'000)	29 306 471	28 995 794	1.1%	28 242 603
Net core loans (£'000)	16 270 723	15 348 588	6.0%	15 562 502
Customer accounts (deposits) (£'000)	20 002 201	19 019 095	5.2%	19 251 399
Loans and advances to customers as a % of customer deposits	81.4%	80.7%		80.9%
Cash and near cash balances (£'million)	8 708	8 463	2.9%	8 550
Funds under management (£'million)	1 962	40 473	(95.2%)	42 422
Total gearing ratio (i.e. total assets to equity)	8.8x	10.9x		10.1x
Total capital ratio	18.0%	17.4%		18.5%
Tier 1 ratio	14.0%	13.1%		14.1%
Common Equity Tier 1 ratio	12.6%	11.6%		12.7%
Leverage ratio	9.3%	8.4%		9.8%
Leverage ratio (fully loaded)	9.2%	8.2%		9.6%
Stage 3 exposure as a % of gross core loans subject to ECL	2.8%	2.0%		2.3%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	2.2%	1.6%		1.8%
Credit loss ratio	0.55%*	0.32%*		0.37%

* Annualised.
^ Restated to reflect continuing operations as detailed on pages 27 to 28.

CONDENSED CONSOLIDATED INCOME STATEMENT

£'000	Six months to 30 Sept 2023	Six months to 30 Sept 2022^	Year to 31 March 2023^
Interest income	1 111 312	522 021	1 421 695
Interest expense	(695 943)	(193 067)	(695 438)
Net interest income	**415 369**	**328 954**	**726 257**
Fee and commission income	82 509	72 892	131 307
Fee and commission expense	(7 474)	(8 014)	(15 372)
Investment income	4 065	11 885	5 003
Share of post-taxation profit of associates and joint venture holdings	237	873	660
Trading income/(loss) arising from			
– customer flow	60 412	37 529	87 366
– balance sheet management and other trading activities	19 236	143	13 060
Other operating income	588	4 599	12 620
Total operating income before expected credit loss impairment charges	**574 942**	**448 861**	**960 901**
Expected credit loss impairment charges	(39 265)	(27 890)	(66 740)
Operating income	**535 677**	**420 971**	**894 161**
Operating costs	(310 656)	(286 460)	(577 152)
Operating profit before goodwill and strategic actions	**225 021**	**134 511**	**317 009**
Impairment of goodwill	—	(805)	(805)
Closure and rundown of the Hong Kong direct investments business	2 304	(280)	(480)
Profit before taxation	**227 325**	**133 426**	**315 724**
Taxation on operating profit before goodwill and strategic actions	(51 873)	(32 821)	(66 087)
Profit after taxation from continuing operations	**175 452**	**100 605**	**249 637**
Profit after taxation from discontinued operations	**395 600**	**26 972**	**63 972**
Profit after taxation	**571 052**	**127 577**	**313 609**
Loss attributable to non-controlling interests	194	—	—
Earnings attributable to shareholder	**571 246**	**127 577**	**313 609**

^ Restated to reflect continuing operations as detailed on pages 27 to 28.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

£'000	Six months to 30 Sept 2023	Six months to 30 Sept 2022^	Year to 31 March 2023^
Profit after taxation from continuing operations	**175 452**	**100 605**	**249 637**
Other comprehensive income/(loss) from continuing operations:			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(9 770)	47 412	27 635
Gains on realisation of debt instruments at FVOCI recycled through the income statement*	(156)	(277)	(313)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	7 067	(7 256)	217
Foreign currency adjustments on translating foreign operations	1 436	13 633	5 615
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	(7)
Total comprehensive income from continuing operations	**174 029**	**154 117**	**282 784**
Total comprehensive loss attributable to non-controlling interests from continuing operations	(194)	—	—
Total comprehensive income attributable to ordinary shareholders from continuing operations	165 785	145 679	265 907
Total comprehensive income attributable to perpetual preferred securities and Additional Tier 1 securities	8 438	8 438	16 875
Total comprehensive income from continuing operations	**174 029**	**154 117**	**282 782**
Profit after taxation from discontinued operations	**395 600**	**26 972**	**63 973**
Other comprehensive income/(loss) from discontinued operations:			
Items that will not be reclassified to the income statement:			
Movement in post-retirement benefit liabilities	—	—	75
Total comprehensive income from discontinued operations	**395 600**	**26 972**	**64 048**
Total comprehensive income attributable to non-controlling interests from discontinued operations	—	—	—
Total comprehensive income attributable to ordinary shareholders from discontinued operations	395 600	26 972	64 048
Total comprehensive income from discontinued operations	**395 600**	**26 972**	**64 048**
Profit after taxation	**571 052**	**127 577**	**313 609**
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*	(9 770)	47 412	27 635
Gains on realisation of debt instruments at FVOCI recycled through the income statement*	(156)	(277)	(313)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	7 067	(7 256)	217
Foreign currency adjustments on translating foreign operations	1 436	13 633	5 615
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	(7)
Items that will not be reclassified to the income statement:			
Movement in post-retirement benefit liabilities	—	—	75
Total comprehensive income	**569 629**	**181 089**	**346 831**
Total comprehensive loss attributable to non-controlling interests	(194)	—	—
Total comprehensive income attributable to ordinary shareholders	561 385	172 651	329 956
Total comprehensive income attributable to perpetual preferred securities and Additional Tier 1 securities	8 438	8 438	16 875
Total comprehensive income	**569 629**	**181 089**	**346 831**

* Net of £9.7 million tax charge (31 March 2023: £0.2 million tax credit; 30 September 2022: £2.3 million tax credit), except for the impact of rate changes on deferred taxation relating to adjustment for IFRS 9 as shown separately above.

^ Restated to reflect continuing operations as detailed on pages 27 to 28.

CONSOLIDATED BALANCE SHEET

£'000	At 30 Sept 2023	At 31 March 2023	At 30 Sept 2022
Assets			
Cash and balances at central banks	4 750 689	5 400 401	4 490 840
Loans and advances to banks	1 004 395	892 791	1 502 767
Reverse repurchase agreements and cash collateral on securities borrowed	1 122 420	1 338 699	2 041 317
Sovereign debt securities	1 958 303	1 221 744	1 376 257
Bank debt securities	227 229	204 691	109 789
Other debt securities	831 608	697 275	590 175
Derivative financial instruments	683 432	680 262	1 192 786
Securities arising from trading activities	130 726	127 537	135 849
Investment portfolio	246 407	311 618	361 583
Loans and advances to customers	16 282 144	15 567 809	15 352 394
Other loans and advances	165 015	172 087	211 744
Other securitised assets	72 443	78 231	86 320
Interests in associated undertakings and joint venture holdings	782 636	10 851	11 939
Deferred taxation assets	101 921	111 513	104 807
Current taxation assets	15 687	9 890	15 166
Other assets	791 686	993 385	992 915
Property and equipment	76 547	121 014	127 004
Goodwill	58 495	249 503	243 267
Software	4 688	9 415	9 934
Other acquired intangible assets	—	43 887	38 941
	29 306 471	**28 242 603**	**28 995 794**
Liabilities			
Deposits by banks	2 388 974	2 172 170	2 425 565
Derivative financial instruments	740 017	704 816	1 385 425
Other trading liabilities	21 038	28 184	42 260
Repurchase agreements and cash collateral on securities lent	99 736	139 529	149 515
Customer accounts (deposits)	20 002 201	19 251 399	19 019 095
Debt securities in issue	1 027 601	1 140 879	1 066 306
Liabilities arising on securitisation of other assets	76 084	81 609	90 025
Current taxation liabilities	7 194	4 813	2 123
Other liabilities	953 179	1 198 267	1 443 882
	25 316 024	**24 721 666**	**25 624 196**
Subordinated liabilities	667 316	731 483	708 581
	25 983 340	**25 453 149**	**26 332 777**
Equity			
Ordinary share capital	1 280 550	1 280 550	1 280 550
Share premium	199 538	199 538	199 538
Capital reserve	153 177	153 177	153 177
Other reserves	33 069	34 814	55 179
Retained income	1 405 358	870 424	723 740
Shareholder's equity excluding non-controlling interests	**3 071 692**	**2 538 503**	**2 412 184**
Additional Tier 1 securities in issue	250 000	250 000	250 000
Non-controlling interests in partially held subsidiaries	1 439	951	833
Total equity	**3 323 131**	**2 789 454**	**2 663 017**
Total liabilities and equity	**29 306 471**	**28 242 603**	**28 995 794**

CONDENSED CASH FLOW STATEMENT

£'000	Six months to 30 Sept 2023	Year to 31 March 2023	Six months to 30 Sept 2022
Cash inflows from operations	268 231	434 016	187 414
Increase in operating assets	(1 428 846)	(1 268 534)	(2 277 266)
Increase in operating liabilities	964 055	435 513	1 310 873
Net cash outflow from operating activities	**(196 560)**	**(399 005)**	**(778 979)**
Net cash (outflow)/inflow from investing activities	(204 449)	3 238	14 326
Net cash outflow from financing activities	(136 835)	(158 299)	(90 151)
Effects of exchange rate changes on cash and cash equivalents	(142)	773	1 554
Net decrease in cash and cash equivalents	**(537 986)**	**(553 293)**	**(853 250)**
Cash and cash equivalents at the beginning of the year	6 287 746	6 841 039	6 841 039
Cash and cash equivalents at the end of the year	**5 749 760**	**6 287 746**	**5 987 789**

Cash and cash equivalents are defined as including cash and balances at central banks and on demand loans and advances to banks (all of which have a maturity profile of less than three months).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Share premium	Capital reserve account
At 1 April 2022	**1 280 550**	**199 538**	**153 177**
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	—	—	—
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 shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
At 30 September 2022	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 October 2022 – 31 March 2023			
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 cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
At 31 March 2023	**1 280 550**	**199 538**	**153 177**
Movement in reserves 1 April 2023 – 30 September 2023			
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	—	—	—
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 shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
At 30 September 2023	**1 280 550**	**199 538**	**153 177**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves							
Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	**Shareholder's equity excluding non-controlling interests**	Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
413	**—**	**1 254**	**661 420**	**2 296 352**	**250 000**	**833**	**2 547 185**
—	—	—	127 577	127 577	—	—	127 577
(277)	—	—	—	(277)	—	—	(277)
—	47 412	—	—	47 412	—	—	47 412
(7 256)	—	—	—	(7 256)	—	—	(7 256)
—	—	13 633	—	13 633	—	—	13 633
(7 533)	**47 412**	**13 633**	**127 577**	**181 089**	**—**	**—**	**181 089**
—	—	—	(2 149)	(2 149)	—	—	(2 149)
—	—	—	5 330	5 330	—	—	5 330
—	—	—	(60 000)	(60 000)	—	—	(60 000)
—	—	—	(8 438)	(8 438)	8 438	—	—
—	—	—	—	—	(8 438)	—	(8 438)
(7 120)	**47 412**	**14 887**	**723 740**	**2 412 184**	**250 000**	**833**	**2 663 017**
—	—	—	186 032	186 032	—	—	186 032
(7)	—	—	—	(7)	—	—	(7)
(36)	—	—	—	(36)	—	—	(36)
—	(19 777)	—	—	(19 777)	—	—	(19 777)
7 473	—	—	—	7 473	—	—	7 473
—	—	(8 018)	—	(8 018)	—	—	(8 018)
—	—	—	75	75	—	—	75
7 430	**(19 777)**	**(8 018)**	**186 107**	**165 742**	**—**	**—**	**165 742**
—	—	—	1 854	1 854	—	—	1 854
—	—	—	2 160	2 160	—	—	2 160
—	—	—	(35 000)	(35 000)	—	—	(35 000)
—	—	—	(8 437)	(8 437)	8 437	—	—
—	—	—	—	—	(8 437)	—	(8 437)
—	—	—	—	—	—	118	118
310	**27 635**	**6 869**	**870 424**	**2 538 503**	**250 000**	**951**	**2 789 454**
—	—	—	571 246	571 246	—	(194)	571 052
(156)	—	—	—	(156)	—	—	(156)
—	(9 770)	—	—	(9 770)	—	—	(9 770)
7 067	—	—	—	7 067	—	—	7 067
—	—	1 114	—	1 114	—	6	1 120
6 911	**(9 770)**	**1 114**	**571 246**	**569 501**	**—**	**(188)**	**569 313**
—	—	—	5 428	5 428	—	—	5 428
—	—	—	1 698	1 698	—	—	1 698
—	—	—	(35 000)	(35 000)	—	—	(35 000)
—	—	—	(8 438)	(8 438)	8 438	—	—
—	—	—	—	—	(8 438)	—	(8 438)
—	—	—	—	—	—	676	676
7 221	**17 865**	**7 983**	**1 405 358**	**3 071 692**	**250 000**	**1 439**	**3 323 131**

