Investec Limited	**Investec plc**
Incorporated in the Republic of South Africa	Incorporated in England and Wales
Registration number 1925/002833/06	Registration number 3633621
JSE share code: INL	LSE share code: INVP
JSE hybrid code: INPR	JSE share code: INP
JSE debt code: INLV	ISIN: GB00B17BBQ50
NSX share code: IVD	LEI: 2138007Z3U5GWDN3MY22
BSE share code: INVESTEC	
ISIN: ZAE000081949	
LEI: 213800CU7SM6O4UWOZ70	

Group pre-close trading update and trading statement

20 March 2024

Investec Group today announces its scheduled pre-close trading update for the year ending 31 March 2024 (FY2024). An investor conference call will be held today at 09:00 UK time / 11:00 South African time. Please register for the call at www.investec.com/investorrelations.

Commentary on the Group's financial performance in this pre-close trading update represents the 11 months ended 29 February 2024 and compares forecast FY2024 to FY2023 (31 March 2023). The average Rand / Pound Sterling exchange rate depreciated by approximately 15% for the 11 months to 29 February 2024, resulting in a significant difference between reported and neutral currency performance.

The comparability of the total Group's year-on-year performance will be affected by the financial effects of previously announced strategic actions, some of which will result in the Group's performance being presented on a continuing and discontinuing basis in line with the relevant accounting standards.

These strategic actions include the following:

- Combination of Investec Wealth & Investment UK (IW&I UK) with the Rathbones Group
- Approximately R6.7 billion or c.£300 million share buy-back and share repurchase programme, in line with the Group's strategy to optimise capital in South Africa
- Disposal of the property management companies to Investec Property Fund (IPF) (now known as Burstone Group Limited) and consequent deconsolidation of IPF
- The restructure of The Bud Group Holdings (formerly known as IEP) in the prior year to facilitate Investec's orderly exit
- The distribution of the Group's 15% shareholding in Ninety One in the prior year

We outline the accounting treatment of the structural strategic actions in note 1 provided at the end of this announcement.

The following commentary is based on the Group's total performance, comprising of continued and discontinued operations.

FY2024 earnings update and guidance

The Group's diversified revenue streams and the success of our client acquisition strategies across our client franchises have continued to underpin a solid performance, notwithstanding the uncertain macroeconomic environment and persistent market volatility that prevailed. Our strong balance sheet and successful strategic execution since our 2019 capital markets day have allowed us to support our clients and achieve our FY2024 and medium-term financial targets.

For the year ending 31 March 2024, the Group expects:

- Adjusted earnings per share between 76.0p and 80.0p or 10.0% to 16.0% ahead of prior year (FY2023: 68.9p)
- Basic earnings per share between 102.9p and 106.8p or 19.9% to 24.5% ahead of prior year (FY2023: 85.8p), positively impacted by the net gain from the implementation of the UK Wealth & Investment combination with Rathbones which was partly offset by the effects of IPF's deconsolidation

- Headline earnings per share between 70.0p and 74.0p or 4.8% to 10.6% ahead of prior year (FY2023: 66.8p) which includes the cost of executing strategic actions
- Adjusted operating profit before tax between £866.9 million and £909.6 million (FY2023: £818.7 million)
    - UK business, including Rathbones Group adjusted operating profit to be at least 15.0% higher than prior year (FY2023: £377.8 million). Specialist Bank expected to be at least 30.0% higher than prior year (FY2023: £303.4 million). This guidance incorporates a provision for the potential impact of the recently announced Financial Conduct Authority (FCA) review into historical motor finance commission arrangements and sales
    - Southern African business' adjusted operating profit to be at least 10.0% ahead of prior year in Rands (FY2023: R 8 977 million, £440.9 million). Specialist Bank expected to be at least 5.0% higher than prior year in Rands (FY2023: R8 668 million, £423.8 million). The prior year includes returns earned on the excess capital which was subsequently deployed to execute the share buy-back programme
- ROE to be above the mid-point of the Group's target range of 12% to 16%.

The year-to-date performance which formed the basis for the above expectations is summarised below:

Pre-provision adjusted operating profit growth was above mid-single digits, reflecting the strength of our client franchises and continued success in the Group's strategic execution.

