Investec

OUT OF THE ORDINARY

# Possibilities and opportunities

Investec Bank Limited
(a subsidiary of Investec Limited)

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

# OVERVIEW OF RESULTS

## Introduction

We supplement our International Financial Reporting Standards (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 40.

All other definitions can be found on page 41.

| Key financial statistics | 30 Sept 2022 | 30 Sept 2021 | % change | 31 March 2022 |
|---|---|---|---|---|
| Total operating income before expected credit loss impairment charges (R'million) | 7 987 | 6 936 | 15.2% | 14 304 |
| Operating costs (R'million) | 3 820 | 3 395 | 12.5% | 7 048 |
| Operating profit before goodwill and acquired intangibles (R'million) | 4 145 | 3 460 | 19.8% | 7 247 |
| Headline earnings attributable to ordinary shareholders (R'million) | 3 149 | 2 605 | 20.9% | 5 260 |
| Cost to income ratio | 47.8% | 48.9% | | 49.3% |
| Total capital resources (including subordinated liabilities) (R'million) | 56 252 | 58 037 | (3.1%) | 55 973 |
| Total equity (R'million) | 48 590 | 45 941 | 5.8% | 46 840 |
| Total assets (R'million) | 569 775 | 532 006^ | 7.1% | 555 237^ |
| Net core loans and advances (R'million) | 310 355 | 293 345 | 5.8% | 294 757 |
| Customer accounts (deposits) (R'million) | 434 688 | 399 038 | 8.9% | 420 072 |
| Loans and advances to customers as a % of customer accounts (deposits) | 70.1% | 71.6% | | 68.4% |
| Cash and near cash balances (R'million) | 149 216 | 134 592 | 10.9% | 159 454 |
| Total gearing ratio (i.e. total assets excluding intergroup loans to equity) | 11.1x | 11.1x | | 11.4x |
| Total capital ratio | 19.5% | 19.9 % | | 20.0% |
| Tier 1 ratio | 16.7% | 15.6 % | | 16.6% |
| Common Equity Tier 1 ratio | 15.9% | 14.9 % | | 15.8% |
| Leverage ratio | 7.8% | 7.8 % | | 7.9% |
| Stage 3 as a % of gross core loans subject to ECL | 2.2% | 2.1% | | 1.8% |
| Stage 3 net of ECL as a % of net core loans subject to ECL | 1.7% | 1.7% | | 1.4% |
| Credit loss ratio | (0.01%*) | 0.04%* | | 0.00% |
| Net Stable Funding Ratio % (NSFR) | 115.6% | 110.6% | | 112.6% |
| Liquidity Coverage Ratio % (LCR)** | 157.7% | 158.0% | | 138.9% |

^ Restated as detailed on page 23.
* Annualised
** In 2020, part of the Prudential Authority's response to the expected negative impact of COVID-19 on liquidity in financial markets was to reduce the LCR requirement for banks from 100% to 80%. On 1 September 2021, the Prudential Authority communicated that the LCR requirement will increase to 90% on 1 January 2022 and back to 100% on 1 April 2022.

OVERVIEW OF RESULTS
CONTINUED

## Financial review

Unless the context indicates otherwise, all comparatives relate to the six month period ended 30 September 2021 (1H2022).

Salient operational features for the period under review include:

Total operating income before expected credit loss (ECL) impairment charges increased by 15.2% to R7 987 million (1H2022: R6 936 million). The components of operating income are analysed further below:

- Net interest income increased 24.9% to R6 246 million (1H2022: R5 002 million) driven by higher average interest earning assets and rising interest rates. Net core loans grew by 10.6% annualised to R310.4 billion (31 March 2022: R294.8 billion) driven primarily by corporate lending portfolios given an increase in corporate credit demand. Advances to private clients reported subdued growth year to date as modest growth in other portfolios within Private Banking was largely offset by muted growth in commercial real estate lending as clients remained risk off.
- Net fee and commission income increased 8.5% to R1 635 million (1H2022: R1 507 million) reflecting increased utilisation of trade finance facilities and higher investment banking fees.
- Investment income and share of post-taxation profit from associates increased 46.9% to R191 million (1H2022: R130 million) largely benefitting from non-repeat of prior period write-downs taken on certain unlisted investments.
- Total trading income decreased R87 million (1H2022: R297 million) impacted by mark-to-market (MTM) losses on certain interest rate and currency swaps. These are timing differences arising where hedge accounting could not be applied to an economic hedge in terms of IFRS accounting.

Expected credit loss (ECL) impairment charges decreased 72.8% to R22 million (1H2022: R81 million). ECL on core loans subject to ECL was a net recovery, resulting in a 1bps recovery in the current period versus a credit loss ratio of 4bps in the prior period. The ECL net recovery was primarily driven by net model releases, reversal of impairments and recoveries on previously impaired loans. During the period, management overlays of R30 million relating to the residential mortgage book were released. The remaining management overlay at 30 September 2022 of R189 million (31 March 2022: R219 million) accounts for emerging risks assessed inadequately reflected in the forward-looking model for commercial real estate lending clients.

The cost to income ratio improved to 47.8% (1H2022: 48.9%) given continued cost discipline. Operating costs increased 12.5% to R3 820 million (1H2022: R3 395 million) driven by higher personnel expenses due to salary increases, increased headcount, variable remuneration and the post-pandemic normalisation of discretionary expenditure.

As a result of the foregoing factors, profit before taxation increased 19.9% to R4 119 million (1H2022: R3 434 million) while profit after taxation increased 20.4% to R3 265 million (1H2022: R2 711 million).