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

	Private Client		Specialist Banking	
		Specialist Banking		
For the six months to 30 September 2023 **£'000**	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	**Total Group**
Continuing operations				
Net interest income	4 122	71 182	340 065	415 369
Fee and commission income	4 486	364	77 659	82 509
Fee and commission expense	(366)	(21)	(7 087)	(7 474)
Investment income	—	179	3 886	4 065
Share of post-taxation profit of associates and joint venture holdings	—	—	237	237
Trading income/(loss) arising from				
– customer flow	478	2 238	57 696	60 412
– balance sheet management and other trading activities	75	—	19 161	19 236
Other operating income	—	—	588	588
Total operating income before expected credit loss impairment charges	**8 795**	**73 942**	**492 205**	**574 942**
Expected credit loss impairment charges	(1)	(4 733)	(34 531)	(39 265)
Operating income	**8 794**	**69 209**	**457 674**	**535 677**
Operating costs	(7 015)	(28 818)	(274 823)	(310 656)
Operating profit before goodwill and strategic actions from continuing operations	**1 779**	**40 391**	**182 851**	**225 021**
Loss attributable to other non-controlling interests	—	—	194	194
Adjusted operating profit from continuing operations	**1 779**	**40 391**	**183 045**	**225 215**
Operating profit before acquired intangibles and strategic actions from discontinued operations				**47 828**
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests				**273 043**
Selected returns and key statistics				
Cost to income ratio	79.8%	39.0%	55.8%	54.0%
Total assets (£'million)	1 022	5 246	23 038	29 306

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT
CONTINUED

For the six months to 30 September 2022^ **£'000**	Private Client Wealth & Investment	Specialist Banking Private Banking	Corporate, Investment Banking and Other	**Total Group**
Continuing operations				
Net interest income	1 685	54 618	272 651	328 954
Fee and commission income	3 761	1 310	67 821	72 892
Fee and commission expense	(346)	(141)	(7 527)	(8 014)
Investment income	4	110	11 771	11 885
Share of post-taxation profit of associates and joint venture holdings	—	—	873	873
Trading income/(loss) arising from				
– customer flow	515	2 292	34 722	37 529
– balance sheet management and other trading activities	(27)	13	157	143
Other operating income	—	—	4 599	4 599
Total operating income before expected credit loss impairment charges	**5 592**	**58 202**	**385 067**	**448 861**
Expected credit loss impairment charges	(2)	(2 353)	(25 535)	(27 890)
Operating income	**5 590**	**55 849**	**359 532**	**420 971**
Operating costs	(6 462)	(26 479)	(253 519)	(286 460)
Operating profit/(loss) before goodwill and strategic actions from continuing operations	**(872)**	**29 370**	**106 013**	**134 511**
Loss attributable to other non-controlling interests	—	—	—	—
Adjusted operating profit/(loss) from continuing operations	**(872)**	**29 370**	**106 013**	**134 511**
Operating profit before acquired intangibles and strategic actions from discontinued operations				**40 420**
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests				**174 931**
Selected returns and key statistics				
Cost to income ratio	115.6%	45.5%	65.8%	63.8%
Total assets (£'million)	1 062	5 146	22 788	28 996

^ Restated to reflect continuing operations as detailed on page 27.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

Net interest income

This note analyses net interest income from the Group's continuing operations.

For the six months to 30 September £'000	Notes	2023 Average balance sheet value	2023 Interest income	2023 Average yield	2022^ Average balance sheet value	2022^ Interest income	2022^ Average yield
Cash, near cash and bank debt and sovereign debt securities	1	9 042 463	209 548	4.63%	9 269 240	59 796	1.29%
Loans and advances	2	15 967 599	625 987	7.84%	14 891 045	391 924	5.26%
Private client		5 289 094	145 175	5.49%	4 917 603	90 911	3.70%
Corporate, Investment Banking and Other		10 678 505	480 812	9.01%	9 973 442	301 013	6.04%
Other debt securities and other loans and advances		918 260	31 355	6.83%	696 347	14 468	4.16%
Other#	3	197 472	244 422	n/a	232 633	55 833	n/a
Total interest-earning assets		**26 125 794**	**1 111 312**	**8.51%**	**25 089 265**	**522 021**	**4.16%**

For the six months to 30 September £'000	Notes	2023 Average balance sheet value	2023 Interest expense	2023 Average yield	2022^ Average balance sheet value	2022^ Interest expense	2022^ Average yield
Deposits by banks and other debt-related securities	4	3 474 666	32 113	1.85%	3 383 618	14 238	0.84%
Customer accounts (deposits)		19 617 458	402 087	4.10%	18 965 721	111 222	1.17%
Subordinated liabilities		696 581	26 578	7.63%	744 636	14 002	3.76%
Other#	5	304 054	235 165	n/a	312 492	53 605	n/a
Total interest-bearing liabilities		**24 092 759**	**695 943**	**5.78%**	**23 406 467**	**193 067**	**1.65%**
Net interest income			**415 369**			**328 954**	
Annualised net interest margin			**3.18%**			**2.62%**	

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.

^ Restated to reflect continuing operations as detailed on page 27.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Net fee and commission income

This note analyses net fee and commission income from the Group's continuing operations.

For the six months to 30 September £'000	**2023**	2022^
Wealth & Investment businesses net fee and commission income	**4 120**	**3 415**
Fund management fees/fees for assets under management	3 329	3 074
Private client transactional fees	1 157	687
Fee and commission expense	(366)	(346)
Specialist Banking net fee and commission income	**70 915**	**61 463**
Specialist Banking fee and commission income	78 023	69 131
Specialist Banking fee and commission expense	(7 108)	(7 668)
Net fee and commission income	**75 035**	**64 878**
Annuity fees (net of fees payable)	7 760	10 832
Deal fees	67 275	54 046

^ Restated to reflect continuing operations as detailed on page 27.

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**
2023								
Realised	—	62 918	187	63 105	607	—	(4 247)	59 465
Unrealised*	(286)	(64 623)	—	(64 909)	1 185	(2 100)	9 773	(56 051)
Dividend income	—	551	—	551	—	—	100	651
Funding and other net related income	—	—	—	—	—	—	—	—
	(286)	**(1 154)**	**187**	**(1 253)**	**1 792**	**(2 100)**	**5 626**	**4 065**
2022								
Realised	(1 042)	6 850	925	6 733	(113)	36	3 827	10 483
Unrealised*	859	(2 952)	(717)	(2 810)	(2 944)	—	2 579	(3 175)
Dividend income	—	3 677	—	3 677	—	—	233	3 910
Funding and other net related income	—	—	—	—	—	667	—	667
	(183)	**7 575**	**208**	**7 600**	**(3 057)**	**703**	**6 639**	**11 885**

* 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 2023 **£'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	—	4 750 689	—	4 750 689
Loans and advances to banks	—	1 004 395	—	1 004 395
Reverse repurchase agreements and cash collateral on securities borrowed	351 414	771 006	—	1 122 420
Sovereign debt securities	979 459	978 844	—	1 958 303
Bank debt securities	182 158	45 071	—	227 229
Other debt securities	80 610	750 998	—	831 608
Derivative financial instruments	683 432	—	—	683 432
Securities arising from trading activities	130 726	—	—	130 726
Investment portfolio	246 407	—	—	246 407
Loans and advances to customers	1 840 795	14 441 349	—	16 282 144
Other loans and advances	—	165 015	—	165 015
Other securitised assets	72 443	—	—	72 443
Interests in associated undertakings and joint venture holdings	—	—	782 636	782 636
Deferred taxation assets	—	—	101 921	101 921
Current taxation assets	—	—	15 687	15 687
Other assets	7 554	415 826	368 306	791 686
Property and equipment	—	—	76 547	76 547
Goodwill	—	—	58 495	58 495
Software	—	—	4 688	4 688
	4 574 998	**23 323 193**	**1 408 280**	**29 306 471**
Liabilities				
Deposits by banks	—	2 388 974	—	2 388 974
Derivative financial instruments	740 017	—	—	740 017
Other trading liabilities	21 038	—	—	21 038
Repurchase agreements and cash collateral on securities lent	—	99 736	—	99 736
Customer accounts (deposits)	—	20 002 201	—	20 002 201
Debt securities in issue	17 525	1 010 076	—	1 027 601
Liabilities arising on securitisation of other assets	76 084	—	—	76 084
Current taxation liabilities	—	—	7 194	7 194
Other liabilities	—	549 147	404 032	953 179
	854 664	**24 050 134**	**411 226**	**25 316 024**
Subordinated liabilities	—	667 316	—	667 316
	854 664	**24 717 450**	**411 226**	**25 983 340**

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 2023 **£'000**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Reverse repurchase agreements and cash collateral on securities borrowed	351 414	—	351 414	—
Sovereign debt securities	979 459	979 459	—	—
Bank debt securities	182 158	182 158	—	—
Other debt securities	80 610	—	72	80 538
Derivative financial instruments	683 432	—	630 510	52 922
Securities arising from trading activities	130 726	126 799	—	3 927
Investment portfolio	246 407	1 354	753	244 300
Loans and advances to customers	1 840 795	—	86 485	1 754 310
Other securitised assets	72 443	—	—	72 443
Other assets	7 554	7 554	—	—
	4 574 998	**1 297 324**	**1 069 234**	**2 208 440**
Liabilities				
Derivative financial instruments	740 017	—	676 523	63 494
Other trading liabilities	21 038	21 038	—	—
Debt securities in issue	17 525	—	17 525	—
Liabilities arising on securitisation of other assets	76 084	—	—	76 084
	854 664	**21 038**	**694 048**	**139 578**
Net assets at fair value	**3 720 334**	**1 276 286**	**375 186**	**2 068 862**

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 2023	**309 067**	**1 303 646**	**78 231**	**151 118**	**1 842 062**
Total gains or (losses)	(3 038)	84 510	(12)	3 077	84 537
In the income statement	(3 038)	81 200	(12)	3 077	81 227
In the statement of comprehensive income	—	3 310	—	—	3 310
Purchases	13 322	1 268 109	—	39 259	1 320 690
Sales	(56 797)	(466 173)	—	(14 131)	(537 101)
Settlements	(18 962)	(447 231)	(5 776)	(43 105)	(515 074)
Foreign exchange adjustments	708	11 449	—	1 169	13 326
Balance as at 30 September 2023	**244 300**	**1 754 310**	**72 443**	**137 387**	**2 208 440**

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

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities[2]	**Total**
Liabilities			
Balance as at 1 April 2023	**81 609**	**65 782**	**147 391**
Total losses	309	3 170	3 479
In the income statement	309	3 170	3 479
Disposal of subsidiaries	—	(3 933)	(3 933)
Settlements	(5 834)	(2 391)	(8 225)
Foreign exchange adjustments	—	866	866
Balance as at 30 September 2023	**76 084**	**63 494**	**139 578**

2 Comprises level 3 derivative financial instruments and other liabilities.

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 2023, there were no transfers into or from level 3.