- Revenue growth was supported by balance sheet growth, progress in our incremental growth strategies as well as a rising interest rate environment
    - Net interest income continued to benefit from the growth in average lending books and higher average interest rates
    - Non-interest revenue (NIR) growth reflects the diversified nature of our business model. Continued client acquisition, improved client activity levels and higher trading income underpinned the NIR growth. The first-time consolidation of Capitalmind as the Group seeks to extend its footprint into Continental Europe while increasing the proportion of capital-light revenues, also supported NIR growth. Share of post-tax profit of associates and investment income were impacted by some of the strategic actions mentioned above
- The cost to income ratio was in line with 1H2024 as revenue grew ahead of costs. Fixed operating expenditure reflected continued investment in people and technology for growth, inflationary pressures, as well as higher regulatory costs. Variable remuneration grew in line with profitability.

The Group expects to report a credit loss ratio around the mid-point of the through-the-cycle (TTC) range of 25bps to 35bps. In South Africa, the expected credit losses (ECLs) benefitted from recoveries from previously written off exposures and the credit loss ratio is expected be below the 8bps reported in the interim results in November 2023. The UK is expected to report a credit loss ratio within the guided range of 50bps to 60bps communicated in November 2023 and above the upper end of its TTC range of 30bps to 40bps. Given the challenging macroeconomic and elevated interest rate environment, we have seen idiosyncratic client stresses with no evidence of trend deterioration in the overall credit quality of our lending books.

For the 11 month period ended 29 February 2024:

- Within Specialist Banking, core loans increased by 1.6% annualised to £30.8 billion (31 March 2023: £30.4 billion) and increased by 7.1% in neutral currency annualised, driven by corporate lending in both geographies and private client lending in South Africa. Customer deposits remained flat at £39.5 billion (31 March 2023: £39.6 billion) and increased by 5.5% in neutral currency annualised

- Funds under management (FUM) in Southern Africa increased by 3.6% to £20.5 billion (31 March 2023: £19.8 billion), an increase of 13.7% in neutral currency. In the Southern African business, net discretionary inflows of R16.4 billion were partly offset by net outflows of c.R3.0 billion in non-discretionary FUM
- Investec Wealth & Investment UK FUM is now reported as part of the Rathbones Group following the completion of the combination in September 2023. As at 31 December 2023, Rathbones, a 41.25% held Investec associate, reported FUMA of £105.3bn.

The Group maintained strong and above Board-approved capital and liquidity levels, allowing us to continue supporting our clients and build to scale our identified growth opportunities.

The Group remains committed to its strategic priority to optimise shareholder returns while creating enduring worth for all our stakeholders. We have made significant progress on the share repurchase programme announced in November 2022 and concluded the disposal of the property management companies to Burstone Group. The Bud Group Holdings announced the proposed disposal of Assupol to Sanlam. Assupol is a significant asset within the group of assets earmarked to facilitate Investec's and other shareholders' exit from The Bud Group Holdings.

The Group intends to publish revised medium-term financial targets when it reports its full year results on 23 May 2024.

Other information

The financial information on which this trading update and trading statement is based, has not been reviewed and reported on by the external auditors.

An investor conference call will be held today at 09:00 UK time /11:00 South African time. Please **REGISTER HERE** for the call.

Year end results

The year end results for the year ending 31 March 2024 are scheduled for release on **Thursday, 23 May 2024**.

On behalf of the board
Philip Hourquebie (Chair), Fani Titi (Group Chief Executive)

For further information please contact:

Investec Investor Relations
General enquiries: investorrelations@investec.co.za

Results:
Qaqambile Dwayi
SA Tel: +27 (0)83 457 2134

Brunswick (SA PR advisers)
Tim Schultz Tel: +27 (0)82 309 2496

Lansons (UK PR advisers)
Tom Baldock Tel: +44 (0)78 6010 1715

Key income drivers

Core loans

£'m	29-Feb-24	31- Mar-23	% change	Neutral currency % change
UK and Other	16,622	15,563	6.8%	6.8%
South Africa	14,201	14,818	(4.2%)	6.2%
Total	30,823	30,381	1.5%	6.5%

Customer deposits

£'m	29-Feb-24	31- Mar-23	% change	Neutral currency % change
UK and Other	20,541	19,116	7.5%	7.5%
South Africa	18,948	20,440	(7.3%)	2.7%
Total	39,488	39,556	(0.2%)	5.0%

Funds under Management (FUM)

£'m	29-Feb-24	31-Mar-23	% change	Neutral currency % change
Wealth & Investment - Southern Africa	20,547	19,830	3.6%	13.7%
Discretionary	12,311	10,704	15.0%	26.6%
Non-discretionary	8,236	9,126	(9.8%)	(1.5%)
Rathbones Group plc*	105,340	40,747		
Discretionary and annuity		35,291		
Non-discretionary		5,456		

* The balance at 31 March 2023 reflects the funds managed by Investec Wealth and Investment Limited ('IW&I UK'). The balance of £105.3bn reflects total funds under management and administration (FUMA) as reported at 31 December 2023 by Rathbones Group plc.