## CONDENSED CONSOLIDATED INCOME STATEMENT

| R'million | Six months to 30 Sept 2022 | Six months to 30 Sept 2021 | Year to 31 March 2022 |
|---|---|---|---|
| Interest income | 16 539 | 12 807 | 26 230 |
| Interest expense | (10 293) | (7 805) | (16 020) |
| **Net interest income** | **6 246** | **5 002** | **10 210** |
| Fee and commission income | 1 971 | 1 787 | 3 609 |
| Fee and commission expense | (336) | (280) | (539) |
| Investment income | 195 | 83 | 241 |
| Share of post-taxation (loss)/profit of associates | (4) | 47 | 53 |
| Trading income/(loss) arising from | | | |
| – customer flow | 101 | 331 | 724 |
| – balance sheet management and other trading activities | (188) | (34) | 5 |
| Other operating income | 2 | — | 1 |
| **Total operating income before expected credit loss impairment charges** | **7 987** | **6 936** | **14 304** |
| Expected credit loss impairment charges | (22) | (81) | (9) |
| **Operating income** | **7 965** | **6 855** | **14 295** |
| Operating costs | (3 820) | (3 395) | (7 048) |
| **Operating profit before goodwill and acquired intangibles** | **4 145** | **3 460** | **7 247** |
| Impairment of goodwill | — | — | (3) |
| Amortisation of acquired intangibles | (26) | (26) | (51) |
| **Profit before taxation** | **4 119** | **3 434** | **7 193** |
| Taxation on operating profit before acquired intangibles | (861) | (730) | (1 703) |
| Taxation on acquired intangibles | 7 | 7 | 15 |
| **Profit after taxation** | **3 265** | **2 711** | **5 505** |
| Profit after taxation attributable to ordinary shareholders | 3 149 | 2 605 | 5 238 |
| Profit after taxation attributable to perpetual preference shareholders and Other Additional Tier 1 security holders | 116 | 106 | 267 |

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

| R'million | Six months to 30 Sept 2022 | Six months to 30 Sept 2021 | Year to 31 March 2022 |
|---|---|---|---|
| Profit after taxation | 3 265 | 2 711 | 5 505 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified to the income statement** | | | |
| Fair value movements on cash flow hedges taken directly to other comprehensive income* | (174) | (110) | (80) |
| Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income* | (102) | 94 | 50 |
| Gain on realisation of debt instruments at FVOCI recycled through the income statement* | (19) | (12) | (35) |
| Foreign currency adjustments on translating foreign operations | 1 525 | 127 | (70) |
| **Items that will never be reclassified to the income statement** | | | |
| Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income* | —^ | (158) | (158) |
| Net gain attributable to own credit risk* | 2 | 3 | 1 |
| **Total comprehensive income** | **4 497** | **2 655** | **5 213** |
| Total comprehensive income attributable to ordinary shareholders | 4 381 | 2 549 | 4 946 |
| Total comprehensive income attributable to perpetual preference shareholders and Other Additional Tier 1 security holders | 116 | 106 | 267 |
| **Total comprehensive income** | **4 497** | **2 655** | **5 213** |

* Net of taxation expense of R3.7 million (30 Sept 2021: R209.4 million, 31 March 2022: R234.4 million).

^ All equity instruments at FVOCI were disposed of in the prior year.

# CONSOLIDATED BALANCE SHEET

| At<br>R'million | 30 Sept 2022 | 31 March 2022^ | 30 Sept 2021^ |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances at central banks | 13 564 | 11 893 | 12 685 |
| Loans and advances to banks | 17 101 | 19 609 | 16 862 |
| Non-sovereign and non-bank cash placements | 13 237 | 13 176 | 9 656 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 46 177 | 56 437 | 46 713 |
| Sovereign debt securities | 67 388 | 57 380 | 55 810 |
| Bank debt securities | 19 677 | 27 955 | 28 206 |
| Other debt securities | 13 502 | 15 439 | 15 291 |
| Derivative financial instruments | 13 737 | 17 658 | 11 701 |
| Securities arising from trading activities | 6 936 | 2 276 | 2 381 |
| Investment portfolio | 2 937 | 2 865 | 3 219 |
| Loans and advances to customers | 304 927 | 287 529 | 285 785 |
| Own originated loans and advances to customers securitised | 5 428 | 7 228 | 7 560 |
| Other loans and advances | 86 | 108 | 126 |
| Other securitised assets | 1 440 | 592 | 646 |
| Interests in associated undertakings | 33 | 31 | 27 |
| Current taxation assets | — | 2 | 35 |
| Deferred taxation assets | 2 113 | 2 255 | 2 174 |
| Other assets | 7 590 | 7 107 | 7 275 |
| Property and equipment | 3 359 | 3 427 | 3 329 |
| Investment properties | 1 | 1 | 1 |
| Goodwill | 172 | 172 | 175 |
| Software | 50 | 46 | 70 |
| Other acquired intangible assets | 39 | 64 | 90 |
| Loans to Group companies | 29 962 | 21 489 | 21 715 |
| Non-current assets classified as held for sale | 319 | 498 | 474 |
| | **569 775** | **555 237** | **532 006** |
| **Liabilities** | | | |
| Deposits by banks | 15 965 | 18 721 | 14 458 |
| Derivative financial instruments | 27 796 | 28 912 | 22 429 |
| Other trading liabilities | 2 802 | 3 309 | 2 832 |
| Repurchase agreements and cash collateral on securities lent | 17 742 | 12 091 | 20 373 |
| Customer accounts (deposits) | 434 688 | 420 072 | 399 038 |
| Debt securities in issue | 2 371 | 2 845 | 2 970 |
| Liabilities arising on securitisation of own originated loans and advances | 3 535 | 4 585 | 3 149 |
| Current taxation liabilities | 536 | 557 | 556 |
| Deferred taxation liabilities | 10 | 17 | 25 |
| Other liabilities | 7 132 | 7 089 | 7 208 |
| Loans from Group companies | 946 | 1 066 | 931 |
| | **513 523** | **499 264** | **473 969** |
| Subordinated liabilities | 7 662 | 9 133 | 12 096 |
| | **521 185** | **508 397** | **486 065** |
| **Equity** | | | |
| Ordinary share capital | 32 | 32 | 32 |
| Ordinary share premium | 14 250 | 14 250 | 14 250 |
| Other reserves | 2 298 | 1 017 | 1 342 |
| Retained income | 29 450 | 28 981 | 26 876 |
| **Ordinary shareholders' equity** | **46 030** | **44 280** | **42 500** |
| Perpetual preference share capital and premium | — | — | 1 481 |
| **Shareholders' equity excluding non-controlling interests** | **46 030** | **44 280** | **43 981** |
| Other Additional Tier 1 securities in issue | 2 560 | 2 560 | 1 960 |
| **Total equity** | **48 590** | **46 840** | **45 941** |
| **Total liabilities and equity** | **569 775** | **555 237** | **532 006** |