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 2023 £'000	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the year			
Net interest income	80 853	65 250	15 603
Investment income*	(77)	58 069	(58 146)
Trading income arising from customer flow	(3 028)	—	(3 028)
	77 748	**123 319**	**(45 571)**
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	89	89	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	3 310	—	3 310
	3 399	**89**	**3 310**

* Included within the investment income statement balance are fair value losses of £0.9 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 2023 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 negotiable certificate of deposit 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	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
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 2023	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	80 538	Potential impact on income statement		2 308	(4 727)
		Credit spreads	0.42%-0.88%	116	(235)
		Cash flow adjustments	CPR 15.95%	9	(9)
		Other	^	2 183	(4 483)
Derivative financial instruments	52 922	Potential impact on income statement		5 015	(5 359)
		Volatilities	7.5%-22.3%	7	(14)
		Cash flow adjustments	CPR 15.95%	4	(3)
		Underlying asset value	^^	4 320	(4 322)
		Other	^	684	(1 020)
Securities arising from trading activities	3 927	Potential impact on income statement			
		Cash flow adjustments	CPR 11.88%	104	(112)
Investment portfolio	244 300	Potential impact on income statement		26 826	(53 832)
		Price earnings multiple	3.7x-11.1x	7 713	(12 635)
		Underlying asset value	^^	8 794	(19 800)
		Other	^	10 319	(21 397)
Loans and advances to customers	1 754 310	Potential impact on income statement		19 824	(54 054)
		Credit spreads	0.19%-37.8%	10 085	(39 456)
		Price earnings multiple	3.7x	3 709	(6 998)
		Underlying asset value	^^	1 543	(1 822)
		Other	^	4 487	(5 778)
		Potential impact on other comprehensive income			
		Credit spreads	0.19%-6.6%	13 787	(24 441)
Other securitised assets	72 443	Potential impact on income statement			
		Cash flow adjustments	CPR 15.95%	708	(631)
Total level 3 assets	**2 208 440**			**68 572**	**(143 156)**
Liabilities					
Derivative financial instruments	63 494	Potential impact on income statement		(4 423)	4 274
		Volatilities	9%-23.6%	(1)	1
		Underlying asset value	^^	(4 365)	4 273
		Other	^	(57)	—
Liabilities arising on securitisation of other assets*	76 084	Potential impact on income statement			
		Cash flow adjustments	CPR 15.95%	(306)	369
Total level 3 liabilities	**139 578**			**(4 729)**	**4 643**
Net level 3 assets	**2 068 862**				

* 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.

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 2023 £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts
Assets				
Cash and balances at central banks	4 750 689	4 750 689	—	—
Loans and advances to banks	1 004 395	1 004 395	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	771 006	718 961	52 045	52 762
Sovereign debt securities	978 844	8 633	970 211	970 285
Bank debt securities	45 071	—	45 071	44 842
Other debt securities	750 998	71 301	679 697	676 567
Loans and advances to customers	14 441 349	618 174	13 823 175	13 463 256
Other loans and advances	165 015	108 167	56 848	56 756
Other assets	415 826	415 826	—	—
	23 323 193	**7 696 146**	**15 627 047**	**15 264 468**
Liabilities				
Deposits by banks	2 388 974	457 580	1 931 394	1 924 110
Repurchase agreements and cash collateral on securities lent	99 736	44 540	55 196	54 435
Customer accounts (deposits)	20 002 201	10 241 725	9 760 476	9 279 500
Debt securities in issue	1 010 076	1 175	1 008 901	995 375
Other liabilities	549 147	546 979	2 168	957
Subordinated liabilities	667 316	—	667 316	671 346
	24 717 450	**11 291 999**	**13 425 451**	**12 925 723**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Expected credit loss impairment charges or (release)

For the six months to 30 September £'000	2023	2022
Expected credit losses have arisen on the following items:		
Loans and advances to customers	42 919	22 798
Other loans and advances	(11)	(8)
Other balance sheet assets	(159)	282
Off-balance sheet commitments and guarantees	(3 484)	4 818
	39 265	**27 890**

Operating costs

This note analyses operating costs from the Group's continuing operations.

For the six months to 30 September £'000	2023	2022^
Staff costs	235 281	207 466
Premises expenses	14 589	13 246
Premises expenses (excluding depreciation and impairments)	7 503	6 296
Premises depreciation and impairments	7 086	6 950
Equipment expenses (excluding depreciation)	21 881	21 354
Business expenses	33 835	39 436
Marketing expenses	3 456	2 908
Depreciation, amortisation and impairment of equipment, software and intangibles	1 614	2 050
	310 656	**286 460**

^ Restated to reflect continuing operations as detailed on page 27.

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

£'000	30 Sept 2023	31 March 2023
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	1 122 427	1 338 711
Expected credit loss	(7)	(12)
Net reverse repurchase agreements and cash collateral on securities borrowed	**1 122 420**	**1 338 699**
Reverse repurchase agreements	1 114 446	1 328 235
Cash collateral on securities borrowed	7 974	10 464
	1 122 420	**1 338 699**
Liabilities		
Repurchase agreements	82 110	118 373
Cash collateral on securities lent	17 626	21 156
	99 736	**139 529**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

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

£'000	30 Sept 2023	31 March 2023
Gross loans and advances to customers at amortised cost	14 609 487	14 314 591
Gross loans and advances to customers at FVOCI^	1 219 217	843 428
Gross loans and advances to customers subject to expected credit losses	**15 828 704**	**15 158 019**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(168 138)	(140 725)
Net loans and advances to customers at amortised cost and FVOCI^	**15 660 566**	**15 017 294**
Loans and advances to customers at fair value through profit and loss	621 578	550 515
Net loans and advances to customers	**16 282 144**	**15 567 809**
Gross other loans and advances	165 055	172 180
Expected credit losses on other loans and advances	(40)	(93)
Net other loans and advances	**165 015**	**172 087**

^ Expected credit losses above do not include £11.4 million (31 March 2023: £5.3 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 2023	31 March 2023
Loans and advances to customers	69 052	74 226
Other debt securities	3 391	4 005
	72 443	**78 231**

Other assets

£'000	30 Sept 2023	31 March 2023
Settlement debtors	321 632	500 890
Trading properties	72 900	75 000
Prepayments and accruals	50 303	93 205
Trading initial margin	7 554	10 327
Finance lease receivables	195 210	207 203
Indirect taxation assets receivable	7 036	1 043
Other	137 052	105 717
	791 687	**993 385**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Debt securities in issue

£'000	30 Sept 2023	31 March 2023
Repayable in:		
Less than three months	46 113	28 447
Three months to one year	75 149	138 265
One to five years	895 294	962 545
Greater than five years	11 045	11 622
	1 027 601	**1 140 879**

Extract of deferred taxation

£'000	30 Sept 2023	31 March 2023
Losses carried forward	**2 102**	2 079

Legislation in respect of Pillar Two income taxes was substantively enacted in the UK on 20 June 2023 to apply for periods commencing 1 January 2024. The Group is in the process of undertaking an impact assessment. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Extract of subordinated liabilities

£'000	30 Sept 2023	31 March 2023
Issued by Investec Bank 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	667 316	731 483
	667 316	**731 483**

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 are redeemable at par on 24 July 2028, with a one-time redemption option on the early redemption date 24 July 2023 subject to conditions.

On 6 December 2022, Investec Bank plc completed a tender offer to purchase £350 000 000 aggregate nominal amount of the notes at a cash purchase price of 99.446 pence plus an accrued interest payment. The total value of the debt redeemed was £353 605 000 (excluding interest £347 926 000).

On 24 July 2023, Investec Bank plc exercised the one-time option to early redeem the remaining £70 000 000 aggregate nominal amount of the notes at par plus an accrued interest payment. Including the interest, the total value of the debt redeemed was £72 975 000.

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

On 4 October 2021, Investec Bank plc entered into a £350 000 000 subordinated loan at a rate of 2.625% and repayable in 2032 (2032 loan) with Investec plc. Interest, after the initial short-period distribution paid on 4 January 2022, is paid annually commencing on 4 January 2023 and ending on the maturity date. The loan may be prepaid on any date in the period from 4 October 2026 to (and including) 4 January 2027 subject to conditions. If the option to prepay is not exercised, the loan will be repaid on the maturity date of 4 January 2032.

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

On 6 December 2022, Investec Bank plc entered into a £350 000 000 subordinated loan at a rate of 9.125% (2033 loan) with Investec plc. Interest, after the initial short-period distribution paid on 6 March 2023, is paid annually commencing on 6 March 2024 and ending on the maturity date. The loan may be prepaid on any date in the period from 6 December 2027 to (and including) 6 March 2028 subject to conditions. If the option to prepay is not exercised, the loan will be repaid on the maturity date of 6 March 2033.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Offsetting

At 30 September 2023 £'000	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet – Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset – Financial instruments (including non-cash collateral)	Cash collateral	Net amount
Assets						
Cash and balances at central banks	4 750 689	—	4 750 689	—	—	4 750 689
Loans and advances to banks	1 004 395	—	1 004 395	—	(28 448)	975 947
Reverse repurchase agreements and cash collateral on securities borrowed	1 122 420	—	1 122 420	(7 832)	(8 843)	1 105 745
Sovereign debt securities	1 958 303	—	1 958 303	(12 822)	—	1 945 481
Bank debt securities	227 229	—	227 229	—	—	227 229
Other debt securities	831 608	—	831 608	—	—	831 608
Derivative financial instruments	683 432	—	683 432	(205 580)	(344 052)	133 800
Securities arising from trading activities	130 726	—	130 726	(29 459)	—	101 267
Investment portfolio	246 407	—	246 407	—	—	246 407
Loans and advances to customers	16 282 144	—	16 282 144	—	—	16 282 144
Other loans and advances	165 015	—	165 015	—	(4 074)	160 941
Other securitised assets	72 443	—	72 443	—	—	72 443
Other assets	791 686	—	791 686	—	—	791 686
	28 266 497	**—**	**28 266 497**	**(255 693)**	**(385 417)**	**27 625 387**
Liabilities						
Deposits by banks	2 388 974	—	2 388 974	—	(351 579)	2 037 395
Derivative financial instruments	740 017	—	740 017	(212 876)	(25 312)	501 829
Other trading liabilities	21 038	—	21 038	(7 832)	—	13 206
Repurchase agreements and cash collateral on securities lent	99 736	—	99 736	(17 460)	(7 210)	75 066
Customer accounts (deposits)	20 002 201	—	20 002 201	—	(1 316)	20 000 885
Debt securities in issue	1 027 601	—	1 027 601	(17 525)	—	1 010 076
Liabilities arising on securitisation of other assets	76 084	—	76 084	—	—	76 084
Other liabilities	953 179	—	953 179	—	—	953 179
Subordinated liabilities	667 316	—	667 316	—	—	667 316
	25 976 146	**—**	**25 976 146**	**(255 693)**	**(385 417)**	**25 335 036**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Offsetting (continued)