Notes

1. Further details on structural strategic actions executed.

- Following the completion of the combination with Rathbones (effective 21 September 2023), the Group has deconsolidated IW&I UK and from the effective date applies equity accounting to its investment in the Rathbones Group (41.25% economic interest). In accordance with IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), the Group's interest in IW&I UK will be presented as a discontinued operation for the current financial year.
- Subsequent to the disposal of the IPF management companies (effective 6 July 2023) and IPF's name change to Burstone Group Limited, the Group's 24.3% shareholding in Burstone Group has been deconsolidated and is now held as an investment at fair value through profit and loss.
- Effective 30 May 2022, the Group distributed a 15% shareholding in Ninety One, with the remaining 10.08% shareholding held as an investment at fair value through other comprehensive income.
- The Group holds its 38.3% interest in The Bud Group Holdings at fair value through profit and loss following the restructure in November 2022.
- The Group has repurchased R6.7 billion of its shares to date in relation to the R7 billion share repurchase programme announced in November 2022.

2. Definitions
   - **Adjusted operating profit** refers to operating profit before goodwill, acquired intangibles and strategic actions and after adjusting for earnings attributable to other non-controlling interests. Non-IFRS measures such as adjusted operating profit are considered as pro-forma financial information as per the JSE Listings Requirements. The pro-forma financial information is the responsibility of the Group's Board of Directors. Pro-forma financial information was prepared for illustrative purposes and because of its nature may not fairly present the issuer's financial position, changes in equity or results of operations. This pro-forma financial information has not been reported on by the Group's external auditors.
   - **Adjusted earnings** is calculated by adjusting basic earnings attributable to shareholders for the amortisation of acquired intangible assets, non-operating items including strategic actions, and earnings attributable to perpetual preference shareholders and other additional tier 1 security holders.
   - **Adjusted earnings per share** is calculated as adjusted earnings attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year.
   - **Headline earnings** is an earnings measure required to be calculated and disclosed by the JSE and is calculated in accordance with the guidance provided by The South African Institute of Chartered Accountants in Circular 1/2023.
   - **Headline earnings per share** (HEPS) is calculated as headline earnings divided by the weighted average number of ordinary shares in issue during the year.
   - **Basic earnings** is earnings attributable to ordinary shareholders as defined by IAS33 *Earnings Per Share.*
   - **Core loans** is defined as net loans to customers plus net own originated securitised assets.
   - **The credit loss ratio** is calculated as expected credit loss (ECL) impairment charges on gross core loans as a percentage of average gross core loans subject to ECL.

3. Exchange rates

The Group's reporting currency is Pounds Sterling. Certain of the Group's operations are conducted by entities outside the UK. The results of operations and the financial condition of these individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the Group's combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. The following table sets out the movements in certain relevant exchange rates against the Pound Sterling over the period:

	11 months to 29 February 2024		Year ended 31 March 2023	
Currency per GBP1.00	Period end	Average	Period end	Average
South African Rand	24.31	23.48	21.94	20.45
Euro	1.17	1.16	1.14	1.16
US Dollar	1.26	1.26	1.24	1.21

4. Profit forecasts
    - The following matters highlighted in this announcement contain forward-looking statements:
        - Adjusted EPS is expected to be between 76.0p and 80.0p which is ahead of FY2023.
        - Basic EPS is expected to be between 102.9p and 106.8p which is ahead of FY2023.
        - HEPS is expected to be between 70.0p and 74.0p which is ahead of FY2023.
        - Adjusted operating profit is expected to be between £866.9 million and £909.6 million which is ahead of 1H2023.
        - The UK business' including Rathbones Group adjusted operating profit to be at least 15.0% ahead of prior year.
        - The Southern African business' adjusted operating profit to increase by at 10% ahead of prior year in Rands.
        - ROE is expected to be above the mid-point of the Group's target range of 12% to 16%.