^ Restated as detailed on page 23.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| R'million | Ordinary share capital | Share premium |
|---|---|---|
| **At 1 April 2021** | **32** | **14 250** |
| **Movement in reserves 1 April 2021 – 30 September 2021** | | |
| Profit after taxation | — | — |
| 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 | — | — |
| Gain on realisation of debt instruments at FVOCI recycled through the income statement | — | — |
| Foreign currency adjustments on translating foreign operations | — | — |
| Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income | — | — |
| Net gain attributable to own credit risk | — | — |
| **Total comprehensive income for the period** | **—** | **—** |
| Dividends paid to ordinary shareholders | — | — |
| Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Issue of Other Additional Tier 1 securities in issue | — | — |
| Capital contribution from Group companies | — | — |
| Other equity movements | — | — |
| **At 30 September 2021** | **32** | **14 250** |
| **Movement in reserves 1 October 2021 – 31 March 2022** | | |
| Profit after taxation | — | — |
| 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 | — | — |
| Gain on realisation of debt instruments at FVOCI recycled through the income statement | — | — |
| Foreign currency adjustments on translating foreign operations | — | — |
| Net loss attributable to own credit risk | — | — |
| **Total comprehensive income for the period** | **—** | **—** |
| Dividends paid to ordinary shareholders | — | — |
| Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Issue of Other Additional Tier 1 securities in issue | — | — |
| Redemption of perpetual preference shares | — | — |
| Capital contribution from Group companies | — | — |
| Other equity movements | — | — |
| **At 31 March 2022** | **32** | **14 250** |
| **Movement in reserves 1 April 2022 – 30 September 2022** | | |
| Profit after taxation | — | — |
| 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 | — | — |
| Gain on realisation of debt instruments at FVOCI recycled through the income statement | — | — |
| Foreign currency adjustments on translating foreign operations | — | — |
| Net gain attributable to own credit risk | — | — |
| **Total comprehensive income for the period** | **—** | **—** |
| Dividends paid to ordinary shareholders | — | — |
| Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders | — | — |
| Net capital contribution from Group companies | — | — |
| Employee benefit liability recognised | — | — |
| Other equity movements | — | — |
| **At 30 September 2022** | **32** | **14 250** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