At 31 March 2023 £'000	Amounts subject to enforceable netting arrangements Effects of offsetting on balance sheet Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset Financial instruments (including non-cash collateral)	Cash collateral	Net amount
Assets						
Cash and balances at central banks	5 400 401	—	5 400 401	—	—	5 400 401
Loans and advances to banks	892 791	—	892 791	—	(42 365)	850 426
Reverse repurchase agreements and cash collateral on securities borrowed	1 338 699	—	1 338 699	(18 976)	(51 104)	1 268 619
Sovereign debt securities	1 221 744	—	1 221 744	—	—	1 221 744
Bank debt securities	204 691	—	204 691	—	—	204 691
Other debt securities	697 275	—	697 275	—	—	697 275
Derivative financial instruments	680 262	—	680 262	(202 876)	(265 816)	211 570
Securities arising from trading activities	127 537	—	127 537	(33 902)	—	93 635
Investment portfolio	311 618	—	311 618	—	—	311 618
Loans and advances to customers	15 567 809	—	15 567 809	—	—	15 567 809
Other loans and advances	172 087	—	172 087	—	(4 959)	167 128
Other securitised assets	78 231	—	78 231	—	—	78 231
Other assets	993 385	—	993 385	—	—	993 385
	27 686 530	**—**	**27 686 530**	**(255 754)**	**(364 244)**	**27 066 532**
Liabilities						
Deposits by banks	2 172 170	—	2 172 170	—	(315 023)	1 857 147
Derivative financial instruments	704 816	—	704 816	(202 877)	(41 080)	460 859
Other trading liabilities	28 184	—	28 184	(10 337)	—	17 847
Repurchase agreements and cash collateral on securities lent	139 529	—	139 529	(20 986)	(6 244)	112 299
Customer accounts (deposits)	19 251 399	—	19 251 399	—	(1 897)	19 249 502
Debt securities in issue	1 140 879	—	1 140 879	(21 554)	—	1 119 325
Liabilities arising on securitisation of other assets	81 609	—	81 609	—	—	81 609
Other liabilities	1 198 267	—	1 198 267	—	—	1 198 267
Subordinated liabilities	731 483	—	731 483	—	—	731 483
	25 448 336	**—**	**25 448 336**	**(255 754)**	**(364 244)**	**24 828 338**

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. The FTO has provided more information in relation to their claims and Investec Bank plc has sought further information and clarification.

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

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

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

Acquisitions

During the reporting period we completed a stepped acquisition increasing our shareholding in our Capitalmind associates from 30% to 60% for a consideration of £43.6 million and therefore as at 30 September 2023 have consolidated these entities as subsidiaries. We have measured the non-controlling interest as the proportionate share of the identifiable net assets. Goodwill of £56 million has been recognised as a consequence of this increased shareholding. We are utilising the 12 month window post acquisition to finalise the purchase price allocation which may lead to adjustments to goodwill and intangible asset figures.

The goodwill recognised of £56 million is in relation to the purchase price for the additional 30% acquired, the fair value of the previously held 30% and the non-controlling interest measured at its proportionate share of 40% of net asset value compared to the fair value of the identifiable assets on transaction date.

DISCONTINUED OPERATIONS

Investec Wealth & Investment Limited

On 21 September 2023, the Investec Group successfully completed the all-share combination of Investec Wealth & Investment Limited and Rathbones Group Plc. On completion Rathbones issued new Rathbones shares in exchange for 100% of Investec Wealth & Investment Limited share capital. Investec Group now owns 41.25% of the economic interest in the enlarged Rathbones Group's share capital, with Investec Group's voting rights limited to 29.9%. The Group's holding in Rathbones Group Plc is equity accounted for as an interest in associated undertakings and joint venture holdings in accordance with IAS 28.

Income statement of discontinued operations

£'000	Six months to 30 Sept 2023	Six months to 30 Sept 2022	Year to 31 March 2023
Interest income	17 755	8 459	23 627
Interest expense	(431)	(430)	(859)
Net interest income	**17 324**	**8 029**	**22 768**
Fee and commission income	161 610	161 736	324 908
Fee and commission expense	—	—	—
Investment income	—	—	—
Trading income arising from			
– customer flow	—	—	—
– balance sheet management and other trading activities	—	—	—
Other operating income	—	—	—
Total operating income before expected credit loss impairment charges	**178 934**	**169 765**	**347 676**
Expected credit loss impairment charges	—	—	—
Operating income	**178 934**	**169 765**	**347 676**
Operating costs	(131 106)	(129 345)	(255 909)
Operating profit before acquired intangibles and strategic actions	**47 828**	**40 420**	**91 767**
Amortisation of acquired intangibles	(6 424)	(6 662)	(12 625)
Operating profit	**41 404**	**33 758**	**79 142**
Gain on all-share combination net of implementation costs	364 554	—	—
Profit before taxation	**405 958**	**33 758**	**79 142**
Taxation on operating profit before acquired intangibles and strategic actions	(11 973)	(7 889)	(17 201)
Taxation on acquired intangibles and strategic actions	1 615	1 103	2 031
Profit after taxation	**395 600**	**26 972**	**63 972**
Profit attributable to non-controlling interests of discontinued operations	—	—	—
Earnings attributable to shareholders	**395 600**	**26 972**	**63 972**

Gain on loss of control of Investec Wealth & Investment Limited

The gain is calculated as follows:

£'000	
Fair value of 41.25% interest in Rathbones Group	779 421
Net asset value of Investec Wealth & Investment previously consolidated (including goodwill)	(413 915)
Gain on the combination of Rathbones Group (before tax)	**365 506**
Implementation costs	(952)
Gain on combination of Rathbones Group (before tax)	**364 554**
Taxation on gain	—
Gain on combination of Rathbones Group net of taxation and implementation costs	**364 554**

Major classes of assets and liabilities

£'000	
Loans and advances to banks	172 595
Goodwill	247 176
Other assets	363 717
Other liabilities	(369 573)
	413 915

RESTATEMENTS

The effective date of the combination of Investec Wealth & Investment Limited and Rathbones Group Plc was 21 September 2023. The Investec Wealth & Investment business has been disclosed as a discontinued operation and the income statement for the prior periods have been appropriately re-presented. Refer to page 26 for discontinued operations.

These reclassifications in the income statement for the prior reported periods and the consequential restated comparatives have been shown below.

£'000	Six months to 30 Sept 2022 as previously reported	Re-presentation as a discontinued operation	Six months to 30 Sept 2022 restated
Interest income	530 480	(8 459)	522 021
Interest expense	(193 497)	430	(193 067)
Net interest income	**336 983**	**(8 029)**	**328 954**
Fee and commission income	234 628	(161 736)	72 892
Fee and commission expense	(8 014)	—	(8 014)
Investment income	11 885	—	11 885
Share of post-taxation profit of associates and joint venture holdings	873	—	873
Trading income/(loss) arising from			
– customer flow	37 529	—	37 529
– balance sheet management and other trading activities	143	—	143
Other operating income	4 599	—	4 599
Total operating income before expected credit loss impairment charges	**618 626**	**(169 765)**	**448 861**
Expected credit loss impairment charges	(27 890)	—	(27 890)
Operating income	**590 736**	**(169 765)**	**420 971**
Operating costs	(415 805)	129 345	(286 460)
Operating profit before goodwill, acquired intangibles and strategic actions	**174 931**	**(40 420)**	**134 511**
Impairment of goodwill	(805)	—	(805)
Amortisation of acquired intangibles	(6 662)	6 662	—
Closure and rundown of the Hong Kong direct investments business	(280)	—	(280)
Operating profit	**167 184**	**(33 758)**	**133 426**
Financial impact of Group restructures	—	—	—
Profit before taxation	**167 184**	**(33 758)**	**133 426**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(40 710)	7 889	(32 821)
Taxation on goodwill, acquired intangibles and strategic actions	1 103	(1 103)	—
Profit after taxation from continuing operations	**127 577**	**(26 972)**	**100 605**
Profit after taxation from discontinued operations	**—**	**26 972**	**26 972**
Profit after taxation	**127 577**	**—**	**127 577**
Loss attributable to other non-controlling interests	—	—	—
Earnings attributable to shareholders	**127 577**	**—**	**127 577**

RESTATEMENTS
CONTINUED

£'000	Year to 31 March 2023 as previously reported	Re-presentation as a discontinued operation	**Year to 31 March 2023 restated**
Interest income	1 445 322	(23 627)	1 421 695
Interest expense	(696 297)	859	(695 438)
Net interest income	**749 025**	**(22 768)**	**726 257**
Fee and commission income	456 215	(324 908)	131 307
Fee and commission expense	(15 372)	—	(15 372)
Investment income	5 003	—	5 003
Share of post-taxation profit of associates and joint venture holdings	660	—	660
Trading income/(loss) arising from			
– customer flow	87 366	—	87 366
– balance sheet management and other trading activities	13 060	—	13 060
Other operating income	12 620	—	12 620
Total operating income before expected credit loss impairment charges	**1 308 577**	**(347 676)**	**960 901**
Expected credit loss impairment charges	(66 740)	—	(66 740)
Operating income	**1 241 837**	**(347 676)**	**894 161**
Operating costs	(833 061)	255 909	(577 152)
Operating profit before goodwill, acquired intangibles and strategic actions	**408 776**	**(91 767)**	**317 009**
Impairment of goodwill	(805)	—	(805)
Amortisation of acquired intangibles	(12 625)	12 625	—
Closure and rundown of the Hong Kong direct investments business	(480)	—	(480)
Operating profit	**394 866**	**(79 142)**	**315 724**
Financial impact of Group restructures	—	—	—
Profit before taxation	**394 866**	**(79 142)**	**315 724**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(83 288)	17 201	(66 087)
Taxation on goodwill, acquired intangibles and strategic actions	2 031	(2 031)	—
Profit after taxation from continuing operations	**313 609**	**(63 972)**	**249 637**
Profit after taxation from discontinued operations	**—**	**63 972**	**63 972**
Profit after taxation	**313 609**	**—**	**313 609**
Loss attributable to other non-controlling interests	—	—	—
Earnings attributable to shareholders	**313 609**	**—**	**313 609**

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 2023.

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 grew to £16.3 million (31 March 2023: £15.6 million) or 9.1% annualised growth. Diversified growth across corporate client lending accounts for majority of the increase in net core loans with 16.6% annualised growth to £8.3 billion (31 March 2023: £7.6 million). HNW and other private client lending has reduced overall due to higher repayments in Other HNW lending and slowed activity in Mortgages due to the rapidly increasing interest rate environment over the last 12 months.

The underlying loan portfolios continue to perform and Stage 2 exposures decreased over the period to £1 317 million or 8.3% of gross core loans subject to ECL at 30 September 2023 (8.7% at 31 March 2023).

Stage 3 exposures total £445 million at 30 September 2023 or 2.8% of gross core loans subject to ECL (£343 million or 2.3% at 31 March 2023) driven by idiosyncratic new defaults across multiple asset classes with no specific trends evident.

£'million	**30 Sept 2023**	31 March 2023
Gross core loans	**16 451**	**15 709**
Gross core loans at fair value through profit and loss (FVPL)	622	551
Gross core loans subject to ECL*	**15 829**	**15 158**
Stage 1	14 067	13 494
Stage 2	1 317	1 321
of which past due greater than 30 days	*74*	*35*
Stage 3	445	343
ECL	**(180)**	**(146)**
Stage 1	(42)	(39)
Stage 2	(34)	(32)
Stage 3	(104)	(75)
Coverage ratio		
Stage 1	0.30%	0.29%
Stage 2	2.6%	2.4%
Stage 3	23.4%	21.9%
Annualised credit loss ratio	**0.55%**	**0.37%**
ECL impairment charges on core loans	(43)	(54)
Average gross core loans subject to ECL	15 494	14 553
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	341	268
Aggregate collateral and other credit enhancements on Stage 3	358	280
Stage 3 as a % of gross core loans subject to ECL	2.8%	2.3%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	1.8%

Note: Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £37 million at 31 March 2023 to £34 million at 30 September 2023. These Legacy assets are predominantly reported in Stage 3 and make up 9.9% of Stage 3 gross core loans. These assets have been significantly provided for and coverage remains high at 56.6%.
Refer to definitions on page 52.

