

Investec Limited additional quarterly disclosures as at 31 December 2017

Overview of risk management and risk weighted assets

OV1: Overview of RWA

	a	b	c	
	RWA		Minimum capital requirements	
	31 December 2017	30 September 2017	31 December 2017	
1	Credit risk (excluding counterparty credit risk) (CCR)	248,477	246,429	26,711
2	Of which standardised approach (SA)	248,477	246,429	26,711
3	Of which internal rating-based (IRB) approach			0
4	Counterparty credit risk	9,138	7,381	982
5	Of which standardised approach for counterparty credit risk (SA-CCR)	9,138	7,381	982
6	Of which internal model method (IMM)			0
7	Equity positions in banking book under market-based approach	27,758	32,903	2,984
8	Equity investments in funds – look-through approach			0
9	Equity investments in funds – mandate-based approach			0
10	Equity investments in funds – fall-back approach			0
11	Settlement risk			0
12	Securitisation exposures in banking book	2,418	2,541	260
13	Of which IRB ratings-based approach (RBA)			0
14	Of which IRB Supervisory Formula Approach (SFA)			0
15	Of which SA/simplified supervisory formula approach (SSFA)	2,418	2,541	260
16	Market risk	5,173	3,925	556
17	Of which standardised approach (SA)	1,390	756	149
18	Of which internal model approaches (IMM)	3,783	3,169	407
19	Operational risk	31,687	31,687	3,406
20	Of which Basic Indicator Approach	0	0	0
21	Of which Standardised Approach	31,687	31,687	3,406
22	Of which Advanced Measurement Approach	0	0	0
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	13,833	12,886	1,487
24	Floor adjustment	0	0	0
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	338,484	337,752	36,387

The increase in credit risk-weighted assets was mainly driven by lending activity and growth in the balance sheet.

The risk weight attributable to equity investments is relatively high, with listed equities attracting an effective 318% and unlisted equities 424%. The impact of this is proportionately much larger movement in RWA than the associated balance sheet equity value.

Operational risk is a semi-annual calculation, required to be updated every September and March and is driven by the levels of income over a three-year average period, applying specific factors applicable to the nature of the business generating the income.

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MR2: Risk weighted assets flow statements of market risk exposures under an IMA

		a	b	c	d	e	f
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1	RWA at previous quarter end	1,390	1,779	0	0	0	3,169
2	Movement in risk levels	338	276	0	0	0	614
3	Model updates/changes	0	0	0	0	0	0
4	Methodology and policy	0	0	0	0	0	0
5	Acquisitions and disposals	0	0	0	0	0	0
6	Foreign exchange movements	0	0	0	0	0	0
7	Other	0	0	0	0	0	0
8	RWA at end of reporting period	1,728	2,055	0	0	0	3,783

Market risk capital has increased slightly over the quarter, primarily driven by an increase in VaR and sVaR on the Equity Derivatives and Foreign Exchange Derivatives desks.