| Other reserves | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fair value reserve | Regulatory general risk reserve | Cash flow hedge reserve | Own credit risk reserve | Foreign currency reserve | Retained income | **Ordinary shareholders' equity** | Perpetual preference share capital and premium | **Shareholders' equity excluding non-controlling interests** | Other Additional Tier 1 securities in issue | **Total equity** |
| **(871)** | **713** | **(1 540)** | **12** | **2 097** | **29 188** | **43 881** | **1 481** | **45 362** | **1 183** | **46 545** |
| | | | | | | | | | | |
| — | — | — | — | — | 2 711 | 2 711 | | 2 711 | — | 2 711 |
| — | — | (110) | — | — | — | (110) | — | (110) | — | (110) |
| 94 | — | — | — | — | — | 94 | — | 94 | — | 94 |
| (12) | — | — | — | — | — | (12) | — | (12) | — | (12) |
| — | — | — | — | 127 | — | 127 | — | 127 | — | 127 |
| (158) | — | — | — | — | — | (158) | — | (158) | — | (158) |
| — | — | — | 3 | — | — | 3 | — | 3 | — | 3 |
| **(76)** | **—** | **(110)** | **3** | **127** | **2 711** | **2 655** | **—** | **2 655** | **—** | **2 655** |
| — | — | — | — | — | (4 900) | (4 900) | — | (4 900) | — | (4 900) |
| — | — | — | — | — | (106) | (106) | 43 | (63) | 63 | — |
| — | — | — | — | — | — | — | (43) | (43) | (63) | (106) |
| — | — | — | — | — | — | — | — | — | 777 | 777 |
| 947 | — | — | — | — | 23 | 970 | — | 970 | — | 970 |
| — | 40 | — | — | — | (40) | — | — | — | — | — |
| **—** | **753** | **(1 650)** | **15** | **2 224** | **26 876** | **42 500** | **1 481** | **43 981** | **1 960** | **45 941** |
| | | | | | | | | | | |
| — | — | — | — | — | 2 794 | 2 794 | — | 2 794 | — | 2 794 |
| — | — | 30 | — | — | — | 30 | — | 30 | — | 30 |
| (44) | — | — | — | — | — | (44) | — | (44) | — | (44) |
| (23) | — | — | — | — | — | (23) | — | (23) | — | (23) |
| — | — | — | — | (197) | — | (197) | — | (197) | — | (197) |
| — | — | — | (2) | — | — | (2) | — | (2) | — | (2) |
| **(67)** | **—** | **30** | **(2)** | **(197)** | **2 794** | **2 558** | **—** | **2 558** | **—** | **2 558** |
| — | — | — | — | — | (650) | (650) | — | (650) | — | (650) |
| — | — | — | — | — | (161) | (161) | 67 | (94) | 94 | — |
| — | — | — | — | — | — | — | (67) | (67) | (94) | (161) |
| — | — | — | — | — | — | — | — | — | 600 | 600 |
| — | — | — | — | — | 19 | 19 | (1 481) | (1 462) | — | (1 462) |
| (1) | — | — | — | — | 15 | 14 | — | 14 | — | 14 |
| — | (88) | — | — | — | 88 | — | — | — | — | — |
| **(68)** | **665** | **(1 620)** | **13** | **2 027** | **28 981** | **44 280** | **—** | **44 280** | **2 560** | **46 840** |
| | | | | | | | | | | |
| — | — | — | — | — | 3 265 | 3 265 | — | 3 265 | — | 3 265 |
| — | — | (174) | — | — | — | (174) | — | (174) | — | (174) |
| (102) | — | — | — | — | — | (102) | — | (102) | — | (102) |
| (19) | — | — | — | — | — | (19) | — | (19) | — | (19) |
| — | — | — | — | 1 525 | — | 1 525 | — | 1 525 | — | 1 525 |
| — | — | — | 2 | — | — | 2 | — | 2 | — | 2 |
| **(121)** | **—** | **(174)** | **2** | **1 525** | **3 265** | **4 497** | **—** | **4 497** | **—** | **4 497** |
| — | — | — | — | — | (2 700) | (2 700) | — | (2 700) | — | (2 700) |
| — | — | — | — | — | (116) | (116) | — | (116) | 116 | — |
| — | — | — | — | — | — | — | — | — | (116) | (116) |
| — | — | — | — | — | 154 | 154 | — | 154 | — | 154 |
| — | — | — | — | — | (85) | (85) | — | (85) | — | (85) |
| — | 49 | — | — | — | (49) | — | — | — | — | — |
| **(189)** | **714** | **(1 794)** | **15** | **3 552** | **29 450** | **46 030** | **—** | **46 030** | **2 560** | **48 590** |

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| R'million | Six months to 30 Sept 2022 | Six months to 30 Sept 2021 | Year to 31 March 2022 |
|---|---|---|---|
| Net cash inflow/(outflow) from operating activities | 1 377 | (1 674) | 7 204 |
| Net cash (outflow)/inflow from investing activities | (105) | 2 895 | 2 842 |
| Net cash outflow from financing activities* | (4 633) | (5 436) | (10 083) |
| Effects of exchange rate changes on cash and cash equivalents | 1 464 | 148 | (51) |
| **Net decrease in cash and cash equivalents** | **(1 897)** | **(4 067)** | **(88)** |
| Cash and cash equivalents at the beginning of the period | 42 027 | 42 115 | 42 115 |
| **Cash and cash equivalents at the end of the period** | **40 130** | **38 048** | **42 027** |

Cash and cash equivalents is defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

* Net cash (outflow)/inflow from financing activities comprises:

| R'million | Six months to 30 Sept 2022 | Six months to 30 Sept 2021 | Year to 31 March 2022 |
|---|---|---|---|
| Redemption of perpetual preference shares | — | — | (1 462) |
| Proceeds on issue of subordinated liabilities | 2 569 | — | 1 500 |
| Repayment of subordinated liabilities | (4 347) | (1 160) | (5 596) |
| Dividends paid | (2 816) | (5 006) | (5 817) |
| Proceeds on issue of Other Additional Tier 1 securities | — | 777 | 1 377 |
| Lease liabilities paid | (39) | (47) | (85) |
| **Net cash outflow from financing activities** | **(4 633)** | **(5 436)** | **(10 083)** |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Accounting policies and disclosures**
The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements for the six months ended 30 September 2022 are consistent with those adopted in the financial statements for the year ended 31 March 2022.

The condensed consolidated interim financial statements have been prepared under the supervision of Rupesh Govan, the Investec Bank Limited Finance Director.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

## Segmental information

| For the six months to 30 September 2022<br>R'million | Specialist Banking<br>Private Client<br>Private Banking | Specialist Banking<br>Corporate, Investment Banking and Other | Group Investments | Group costs | Total Group |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Net interest income/(expense) | 2 791 | 3 462 | (7) | — | 6 246 |
| Net fee and commission income | 553 | 1 082 | — | — | 1 635 |
| Investment income | 174 | 21 | — | — | 195 |
| Share of post-taxation loss of associates | (4) | — | — | — | (4) |
| Trading income/(loss) arising from | | | | | |
| – customer flow | — | 101 | — | — | 101 |
| – balance sheet management and other trading activities | (5) | (183) | — | — | (188) |
| Other operating income | — | 2 | — | — | 2 |
| **Total operating income before expected credit loss impairment charges** | **3 509** | **4 485** | **(7)** | **—** | **7 987** |
| Expected credit loss impairment release/(charges) | 81 | (103) | — | — | (22) |
| **Operating income** | **3 590** | **4 382** | **(7)** | **—** | **7 965** |
| Operating costs | (1 801) | (1 866) | (1) | (152) | (3 820) |
| **Profit/(loss) before goodwill, acquired intangibles and taxation** | **1 789** | **2 516** | **(8)** | **(152)** | **4 145** |
| **Cost to income ratio** | 51.3% | 41.6% | n/a | n/a | 47.8% |
| **Total assets (R'million)** | 228 192 | 340 852 | 731 | — | 569 775 |