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

	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 2023										
Commercial real estate	**1 310**	**(7)**	**194**	**(7)**	**101**	**(33)**	**1 605**	**(47)**	**50**	**1 655**
Commercial real estate – investment	1 047	(5)	163	(6)	95	(30)	1 305	(41)	47	1 352
Commercial real estate – development	253	(2)	25	(1)	—	—	278	(3)	3	281
Commercial vacant land and planning	10	—	6	–	6	(3)	22	(3)	—	22
Residential real estate	**714**	**(3)**	**92**	**(2)**	**37**	**(18)**	**843**	**(23)**	**34**	**877**
Residential real estate – investment	455	(2)	31	–	4	(1)	490	(3)	34	524
Residential real estate – development	233	(1)	60	(2)	6	(3)	299	(6)	—	299
Residential vacant land and planning	26	—	1	—	27	(14)	54	(14)	—	54
Total lending collateralised by property	**2 024**	**(10)**	**286**	**(9)**	**138**	**(51)**	**2 448**	**(70)**	**84**	**2 532**
Coverage ratio		**0.49%**		**3.1%**		**37.0%**		**2.9%**		
At 31 March 2023										
Commercial real estate	**1 241**	**(6)**	**231**	**(8)**	**76**	**(16)**	**1 548**	**(30)**	**43**	**1 591**
Commercial real estate – investment	920	(4)	212	(8)	70	(13)	1 202	(25)	40	1 242
Commercial real estate – development	308	(2)	13	–	—	—	321	(2)	3	324
Commercial vacant land and planning	13	—	6	–	6	(3)	25	(3)	—	25
Residential real estate	**611**	**(2)**	**112**	**(4)**	**45**	**(18)**	**768**	**(24)**	**37**	**805**
Residential real estate – investment	359	(1)	39	(2)	11	(1)	409	(4)	35	444
Residential real estate – development	244	(1)	69	(1)	9	(3)	322	(5)	—	322
Residential vacant land and planning	8	—	4	(1)	25	(14)	37	(15)	2	39
Total lending collateralised by property	**1 852**	**(8)**	**343**	**(12)**	**121**	**(34)**	**2 316**	**(54)**	**80**	**2 396**
Coverage ratio		**0.43%**		**3.5%**		**28.1%**		**2.3%**		

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 2023										
Mortgages	4 474	(2)	134	–	103	(8)	4 711	(10)	25	4 736
Other high net worth lending	721	(2)	95	(1)	24	(8)	840	(11)	3	843
Total high net worth and other private client lending	**5 195**	**(4)**	**229**	**(1)**	**127**	**(16)**	**5 551**	**(21)**	**28**	**5 579**
Coverage ratio		**0.08%**		**0.4%**		**12.6%**		**0.4%**		
At 31 March 2023										
Mortgages	4 480	(2)	128	—	64	(7)	4 672	(9)	25	4 697
Other high net worth lending	863	(2)	36	(1)	20	(6)	919	(9)	3	922
Total high net worth and other private client lending	**5 343**	**(4)**	**164**	**(1)**	**84**	**(13)**	**5 591**	**(18)**	**28**	**5 619**
Coverage ratio		**0.07%**		**0.6%**		**15.5%**		**0.3%**		

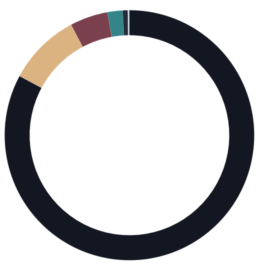
CREDIT AND COUNTERPARTY RISK
CONTINUED

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 2023										
Corporate and acquisition finance	1 935	(9)	207	(6)	67	(13)	2 209	(28)	154	2 363
Asset-based lending	191	(1)	99	(1)	—	—	290	(2)	—	290
Fund finance	1 455	(1)	25	—	—	—	1 480	(1)	101	1 581
Other corporate and financial institutions and governments	436	(2)	27	(3)	22	(3)	485	(8)	29	514
Small ticket asset finance	1 245	(9)	270	(7)	35	(12)	1 550	(28)	—	1 550
Motor finance	1 034	(3)	66	(4)	12	(4)	1 112	(11)	—	1 112
Aviation finance	114	(1)	47	(1)	—	—	161	(2)	201	362
Power and infrastructure finance	438	(2)	61	(2)	44	(5)	543	(9)	25	568
Total corporate and other lending	**6 848**	**(28)**	**802**	**(24)**	**180**	**(37)**	**7 830**	**(89)**	**510**	**8 340**
Coverage ratio		**0.41%**		**3.0%**		**20.6%**		**1.1%**		
At 31 March 2023										
Corporate and acquisition finance	1 794	(9)	212	(5)	53	(7)	2 059	(21)	125	2 184
Asset-based lending	271	(1)	44	—	—	—	315	(1)	—	315
Fund finance	1 359	(1)	33	—	—	—	1 392	(1)	75	1 467
Other corporate and financial institutions and governments	391	(2)	70	(1)	4	(1)	465	(4)	32	497
Small ticket asset finance	1 142	(9)	279	(6)	30	(11)	1 451	(26)	—	1 451
Motor finance	905	(3)	46	(3)	8	(3)	959	(9)	—	959
Aviation finance	115	(1)	32	(1)	—	—	147	(2)	176	323
Power and infrastructure finance	322	(1)	98	(3)	43	(6)	463	(10)	35	498
Total corporate and other lending	**6 299**	**(27)**	**814**	**(19)**	**138**	**(28)**	**7 251**	**(74)**	**443**	**7 694**
Coverage ratio		**0.43%**		**2.3%**		**20.3%**		**1.0%**		

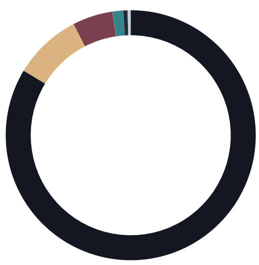
An analysis of gross core loans by country of exposure

30 September 2023
£16 451 million



United Kingdom	82.9%
Europe (excluding UK)	9.4%
North America	4.9%
Asia	2.0%
Other	0.6%
Australia	0.2%

31 March 2023
£15 709 million



United Kingdom	83.6%
Europe (excluding UK)	8.8%
North America	5.2%
Asia	1.4%
Other	0.6%
Australia	0.4%

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 2023 to 30 September 2023. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL.

The transfers into Stage 3 over the period should be considered together with the increase in Stage 3 ECL remeasurement, which indicates the prudent provisioning of new and existing defaults.

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, ECL adjustments of exposures that have not transferred stage, as well as ECLs in Stage 3 that have been written off, typically when an asset has been sold.

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 2023.

	Stage 1		**Stage 2**		**Stage 3**		**Total**	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2023	**13 494**	**(39)**	**1 321**	**(32)**	**343**	**(75)**	**15 158**	**(146)**
Transfer from Stage 1	(522)	3	452	(3)	70	—	—	—
Transfer from Stage 2	234	(5)	(330)	6	96	(1)	—	—
Transfer from Stage 3	—	—	1	—	(1)	—	—	—
ECL remeasurement arising from transfer of stage	—	3	—	(5)	—	(15)	—	(17)
New lending net of repayments (includes assets written off)	867	(4)	(128)	—	(63)	(13)	676	(17)
Changes to risk parameters and models	—	—	—	—	—	—	—	—
Foreign exchange and other	(6)	—	1	—	—	—	(5)	—
At 30 September 2023	**14 067**	**(42)**	**1 317**	**(34)**	**445**	**(104)**	**15 829**	**(180)**

	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)**

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

An analysis of gross credit and counterparty exposures

Gross credit and counterparty exposure totalled £30.2 billion at 30 September 2023. Cash and near cash balances amounted to £8.7 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 99% of overall ECLs.

An analysis of gross credit and counterparty exposures

£'million	**30 Sept 2023**	31 March 2023
Cash and balances at central banks	4 751	5 400
Loans and advances to banks	1 004	893
Reverse repurchase agreements and cash collateral on securities borrowed	1 122	1 339
Sovereign debt securities	1 958	1 222
Bank debt securities	227	205
Other debt securities	832	698
Derivative financial instruments	575	575
Securities arising from trading activities	16	28
Loans and advances to customers	16 451	15 709
Other loans and advances	165	172
Other securitised assets	4	5
Other assets	35	38
Total on-balance sheet exposures	**27 140**	**26 284**
Guarantees	33	29
Committed facilities related to loans and advances to customers	2 554	2 345
Contingent liabilities, letters of credit and other	424	384
Total off-balance sheet exposures	**3 011**	**2 758**
Total gross credit and counterparty exposures	**30 151**	**29 042**

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 2023 **£'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	4 751	—	4 751	—	—	4 751
Loans and advances to banks	1 004	—	1 004	—	—	1 004
Reverse repurchase agreements and cash collateral on securities borrowed	1 122	351	771	—	—	1 122
Sovereign debt securities	1 958	21	1 937	—	—	1 958
Bank debt securities	227	—	227	—	—	227
Other debt securities	832	81	751	—	—	832
Derivative financial instruments	575	575	—	—	108	683
Securities arising from trading activities	16	16	—	—	115	131
Investment portfolio	—	—	—	—	246*	246
Loans and advances to customers	16 451	622	15 829	(180)	—	16 271
Other loans and advances	165	—	165	—	—	165
Other securitised assets	4	4	—	—	68^	72
Interest in associated undertakings and joint venture holdings	—	—	—	—	783	783
Deferred taxation assets	—	—	—	—	102	102
Current taxation assets	—	—	—	—	16	16
Other assets	35	—	35	—	757**	792
Property and equipment	—	—	—	—	77	77
Goodwill	—	—	—	—	58	58
Software	—	—	—	—	5	5
Other acquired intangible assets	—	—	—	—	—	—
Total on-balance sheet exposures	**27 140**	**1 670**	**25 470**	**(180)**	**2 335**	**29 295**
Guarantees	33	—	33	—	—	33
Committed facilities related to loans and advances to customers	2 554	131	2 423	(11)	—	2 543
Contingent liabilities, letters of credit and other	424	18	406	(1)	138	561
Total off-balance sheet exposures	**3 011**	**149**	**2 862**	**(12)**	**138**	**3 137**
Total exposures	**30 151**	**1 819**	**28 332**	**(192)**	**2 473**	**32 432**

ECLs include £11.5 million 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 Bank 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 Bank. The credit exposure that the Bank has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets.