      (collectively the ***Profit Forecasts***).
    - The basis of preparation of each of these statements and the assumptions upon which they are based are set out below. These statements are subject to various risks and uncertainties and other factors – which may cause the Group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed in the Profit Forecasts.
    - Any forward looking statements made are based on the knowledge of the Group at 19 March 2024.
    - These forward looking statements represent a profit forecast under the Listing Rules. The Profit Forecasts relate to the year ending 31 March 2024.
    - The financial information on which the Profit Forecasts are based is the responsibility of the Directors of the Group and has not been reviewed and reported on by the Group's auditors.

Basis of preparation

- The Profit Forecasts have been compiled using the assumptions stated below, and on a basis consistent with the accounting policies adopted in the Group's March 2023 audited financial statements, which are in accordance with IFRS and are those which the Group anticipates will be applicable for the year ending 31 March 2024.
- The Profit Forecasts have been prepared based on (a) audited financial statements of the Group for the year ended 31 March 2023, and the results of the Specialist Banking and Wealth & Investment businesses underlying those audited financial statements; (b) the unaudited management accounts of the Group and the Specialist Banking and Wealth & Investment businesses for the 11 months to 29 February 2024; and (c) the projected financial performance of the Group and the Specialist Banking and Wealth & Investment businesses for the remaining one month of the period ending 31 March 2024.
- Percentage changes shown on a neutral currency basis for balance sheet items assume that the relevant closing exchange rates at 29 February 2024 remain the same as those at 28 February 2023. This neutral currency information has not been reported on by the Group's auditors.

Assumptions

The Profit Forecasts have been prepared on the basis of the following assumptions during the forecast period:

Factors outside the influence or control of the Investec Board:

- There will be no material change in the political and/or economic environment that would materially affect the Investec Group.
- There will be no material change in legislation or regulation impacting on the Investec Group's operations or its accounting policies.
- There will be no business disruption that will have a significant impact on the Investec Group's operations.
- The Rand/Pound Sterling and US Dollar/Pound Sterling exchange rates remain materially unchanged from the prevailing rates detailed above.
- The tax rates remain materially unchanged.
- There will be no material changes in the structure of the markets, client demand or the competitive environment.

Estimates and judgements

In preparation of the Profit Forecasts, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the reporting period. Key areas in which judgement is applied include:

- Valuation of unlisted investments primarily in the private equity, direct investments portfolios and embedded derivatives. Key valuation inputs are based on the most relevant observable market inputs, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility.
- The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at fair value through other comprehensive income (FVOCI) involves the assessment of future cash flows which is judgmental in nature.
- Valuation of investment properties is performed by capitalising the budgeted net income of the property at the market related yield applicable at the time.
- The Group's income tax charge and balance sheet provision are judgmental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The Group recognises in its tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. The carrying amount of this provision is often dependent on the timetable and progress of discussions and negotiations with the relevant tax authorities, arbitration processes and legal proceedings in the relevant tax jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the Group.
- Where appropriate, the Group has utilised expert external advice as well as experience of similar situations elsewhere in making any such provisions.
- Determination of interest income and interest expense using the effective interest rate method involves judgement in determining the timing and extent of future cash flows.
- Management's estimate of the provision recognised for the potential impact of the recently announced Financial Conduct Authority review into historical motor finance commission arrangements and sales is based on information available to management as at 19 March 2024. In January 2024, the FCA made an announcement regarding its review of the Motor Vehicle Finance market up to the period ending January 2021. The Group commenced lending into the UK Motor Vehicle Finance market in June 2015 through its Mann Island Finance subsidiary. During this period gross core loans in Motor Finance grew from £11 million as at 31 March 2016 to £555 million as at 31 March 2021. The Group continues to monitor developments across the industry and will co-operate with FCA reviews, as and if required.

About Investec

Investec partners with private, institutional, and corporate clients, offering international banking, investments, and wealth management services in two principal markets, South Africa and the UK. The Group was established in 1974 and currently has 7,500+ employees. Investec has a dual listed company structure with primary listings on the London and Johannesburg Stock Exchanges.

Johannesburg and London

JSE Equity and Debt Sponsor: Investec Bank Limited