| For the six months to 30 September 2021<br>R'million | Specialist Banking<br>Private Client<br>Private Banking | Specialist Banking<br>Corporate, Investment Banking and Other | Group Investments | Group costs | Total Group |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Net interest income/(expense) | 2 740 | 2 349 | (87) | — | 5 002 |
| Net fee and commission income | 573 | 934 | — | — | 1 507 |
| Investment income/(loss) | 135 | (27) | (25) | — | 83 |
| Share of post-taxation (loss)/profit of associates | (3) | — | 50 | — | 47 |
| Trading income/(loss) arising from | | | | | |
| – customer flow | 1 | 330 | — | — | 331 |
| – balance sheet management and other trading activities | — | (34) | — | — | (34) |
| **Total operating income before expected credit loss impairment charges** | **3 446** | **3 552** | **(62)** | **—** | **6 936** |
| Expected credit loss impairment release/(charges) | 142 | (223) | — | — | (81) |
| **Operating income** | **3 588** | **3 329** | **(62)** | **—** | **6 855** |
| Operating costs | (1 577) | (1 664) | — | (154) | (3 395) |
| **Profit/(loss) before goodwill, acquired intangibles and taxation** | **2 011** | **1 665** | **(62)** | **(154)** | **3 460** |
| **Cost to income ratio** | 45.8% | 46.8% | n/a | n/a | 48.9% |
| **Total assets (R'million)^** | 222 717 | 308 409 | 880 | — | 532 006 |

^ Restated as detailed on page 23.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

## Net interest income

| For the six months to 30 September R'million | Notes | 2022 Average balance sheet value | 2022 Interest income | 2022 Average yield | 2021 Average balance sheet value | 2021 Interest income | 2021 Average yield |
|---|---|---|---|---|---|---|---|
| Cash, near cash and bank debt and sovereign debt securities | 1 | 180 383 | 3 932 | 4.36% | 163 703 | 2 346 | 2.87% |
| Core loans and advances | 2 | 300 762 | 11 391 | 7.57% | 286 785 | 9 660 | 6.74% |
| Private client | | 223 459 | 8 316 | 7.44% | 214 547 | 6 902 | 6.43% |
| Corporate, institutional and other clients | | 77 303 | 3 075 | 7.96% | 72 238 | 2 758 | 7.64% |
| Other debt securities and other loans and advances | | 13 762 | 422 | 6.13% | 15 724 | 320 | 4.07% |
| Other | 3 | 26 813 | 794 | n/a | 21 045 | 481 | n/a |
| | | **521 720** | **16 539** | | **487 257** | **12 807** | |

| For the six months to 30 September R'million | Notes | 2022 Average balance sheet value | 2022 Interest expense | 2022 Average yield | 2021 Average balance sheet value | 2021 Interest expense | 2021 Average yield |
|---|---|---|---|---|---|---|---|
| Deposits by banks and other debt-related securities | 4 | 31 844 | (480) | 3.01% | 36 121 | (391) | 2.16% |
| Customer accounts (deposits) | | 427 955 | (9 252) | 4.32% | 391 334 | (6 828) | 3.49% |
| Subordinated liabilities | | 7 473 | (244) | 6.53% | 12 800 | (419) | 6.55% |
| Other | 5 | 4 550 | (317) | n/a | 5 421 | (167) | n/a |
| | | **471 822** | **(10 293)** | | **445 676** | **(7 805)** | |
| **Net interest income** | | | **6 246** | | | **5 002** | |
| **Net interest margin** | | | **2.39%** | | | **2.05%** | |

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; 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; own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets and loans to Group companies as well as interest income from derivative financial instruments 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 on securitisation of own originated loans and advances, finance lease liabilities and loans from Group companies as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

## Net fee and commission income

| For the six months to 30 September<br>R'million | 2022 | 2021 |
|---|---|---|
| **Specialist Banking net fee and commission income** | **1 635** | **1 507** |
| Specialist Banking fee and commission income | 1 971 | 1 787 |
| Specialist Banking fee and commission expense | (336) | (280) |
| **Net fee and commission income** | **1 635** | **1 507** |
| Annuity fees (net of fees payable) | 894 | 837 |
| Deal fees | 741 | 670 |

All revenue generated from fee and commission income arises from contracts with customers.