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

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

At 31 March 2023 £'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	5 400	—	5 400	—	—	5 400
Loans and advances to banks	893	—	893	—	—	893
Reverse repurchase agreements and cash collateral on securities borrowed	1 339	346	993	—	—	1 339
Sovereign debt securities	1 222	24	1 198	—	—	1 222
Bank debt securities	205	—	205	—	—	205
Other debt securities	698	94	604	(1)	–	697
Derivative financial instruments	575	575	—	—	105	680
Securities arising from trading activities	28	28	—	—	100	128
Investment portfolio	—	—	—	—	312*	312
Loans and advances to customers	15 709	551	15 158	(146)	—	15 563
Other loans and advances	172	–	172	—	—	172
Other securitised assets	5	5	—	—	73^	78
Interest in associated undertakings and joint venture holdings	—	—	—	—	11	11
Deferred taxation assets	—	—	—	—	112	112
Current taxation assets	—	—	—	—	10	10
Other assets	38	—	38	—	955**	993
Property and equipment	—	—	—	—	121	121
Goodwill	—	—	—	—	250	250
Software	—	—	—	—	9	9
Other acquired intangible assets	—	—	—	—	44	44
Total on-balance sheet exposures	**26 284**	**1 623**	**24 661**	**(147)**	**2 102**	**28 239**
Guarantees	29	—	29	—	—	29
Committed facilities related to loans and advances to customers	2 345	147	2 198	(13)	—	2 332
Contingent liabilities, letters of credit and other	384	—	384	(2)	121	503
Total off-balance sheet exposures	**2 758**	**147**	**2 611**	**(15)**	**121**	**2 864**
Total exposures	**29 042**	**1 770**	**27 272**	**(162)**	**2 223**	**31 103**

ECLs include £5.3 million 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 Bank 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 Bank. The credit exposure that the Bank has in the vehicles is reflected in the 'total gross credit and counterparty exposure' for other securitised assets.

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

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 2023							
Cash and balances at central banks	—	—	—	—	4 751	—	—
Loans and advances to banks	—	—	—	—	—	—	1 004
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	221	—	901
Sovereign debt securities	—	—	—	—	1 956	—	2
Bank debt securities	—	—	—	—	—	—	227
Other debt securities	—	—	—	—	6	28	694
Derivative financial instruments	—	—	—	12	—	7	528
Securities arising from trading activities	—	—	—	—	—	1	11
Loans and advances to customers	5 579	2 532	18	663	301	1 281	2 380
Other loans and advances	—	—	—	—	—	—	165
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	14	—	—	18
Total on-balance sheet exposures	**5 579**	**2 532**	**18**	**689**	**7 235**	**1 317**	**5 930**
Guarantees	11	—	—	—	—	—	—
Committed facilities related to loans and advances to customers	212	399	—	449	61	190	873
Contingent liabilities, letters of credit and other	41	—	—	244	—	4	123
Total off-balance sheet exposures	**264**	**399**	**—**	**693**	**61**	**194**	**996**
Total gross credit and counterparty exposures	**5 843**	**2 931**	**18**	**1 382**	**7 296**	**1 511**	**6 926**
At 31 March 2023							
Cash and balances at central banks	—	—	—	—	5 400	—	—
Loans and advances to banks	—	—	—	—	—	—	893
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	253	—	1 086
Sovereign debt securities	—	—	—	—	1 213	—	9
Bank debt securities	—	—	—	—	—	—	205
Other debt securities	—	—	—	—	6	15	561
Derivative financial instruments	—	—	1	20	—	8	474
Securities arising from trading activities	—	—	—	—	—	1	23
Loans and advances to customers	5 619	2 396	17	513	232	1 275	2 157
Other loans and advances	—	—	—	—	—	—	159
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	29
Total on-balance sheet exposures	**5 619**	**2 396**	**18**	**533**	**7 104**	**1 299**	**5 596**
Guarantees	6	—	—	1	—	—	—
Committed facilities related to loans and advances to customers	175	427	—	393	85	185	722
Contingent liabilities, letters of credit and other	—	—	—	246	—	11	108
Total off-balance sheet exposures	**181**	**427**	**—**	**640**	**85**	**196**	**830**
Total gross credit and counterparty exposures	**5 800**	**2 823**	**18**	**1 173**	**7 189**	**1 495**	**6 426**

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**
—	—	—	—	—	—	—	—	—	—	4 751
—	—	—	—	—	—	—	—	—	—	1 004
—	—	—	—	—	—	—	—	—	—	1 122
—	—	—	—	—	—	—	—	—	—	1 958
—	—	—	—	—	—	—	—	—	—	227
—	—	—	62	—	—	—	42	—	—	832
7	15	—	—	1	—	—	4	—	1	575
—	—	—	4	—	—	—	—	—	—	16
277	852	153	—	83	41	84	663	1 112	432	16 451
—	—	—	—	—	—	—	—	—	—	165
—	—	—	4	—	—	—	—	—	—	4
—	3	—	—	—	—	—	—	—	—	35
284	**870**	**153**	**70**	**84**	**41**	**84**	**709**	**1 112**	**433**	**27 140**
—	—	—	—	3	—	—	19	—	—	33
14	177	3	—	9	2	2	54	—	109	2 554
—	10	—	—	—	—	—	2	—	—	424
14	**187**	**3**	**—**	**12**	**2**	**2**	**75**	**—**	**109**	**3 011**
298	**1 057**	**156**	**70**	**96**	**43**	**86**	**784**	**1 112**	**542**	**30 151**
—	—	—	—	—	—	—	—	—	—	5 400
—	—	—	—	—	—	—	—	—	—	893
—	—	—	—	—	—	—	—	—	—	1 339
—	—	—	—	—	—	—	—	—	—	1 222
—	—	—	—	—	—	—	—	—	—	205
—	—	—	70	—	—	—	46	—	—	698
18	16	2	—	1	6	—	27	—	2	575
—	—	—	4	—	—	—	—	—	—	28
293	803	139	—	119	136	76	645	959	330	15 709
—	2	—	11	—	—	—	—	—	—	172
—	—	—	5	—	—	—	—	—	—	5
—	—	—	—	—	—	—	—	—	9	38
311	**821**	**141**	**90**	**120**	**142**	**76**	**718**	**959**	**341**	**26 284**
—	—	—	—	3	—	—	19	—	—	29
12	119	4	—	8	4	3	15	—	193	2 345
—	17	—	—	—	—	1	1	—	—	384
12	**136**	**4**	**—**	**11**	**4**	**4**	**35**	**—**	**193**	**2 758**
323	**957**	**145**	**90**	**131**	**146**	**80**	**753**	**959**	**534**	**29 042**

CREDIT AND COUNTERPARTY RISK
CONTINUED

Gross credit and counterparty exposures by residual contractual maturity

At 30 September 2023 £'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	4 751	—	—	—	—	—	4 751
Loans and advances to banks	999	—	—	5	—	—	1 004
Reverse repurchase agreements and cash collateral on securities borrowed	729	80	28	64	—	221	1 122
Sovereign debt securities	717	833	162	192	35	19	1 958
Bank debt securities	—	33	6	171	17	—	227
Other debt securities	10	7	—	50	419	346	832
Derivative financial instruments	188	45	82	210	47	3	575
Securities arising from trading activities	1	1	—	—	10	4	16
Loans and advances to customers	1 894	917	1 818	8 609	1 858	1 355	16 451
Other loans and advances	11	—	—	67	56	31	165
Other securitised assets	—	—	—	—	—	4	4
Other assets	35	—	—	—	—	—	35
Total on-balance sheet exposures	**9 335**	**1 916**	**2 096**	**9 368**	**2 442**	**1 983**	**27 140**
Guarantees	7	—	—	26	—	—	33
Committed facilities related to loans and advances to customers	100	99	218	1 675	447	15	2 554
Contingent liabilities, letters of credit and other	55	—	101	254	14	—	424
Total off-balance sheet exposures	**162**	**99**	**319**	**1 955**	**461**	**15**	**3 011**
Total gross credit and counterparty exposures	**9 497**	**2 015**	**2 415**	**11 323**	**2 903**	**1 998**	**30 151**

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURES

Key judgements at 30 September 2023

Key judgemental areas under IFRS 9 are subject to robust governance processes. At 30 September 2023, the composition and weightings of the forward looking macro-economic scenarios were revised to reflect the current pressures in the macro-economic environment, however there remains reliance on expert credit judgements to ensure that the overall level of ECL is reasonable.

We continue to hold a management overlay of £4.9 million at 30 September 2023 (31 March 2023: £4.9 million) which is considered appropriate in addition to the bank's calculated model-driven ECL to capture specific areas of model uncertainty. The overlay is apportioned to Stage 2 assets.

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

At 30 September 2023, these scenarios have been updated in order to reflect the latest macro-economic developments and risks. The composition of economic scenarios used in ECL measurement remains unchanged.

The downside scenarios continue to be consistent with those used at 31 March 2023, represented by the downside 1 – inflation scenario, to capture the risk of persistent inflation and higher interest rates, and the downside 2 – global shock scenario, to capture tail risks.

Alongside an update to the scenarios themselves, the scenario probability weightings have been reassessed. Given recent economic developments the weights were designated as 10% upside, 55% base case, 25% downside 1 – inflation and 10% downside 2 – global shock. The risks therefore remain skewed to the downside and are calibrated to take into account the ongoing risk of a period of elevated and entrenched inflation and of consequently higher interest rates.

The base case continues to assume a further moderation in inflation over the forecast period, as previous upward influences wane. The cumulative increases in interest rates to date are expected to contribute to a mild recession over winter 2023-24. As a result, the unemployment rate is predicted to rise to a peak of 5.2%, whilst the housing market is assumed to remain weak. An economic recovery is expected through the second half of 2024 and beyond, aided by a loosening in monetary policy by the BoE. A similar picture is envisaged globally with major central banks anticipated to pause policy tightening in the near term before easing in 2024 as inflation moderates further.

The downside 1 – inflation scenario assumes upside inflation risks materialise with price pressures remaining persistent and elevated levels of core inflation becoming entrenched. Even by the end of the forecast period CPI inflation is assumed to stand at 4%. Under such circumstances the BoE takes a more aggressive stance on policy. Bank rate rises to a peak of 6.50% in the first quarter of 2024 and remains there until the first quarter of 2025, whereafter a gradual easing is assumed. Nonetheless by the end of the forecast horizon Bank rate still stands at 5.00%. Overall, the five-year period can be characterised as one of economic stagflation with high inflation, high interest rates and stagnant economic growth: average UK annual GDP growth over the five-year period is assumed to be -0.1%. In such an environment, real estate markets – both residential and commercial – are weak, house prices falling 10% from the third quarter 2022 peak and failing to see much of a recovery through the period. This difficult economic environment is not limited to the UK, with such inflation and growth trends seen across developed economies.

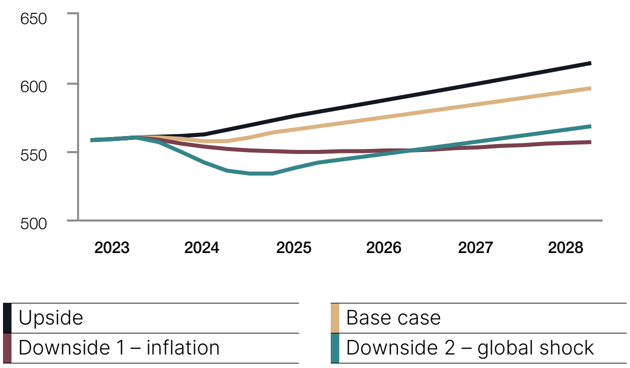
The downside 2 – global shock is a hypothetical scenario designed to encapsulate a variety of tail risks. It models a synchronised global V-shaped economic downturn and a sharp repricing of all asset classes, particularly those whose valuations are most elevated. In the UK the economic shock is expected to total a 4.7% contraction in GDP, only somewhat less than that seen during the 2008/09 Global Financial Crisis. Whilst the bulk of the shock is assumed to take place in year one of the forecasting horizon, lasting headwinds mean the economic and asset price recovery is gradual with the pre-shock peak in GDP only recovered in year five of the scenario. Faced by a major disinflationary shock, central banks loosen policy. The BoE does so via a cut in the Bank rate to a low of 0.75% and a renewal of asset purchases. Over time, an economic recovery prompts a slow rise in policy rates.

The upside case assumes the UK economy proves to be more resilient than expected avoiding a recession. At the same time price pressures abate at a faster pace than expected with CPI inflation reaching the BoE's 2% target in 2024. This better-than-expected inflation outlook allows the BoE to ease policy more forcefully than assumed in the base case, in turn helping to foster a brisker recovery going forward. Accordingly medium-term GDP growth averages 2% per annum. This stronger than expected rebound is seen globally, and monetary policy normalises gradually enough so as not to subdue growth.

The graph below shows forecasted UK GDP under each macro-economic scenario applied at 30 September 2023.

UK GDP scenarios

£'billion



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 2023 average 2023 – 2028				At 31 March 2023 average 2023 – 2028			
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	1.7	1.1	(0.1)	0.2	1.9	1.2	(0.2)	0.2
Unemployment rate	3.6	4.5	5.4	6.7	3.6	4.6	5.4	6.8
CPI inflation	2.6	2.8	6.1	2.4	2.5	2.2	5.8	2.1
House price growth	1.5	0.9	(1.6)	(5.0)	2.1	0.5	(1.7)	(4.6)
BoE – Bank rate (end year)	3.3	3.6	5.7	1.5	2.8	2.8	4.5	1.0
Euro area								
GDP growth	1.8	1.3	0.2	0.2	2.1	1.4	0.1	0.2
US								
GDP growth	2.3	1.7	0.7	0.6	2.6	1.5	0.6	0.5
Scenario weightings	**10**	**55**	**25**	**10**	**10**	**50**	**20**	**20**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2023.

	Financial years				
Base case %	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**	**2027/2028**
UK					
GDP growth	0.2	0.5	1.8	1.6	1.6
Unemployment rate	4.5	4.9	4.3	4.3	4.3
CPI inflation	5.7	2.3	2.0	2.0	2.0
House price growth	(3.6)	1.0	2.3	2.4	2.4
BoE – Bank rate (end year)	5.3	4.3	3.3	2.5	2.5
Euro area					
GDP growth	0.2	1.3	1.8	1.6	1.6
US					
GDP growth	1.7	0.8	1.8	1.8	2.1

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 30 September 2023. 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 2023	**Upside %**	**Baseline: Base case five-year average %**	**Downside 1 inflation %**	**Downside 2 global shock %**
UK				
GDP growth	2.4	1.1	(1.5)	(4.3)
Unemployment rate	3.5	4.5	5.8	7.8
CPI inflation	2.6	2.8	8.3	0.8
House price growth	3.1	0.9	(5.4)	(20.2)
BoE – Bank rate (end year)	2.5	3.6	6.5	0.8
Euro area				
GDP growth	2.2	1.3	(0.9)	(4.3)
US				
GDP growth	2.7	1.7	(0.8)	(3.9)

INVESTMENT RISK

Investment risk in the banking book

Investment risk in the banking book comprises 1.1% of total assets at 30 September 2023.

Summary of investments

An analysis of income and revaluations of these investments can be found in the investment income note on page 11. The balance sheet value of investments is indicated in the table below.

£'million **Category**	**On-balance sheet value of investments 30 Sept 2023**	On-balance sheet value of investments 31 March 2023
Unlisted investments	245	310
Listed equities	1	2
Total investment portfolio	**246**	**312**
Trading properties	73	75
Warrants and profit shares	5	5
Total	**324**	**392**

Note: IW&I UK was previously 100% consolidated in the Investec Group. Going forward the Group's investment in Rathbones will be equity accounted for and recognised as an associate. We do not include the investment in Rathbones Group plc as a part of the above analysis due to the nature of this strategic transaction.

An analysis of the investment portfolio, warrants and profit shares

30 September 2023

£251 million

Finance and insurance	46.2%
Retailers and wholesalers	10.7%
Transport	10.0%
Manufacturing and commerce	7.7%
Business services	6.7%
Construction	6.6%
Real estate	5.3%
Other	4.0%
Communication	2.8%

SECURITISATION/STRUCTURED CREDIT

Securitisation/structured credit activities exposures

Overview

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

In the UK, capital requirements for securitisation positions are calculated using either the standardised approach (SEC-SA) or the external ratings-based approach (SEC-ERBA). Given risk-weightings under the SEC-SA approach do not rely on external ratings, a breakdown by risk-weight has also been provided in the analysis 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 2023 £'million	31 March 2023 £'million	Balance sheet and credit risk classification
Structured credit (gross exposure)	857	715	Other debt securities and other loans and advances
<40% risk weighted assets (RWAs)	851	709	
>40% risk weighted assets (RWAs)	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	541	82	—	—	—	—	623	42	665
UK RMBS	40	23	1	—	—	—	64	3	67
European corporate loans	124	1	—	—	—	—	125	—	125
Total at 30 September 2023	**705**	**106**	**1**	**—**	**—**	**—**	**812**	**45**	**857**
<40% RWAs	705	104	—	—	—	—	809	42	851
>40% RWAs	—	1	1	—	—	—	2	4	6
Total at 31 March 2023	**564**	**78**	**8**	**—**	**—**	**—**	**650**	**65**	**715**

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)

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 2023				31 March 2023			
	Period end	Average	High	Low	**Year end**	Average	High	Low
Equities	203	247	641	133	295	324	762	124
Foreign exchange	5	9	62	—	8	13	76	3
Interest rates	51	43	56	31	43	33	73	15
Credit	—	37	85	—	64	14	67	1
Consolidated*	**217**	**266**	**612**	**144**	**352**	**331**	**770**	**103**

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

Expected shortfall (ES)

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 2023 Period end	31 March 2023 Year end
Equities	255	366
Foreign exchange	7	15
Interest rates	77	68
Credit	—	163
Consolidated*	**260**	**472**

* The consolidated ES 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 is based on a one-year period through which the relevant market factors experienced stress. The information in the table below contains the 99% one-day sVaR.

£'000	30 Sept 2023 Period end	31 March 2023 Year end
99% one-day sVaR	**581**	**672**

MARKET RISK
CONTINUED

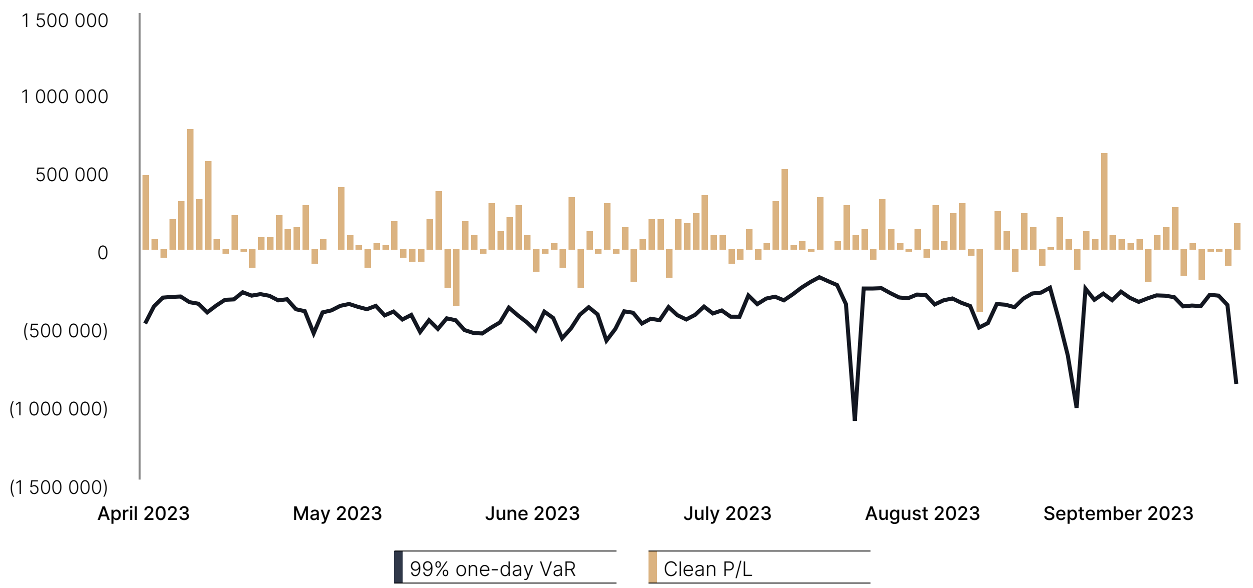
Backtesting

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 reflects the limited net market risk exposure in the trading book and the relatively low equity market volatility over the reporting period.

99% one-day VaR backtesting (£)

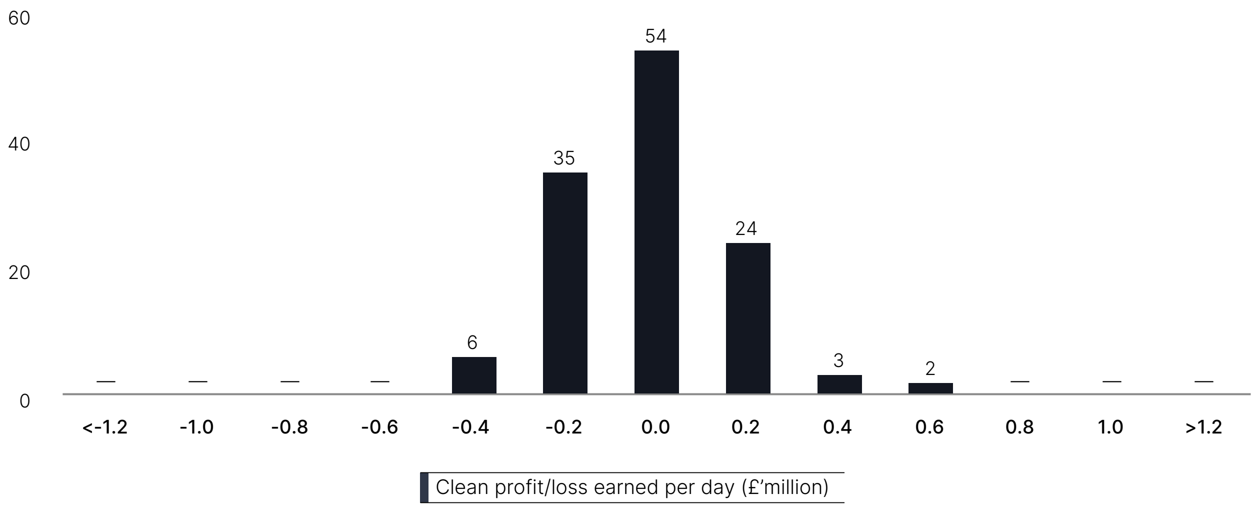


Clean profit and loss histogram

The histogram below illustrates the distribution of clean profit and loss during the 6 months to 30 September 2023 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 2023 was £83 347 (six months to 30 September 2022: £70 981).

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 IRRBB.