## Investment income

| For the six months to 30 September<br>R'million | Listed equities | Unlisted equities | Fair value loan investments | Warrants and profit share | Investment portfolio | Debt securities (sovereign bank and other) | Trading properties | Other asset categories | Total |
|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | |
| Realised | — | (5)* | — | 45 | 40 | 122 | 35 | 8 | 205 |
| Unrealised^ | (7) | (23) | — | 10 | (20) | 9 | — | (39) | (50) |
| Dividend income | 3 | 55* | — | — | 58 | — | — | — | 58 |
| Funding and other net related costs | — | (16) | — | — | (16) | — | (2) | — | (18) |
| | **(4)** | **11** | **—** | **55** | **62** | **131** | **33** | **(31)** | **195** |
| **2021** | | | | | | | | | |
| Realised | 1 | 3 | — | 91 | 95 | 17 | 2 | (7) | 107 |
| Unrealised^ | 23 | (232) | (13) | — | (222) | 6 | — | 13 | (203) |
| Dividend income | 91 | 99 * | — | — | 190 | — | — | — | 190 |
| Funding and other net related costs | — | (11) | — | — | (11) | — | — | — | (11) |
| | **115** | **(141)** | **(13)** | **91** | **52** | **23** | **2** | **6** | **83** |

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised item.
* Includes dividend income and realised fair value losses from unlisted equities classified as non-current assets held for sale.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

## Calculation of headline earnings

| R'million | Six months to 30 Sept 2022 | Six months to 30 Sept 2021 | Year to 31 March 2022 |
|---|---|---|---|
| Profit after taxation | 3 265 | 2 711 | 5 505 |
| Dividend paid to perpetual preference shareholders and Other Additional Tier 1 security holders | (116) | (106) | (267) |
| Gain on redemption of perpetual preference shares | — | — | 19 |
| **Earnings attributable to ordinary shareholders** | **3 149** | **2 605** | **5 257** |
| Headline adjustments, net of taxation | — | — | 3 |
| Impairment of goodwill | — | — | 3 |
| **Headline earnings attributable to ordinary shareholders** | **3 149** | **2 605** | **5 260** |

## Expected credit loss impairment charges

| For the six months to 30 September<br>R'million | 2022 | 2021 |
|---|---|---|
| Expected credit loss impairment charges/(releases) are recognised on the following assets: | | |
| Loans and advances to customers | (4) | 64 |
| Own originated securitised assets | (11) | — |
| Core loans | (15) | 64 |
| Other balance sheet assets | 53 | 13 |
| Off-balance sheet commitments and guarantees | (16) | 4 |
| | **22** | **81** |

ADDITIONAL IAS 34 DISCLOSURES

## Analysis of financial assets and liabilities by measurement category

| **At 30 September 2022**<br>**R'million** | Total instruments at fair value | Financial instruments at amortised cost | Non-financial instruments or scoped out of IFRS 9 | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and balances at central banks | — | 13 564 | — | 13 564 |
| Loans and advances to banks | — | 17 101 | — | 17 101 |
| Non-sovereign and non-bank cash placements | 390 | 12 847 | — | 13 237 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 8 927 | 37 250 | — | 46 177 |
| Sovereign debt securities | 46 850 | 20 538 | — | 67 388 |
| Bank debt securities | 9 750 | 9 927 | — | 19 677 |
| Other debt securities | 6 825 | 6 677 | — | 13 502 |
| Derivative financial instruments | 13 737 | — | — | 13 737 |
| Securities arising from trading activities | 6 936 | — | — | 6 936 |
| Investment portfolio | 2 937 | — | — | 2 937 |
| Loans and advances to customers | 16 816 | 288 111 | — | 304 927 |
| Own originated loans and advances to customers securitised | — | 5 428 | — | 5 428 |
| Other loans and advances | — | 86 | — | 86 |
| Other securitised assets | — | 1 440 | — | 1 440 |
| Interests in associated undertakings | — | — | 33 | 33 |
| Deferred taxation assets | — | — | 2 113 | 2 113 |
| Other assets | 3 214 | 1 288 | 3 088 | 7 590 |
| Property and equipment | — | — | 3 359 | 3 359 |
| Investment properties | — | — | 1 | 1 |
| Goodwill | — | — | 172 | 172 |
| Software | — | — | 50 | 50 |
| Other acquired intangible assets | — | — | 39 | 39 |
| Loans to Group companies | — | 29 962 | — | 29 962 |
| Non-current assets classified as held for sale | 319 | — | — | 319 |
| | **116 701** | **444 219** | **8 855** | **569 775** |
| **Liabilities** | | | | |
| Deposits by banks | — | 15 965 | — | 15 965 |
| Derivative financial instruments | 27 796 | — | — | 27 796 |
| Other trading liabilities | 2 802 | — | — | 2 802 |
| Repurchase agreements and cash collateral on securities lent | 4 298 | 13 444 | — | 17 742 |
| Customer accounts (deposits) | 74 889 | 359 799 | — | 434 688 |
| Debt securities in issue | — | 2 371 | — | 2 371 |
| Liabilities arising on securitisation of own originated loans and advances | — | 3 535 | — | 3 535 |
| Current taxation liabilities | — | — | 536 | 536 |
| Deferred taxation liabilities | — | — | 10 | 10 |
| Other liabilities | 1 428 | 2 399 | 3 305 | 7 132 |
| Loans from Group companies | 149 | 797 | — | 946 |
| | **111 362** | **398 310** | **3 851** | **513 523** |
| Subordinated liabilities | — | 7 662 | — | 7 662 |
| | **111 362** | **405 972** | **3 851** | **521 185** |

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

## Financial instruments carried at fair value

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

The different levels are identified as follows:

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

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

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

| | | Fair value category | | |
|---|---|---|---|---|
| **At 30 September 2022**<br>**R'million** | **Total instruments at fair value** | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Non-sovereign and non-bank cash placements | 390 | — | 390 | — |
| Reverse repurchase agreements and cash collateral on securities borrowed | 8 927 | — | 8 927 | — |
| Sovereign debt securities | 46 850 | 46 850 | — | — |
| Bank debt securities | 9 750 | 4 896 | 4 854 | — |
| Other debt securities | 6 825 | 2 042 | 4 783 | — |
| Derivative financial instruments | 13 737 | 15 | 13 722 | — |
| Securities arising from trading activities | 6 936 | 6 877 | 59 | — |
| Investment portfolio | 2 937 | 69 | 4 | 2 864 |
| Loans and advances to customers | 16 816 | — | 16 023 | 793 |
| Other assets | 3 214 | 2 249 | 965 | — |
| Non-current assets classified as held for sale | 319 | — | — | 319 |
| | **116 701** | **62 998** | **49 727** | **3 976** |
| **Liabilities** | | | | |
| Derivative financial instruments | 27 796 | 1 974 | 25 822 | — |
| Other trading liabilities | 2 802 | 79 | 2 723 | — |
| Repurchase agreements and cash collateral on securities lent | 4 298 | — | 4 298 | — |
| Customer accounts (deposits) | 74 889 | — | 74 889 | — |
| Other liabilities | 1 428 | — | 1 428 | — |
| Loans from Group companies | 149 | — | 149 | — |
| | **111 362** | **2 053** | **109 309** | **—** |
| **Net financial assets/(liabilities) at fair value** | **5 339** | **60 945** | **(59 582)** | **3 976** |

## ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

### Transfers between level 1 and level 2

There were no significant transfers between level 1 and level 2 in the current period.

### Level 3 financial instruments

| R'million | Investment portfolio | Loans and advances to customers | Other level 3 assets | Total |
|---|---|---|---|---|
| Balance at 1 April 2022 | 2 769 | 777 | 498 | 4 044 |
| Net gains/(losses) recognised in the income statement | 81 | (85) | — | (4) |
| Purchases | 9 | — | — | 9 |
| Sales | (34) | — | (179) | (213) |
| Issues | 9 | 101 | — | 110 |
| Settlements | (5) | — | — | (5) |
| Transfers into level 3 | 13 | — | — | 13 |
| Foreign exchange adjustments | 22 | — | — | 22 |
| **Balance at 30 September 2022** | **2 864** | **793** | **319** | **3 976** |

For the period ended 30 September 2022, R13.4 million of investment portfolio/equity instruments has been transferred from level 2 to level 3, due to significant inputs to the valuation model becoming unobservable in the market.

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

The following table quantifies the losses included in the income statement as recognised on level 3 financial instruments:

| For the six months to 30 September 2022<br>R'million | Total | Realised | Unrealised |
|---|---|---|---|
| **Total losses included in the income statement for the period** | | | |
| Investment (loss)/income | (4) | 52 | (56) |
| | **(4)** | **52** | **(56)** |

## ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

**Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type**

The fair value 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 following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

| | | | | | Potential impact on the income statement | |
|---|---|---|---|---|---|---|
| **At 30 September 2022** | **Level 3 balance sheet value R'million** | Valuation method | Significant unobservable input changed | Range of unobservable input used | **Favourable changes R'million** | **Unfavourable changes R'million** |
| **Assets** | | | | | | |
| Investment portfolio | 2 864 | | | | **312** | **(360)** |
| | | Price-earnings | EBITDA | * | 158 | (197) |
| | | Discounted cash flow | Cash flows | * | 23 | (24) |
| | | Net asset value | Underlying asset value | ^ | 39 | (67) |
| | | Discounted cash flow | Precious and industrial metal prices | (5%)-5% | 27 | (27) |
| | | Other | Various | ** | 65 | (45) |
| Loans and advances to customers | 793 | | | | **236** | **(237)** |
| | | Underlying asset value | Property values | * | 234 | (235) |
| | | Net asset value | Underlying asset value | ^ | 2 | (2) |
| Non-current assets classified as held for sale | 319 | Discounted cash flow | Discount rate | 13%-16% | 27 | – |
| **Total** | **3 976** | | | | **575** | **(597)** |

* The EBITDA, cash flows and property values have been stressed on an investment-by-investment and loan-by-loan basis in order to obtain favourable and unfavourable valuations.

** The valuation sensitivity of certain equity investments have been assessed by adjusting various inputs such as expected cash flows, discount rates, 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 investments cannot be determined through the adjustment of a single input.

^ Net asset values are calculated by reference to the fair value of the assets and liabilities within the entity.

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

**EBITDA**
The Company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price-earnings multiple valuation method.

**Discount rates**
Discount rates (including WACC) 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.

**Cash flows**
Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

**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.

**Price of precious and industrial metals**
The price of precious and industrial metals is a key driver of future cash flows on these investments.

**Price-earnings multiple**
The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

## Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

| | Valuation basis/techniques | Main inputs |
|---|---|---|
| **Assets** | | |
| Non-sovereign and non-bank cash placements | Discounted cash flow model | Yield curve |
| Reverse repurchase agreements and cash collateral on securities borrowed | Discounted cash flow model | Yield curve |
| Bank debt securities | Discounted cash flow model | Yield curve |
| Other debt securities | Discounted cash flow model | Yield curve |
| Derivative financial instruments | Discounted cash flow model<br>Black-Scholes | Yield curve<br>Volatilities |
| Securities arising from trading activities | Adjusted quoted price<br>Discounted cash flow model | Liquidity adjustment<br>Yield curve |
| Investment portfolio | Adjusted quoted price | Liquidity adjustment |
| Loans and advances to customers | Discounted cash flow model | Yield curve |
| Other assets | Discounted cash flow model | Yield curve |
| **Liabilities** | | |
| Derivative financial instruments | Discounted cash flow model<br>Black-Scholes | Yield curve<br>Volatilities |
| Other trading liabilities | Discounted cash flow model | Yield curve |
| Repurchase agreements and cash collateral on securities lent | Discounted cash flow model | Yield curve |
| Customer accounts (deposits) | Discounted cash flow model | Yield curve |
| Other liabilities | Discounted cash flow model | Yield curve |
| Loans from Group companies | Discounted cash flow model | Yield curve |