Liquidity risk

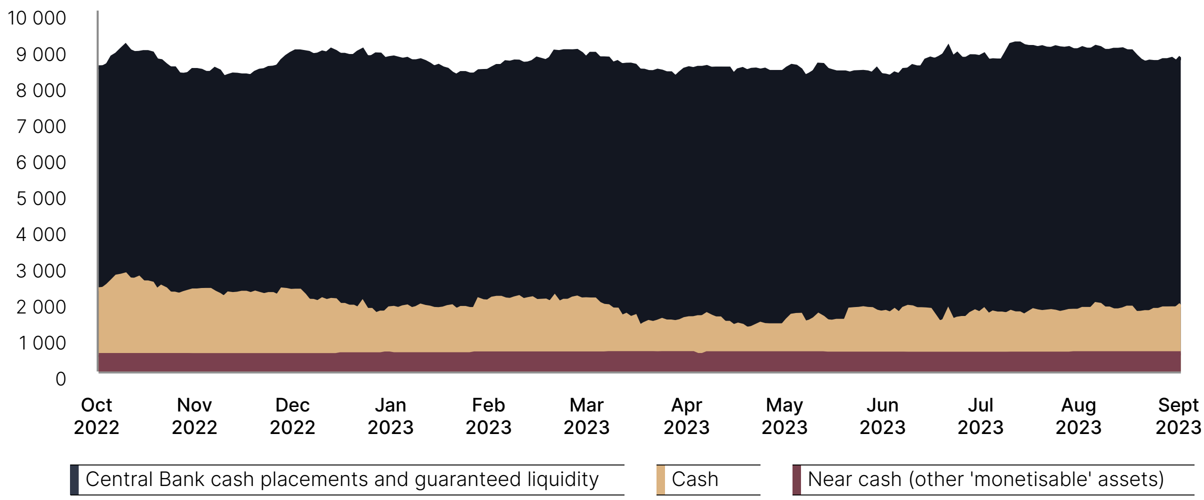
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises 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 Bank 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 Bank 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 2023

£8 708 million

Central Bank cash placements and guaranteed liquidity	78.7%
Cash	13.4%
Near cash (other 'monetisable' assets)	7.9%

Customers accounts (deposits) by type at 30 September 2023

£20 002 million

Individuals	64.7%
Other financial institutions and corporates	27.6%
Small business	7.7%

BALANCE SHEET RISK AND LIQUIDITY
CONTINUED

Funding continues to be dynamically raised through a mix of customer liabilities diversified by customer type, currency and tenor, avoiding reliance on any particular channel and ensuring continued access to a wide range of depositors. Those diversified funding channels have proven to be capable of raising funding throughout the year supporting a strong funding and liquidity position despite the ongoing geopolitical uncertainties, inflationary pressures and overall market volatility.

Funding consists primarily of customer deposits, with loans and advances to customers as a % of customer deposits at 81.4% at 30 September 2023. We remain well positioned from a funding and liquidity perspective if there was to be further disruption to financial markets given both the highly diversified nature of IBP's deposit base and the reliance on term and notice deposits rather than demand deposits. Deposits grew by 3.9% over the six months since 31 March 2023 to £20.0 billion. The granularity of deposits is a key area of focus and Investec plc has a substantial portion of eligible deposits that are covered by Financial Services Compensation Scheme (FSCS) protection. The FSCS is a UK government-backed scheme designed to provide protection to eligible customers, to the maximum value of £85 000, in the event that a financial institution is unable to meet its financial obligations.

This overall approach has enabled the Bank to maintain a strong liquidity position at the year end across a range of metrics in line with our conservative approach to balance sheet risk management. Cash and near cash balances at 30 September 2023 amounted to £8.7 billion. We maintain a high level of readily available, high-quality liquid assets (HQLA) – targeting a minimum cash to customer deposit ratio of 25%. Current cash and near cash is equivalent to 43.5% of customer deposits. HQLA is primarily cash at central bank (BoE), and short-dated government bonds, alongside a much smaller amount of longer dated, floating rate covered bonds and supranationals. Given the short-dated nature, the majority of the HQLA securities portfolio is held at FVOCI. Any FVOCI unrealised losses in the securities portfolio are deducted from CET 1 in line with UK regulatory rules.

We have limited reliance on wholesale funding but we maintain access and presence, using such wholesale issuance to strategically diversify our funding base and complement the other liability channels by focusing, where appropriate, on tenor and currency. Wholesale issuance continues to take advantage of market windows to focus on both additional opportunities and on refinancing existing maturities to lengthen term, with the added benefit of continuing to diversify the debt capital markets investor base. We have no requirement to issue in the wholesale markets in the financial year to end March 2024.

On 28 June 2023, the BoE formally notified Investec plc that the preferred resolution strategy will be changed from bank insolvency procedure to bail-in and as such a revised, increased minimum requirement for own funds and eligible liabilities (MREL) requirement will be imposed on Investec plc and IBP as a material subsidiary. The MREL transition will commence from 1 January 2026 with end-state MREL applying from 1 January 2032. Any additional requirements will be met as part of increasing wholesale market issuance from the existing established base.

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

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 Bank 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 2023

£'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	5 640	103	7	—	—	5	—	5 755
Investment/trading assets	118	895	784	1 005	290	882	2 009	5 983
Securitised assets	—	1	1	1	—	21	48	72
Advances	139	685	1 022	933	1 812	8 586	3 270	16 447
Other assets	66	436	19	56	45	411	16	1 049
Assets	**5 963**	**2 120**	**1 833**	**1 995**	**2 147**	**9 905**	**5 343**	**29 306**
Deposits – banks	(421)	(21)	(10)	—	—	(1 937)	—	(2 389)
Deposits – non-banks	(6 249)	(1 284)	(5 132)	(2 922)	(2 642)	(1 747)	(26)	(20 002)
Negotiable paper	(2)	(7)	(40)	(21)	(53)	(895)	(10)	(1 028)
Securitised liabilities	—	—	(4)	(4)	(7)	(60)	(1)	(76)
Investment/trading liabilities	—	(367)	(152)	(51)	(80)	(211)	—	(861)
Subordinated liabilities	—	—	—	—	—	—	(667)	(667)
Other liabilities	(4)	(438)	(107)	(38)	(89)	(247)	(37)	(960)
Liabilities	**(6 676)**	**(2 117)**	**(5 445)**	**(3 036)**	**(2 871)**	**(5 097)**	**(741)**	**(25 983)**
Total equity	—	—	—	—	—	—	(3 323)	(3 323)
Contractual liquidity gap	**(713)**	**3**	**(3 612)**	**(1 041)**	**(724)**	**4 808**	**1 279**	**—**
Cumulative liquidity gap	(713)	(710)	(4 322)	(5 363)	(6 087)	(1 279)	—	

Behavioural liquidity at 30 September 2023
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	**5 222**	**(271)**	**(4 056)**	**(1 873)**	**(1 101)**	**854**	**1 225**	**—**
Cumulative	5 222	4 951	895	(978)	(2 079)	(1 225)	—	

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 2023, the LCR was 407% for IBP (solo basis).

Within the UK, the NSFR has become a binding requirement for banks since January 2022. Banks are now required to maintain a minimum NSFR of 100%. The NSFR at 30 September 2023 was 141% for IBP (solo basis).

BALANCE SHEET RISK AND LIQUIDITY
CONTINUED

Interest rate risk in the banking book (IRRBB)

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

Sources of IRRBB include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of Bank 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 Bank 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 Bank 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.

Net interest income sensitivity at 30 September 2023

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

million	All (GBP)
25bps down	(10.0)
25bps up	8.9

Economic value (EV) sensitivity at 30 September 2023

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

million	All (GBP)
200bps down	(1.7)
200bps up	(11.7)

In December 2022 the Board approved the initiation of a structural hedging programme to reduce the sensitivity of earnings to short-term interest rate movements. The Bank assigned an evenly amortising profile to an eligible amount of tangible equity with average duration of 2.5 years evenly distributed over the period. The termed equity is then hedged on a matched basis.

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	30 Sept 2023*	31 March 2023*
Common Equity Tier 1 ratio**	12.6%	12.7%
Common Equity Tier 1 ratio (fully loaded)***	12.5%	12.4%
Tier 1 ratio**	14.0%	14.1%
Total capital ratio**	18.0%	18.5%
Risk weighted assets (£'million)**	18 028	17 308
Leverage exposure measure (£'million)	27 225	24 945
Leverage ratio	9.3%	9.8%
Leverage ratio (fully loaded)***	9.2%	9.6%

Capital structure and capital adequacy

£'million	30 Sept 2023*	31 March 2023*
Shareholder's equity	**3 007**	**2 486**
Shareholder's equity excluding non-controlling interests	3 072	2 539
Foreseeable charges and dividends	(56)	(36)
Deconsolidation of special purpose entities	(9)	(17)
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	**(3)**	**15**
Additional value adjustments	(5)	(5)
Cash flow hedging reserve	(18)	(28)
Adjustment under IFRS 9 transitional arrangements	20	48
Deductions	**(733)**	**(306)**
Goodwill and intangible assets net of deferred taxation	(724)	(300)
Deferred taxation assets that rely on future profitability excluding those arising from temporary differences	(2)	(2)
Securitisation positions which can alternatively be subject to a 1 250% risk weight	(4)	(4)
Defined benefit pension fund adjustment	(3)	—
Common Equity Tier 1 capital	**2 271**	**2 195**
Additional Tier 1 instruments	250	250
Tier 1 capital	**2 521**	**2 445**
Tier 2 capital	**711**	**764**
Tier 2 instruments ^	711	764
Total regulatory capital	**3 232**	**3 209**
Risk weighted assets**	**18 028**	**17 308**

* The capital adequacy disclosures for IBP 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. IBP's CET1 ratios would be 31bps (31 March 2023: 21bps) higher, on this basis.

** The CET1, Tier 1, 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).

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

CAPITAL ADEQUACY
CONTINUED

Risk weighted assets and capital requirements

	Risk weighted assets**		Capital requirements**	
£'million	30 Sept 2023*	31 March 2023*	30 Sept 2023*	31 March 2023*
	18 028	**17 308**	**1 442**	**1 385**
Credit risk	15 066	14 118	1 205	1 129
Equity risk	102	153	8	13
Counterparty credit risk	409	487	33	39
Credit valuation adjustment risk	47	37	4	3
Market risk	402	511	32	41
Operational risk	2 002	2 002	160	160

Leverage

£'million	30 Sept 2023*	31 March 2023*
Total exposure measure	27 225	24 945
Tier 1 capital**	2 521	2 445
Leverage ratio	**9.3%**	**9.8%**
Total exposure measure (fully loaded)	27 205	24 896
Tier 1 capital (fully loaded)	2 501	2 396
Leverage ratio (fully loaded)* **	**9.2%**	**9.6%**

* The capital adequacy disclosures for IBP 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 interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 31bps (31 March 2023: 21bps) higher, on this basis.

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

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 2023	30 Sept 2022	31 March 2023
Operating profit before goodwill and strategic actions	225 021	134 511	317 009
Add: Loss attributable to non-controlling interests	194	—	—
Adjusted operating profit	**225 215**	**134 511**	**317 009**

Annuity income	Net interest income (refer to page 10) plus net annuity fees and commissions (refer to page 11).
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 2023	31 March 2023
Loans and advances to customers per the balance sheet	16 282	15 568
ECL held against FVOCI loans reported on the balance sheet within reserves	(11)	(5)
Net core loans	**16 271**	**15 563**
of which amortised cost and FVOCI ('subject to ECL')	15 649	15 012
of which FVPL	622	551
Add: ECL	180	146
Gross core loans	**16 451**	**15 709**
of which amortised cost and FVOCI ('subject to ECL')	15 829	15 158
of which FVPL	622	551

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

£'000	30 Sept 2023	30 Sept 2022	31 March 2023
Operating costs (A)	310 656	286 460	577 152
Total operating income before expected credit loss impairment charges	574 942	448 861	960 901
Add: Loss attributable to non-controlling interests	194	—	—
Total (B)	575 136	448 861	960 901
Cost to income ratio (A/B)	**54.0%**	**63.8%**	**60.1%**

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 10

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 10 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 10 for calculation.

Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK Bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

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