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

## Fair value of financial assets and liabilities at amortised cost

| **At 30 September 2022**<br>**R'million** | **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 | 13 564 | 13 564 | — | — |
| Loans and advances to banks | 17 101 | 17 101 | — | — |
| Non-sovereign and non-bank cash placements | 12 847 | 12 847 | — | — |
| Reverse repurchase agreements and cash collateral on securities borrowed | 37 250 | 6 895 | 30 355 | 30 362 |
| Sovereign debt securities | 20 538 | 1 847 | 18 691 | 18 773 |
| Bank debt securities | 9 927 | – | 9 927 | 9 781 |
| Other debt securities | 6 677 | 3 911 | 2 766 | 2 879 |
| Loans and advances to customers | 288 111 | 268 481 | 19 630 | 19 651 |
| Own originated loans and advances to customers securitised | 5 428 | 5 428 | — | — |
| Other loans and advances | 86 | 86 | — | — |
| Other securitised assets | 1 440 | 1 440 | — | — |
| Other assets | 1 288 | 1 288 | — | — |
| Loans to Group companies | 29 962 | 29 962 | — | — |
| | **444 219** | **362 850** | **81 369** | **81 446** |
| **Liabilities** | | | | |
| Deposits by banks | 15 965 | 3 310 | 12 655 | 12 899 |
| Repurchase agreements and cash collateral on securities lent | 13 444 | 9 210 | 4 234 | 4 392 |
| Customer accounts (deposits) | 359 799 | 218 787 | 141 012 | 140 670 |
| Debt securities in issue | 2 371 | 1 713 | 658 | 656 |
| Liabilities arising on securitisation of own originated loans and advances | 3 535 | 3 535 | — | — |
| Other liabilities | 2 399 | 2 399 | — | — |
| Loans from Group companies and subsidiaries | 797 | 797 | — | — |
| Subordinated liabilities | 7 662 | — | 7 662 | 8 353 |
| | **405 972** | **239 751** | **166 221** | **166 970** |

ADDITIONAL NOTE DISCLOSURES

## Extract of operating costs

| For the six months to 30 September<br>R'million | 2022 | 2021 |
|---|---|---|
| Staff costs | 2 954 | 2 663 |
| Premises expenses | 145 | 126 |
| Premises expenses (excluding depreciation) | 54 | 33 |
| Premises depreciation | 91 | 93 |
| Equipment expenses (excluding depreciation) | 215 | 171 |
| Business expenses | 271 | 220 |
| Marketing expenses | 157 | 130 |
| Depreciation, amortisation and impairment on property, equipment, software and intangibles | 78 | 85 |
| | **3 820** | **3 395** |

## Extract of reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

| At<br>R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| **Assets** | | |
| Gross reverse repurchase agreements and cash collateral on securities borrowed | 46 178 | 56 441 |
| Expected credit loss on amortised cost | (1) | (4) |
| **Net reverse repurchase agreements and cash collateral on securities borrowed** | **46 177** | **56 437** |
| Reverse repurchase agreements | 39 711 | 48 430 |
| Cash collateral on securities borrowed | 6 466 | 8 007 |
| | **46 177** | **56 437** |
| **Liabilities** | | |
| Repurchase agreements | 8 824 | 6 772 |
| Cash collateral on securities lent | 8 918 | 5 319 |
| | **17 742** | **12 091** |

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

| At<br>R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| Gross loans and advances to customers at amortised cost | 290 928 | 269 519 |
| Gross loans and advances to customers designated at FVPL at inception^ | 15 500 | 19 320 |
| Gross loans and advances to customers subject to ECL | 306 428 | 288 839 |
| Expected credit loss on amortised cost | (2 859) | (2 667) |
| | 303 569 | 286 172 |
| Loans and advances to customers at fair value | 1 358 | 1 357 |
| **Net loans and advances to customers** | **304 927** | **287 529** |
| Gross other loans and advances | 110 | 132 |
| Expected credit loss of other loans and advances | (24) | (24) |
| **Net other loans and advances** | **86** | **108** |

^ These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans and advances measured at amortised cost.

## Extract of securitised assets and liabilities arising on securitisation

| At<br>R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| Gross own originated loans and advances to customers securitised | 5 444 | 7 255 |
| Expected credit loss of own originated loans and advances to customers securitised | (16) | (27) |
| **Net own originated loans and advances to customers securitised** | **5 428** | **7 228** |
| **Total other securitised assets** | **1 440** | **592** |

ADDITIONAL NOTE DISCLOSURES
CONTINUED

## Other assets

| At<br>R'million | 30 Sept 2022 | 31 March 2022^ |
|---|---|---|
| Gross other assets | 7 590 | 7 107 |
| Expected credit loss on amortised cost | — | — |
| **Net other assets** | **7 590** | **7 107** |
| Settlement debtors | 117 | 1 515 |
| Trading properties | 79 | 97 |
| Prepayments and accruals | 1 496 | 1 072 |
| Trading initial margin | 3 213 | 3 000 |
| Commodities | 1 792 | 788 |
| Fee debtors | 6 | 76 |
| Other | 887 | 559 |
| | **7 590** | **7 107** |

^ Restated as detailed on page 23.

## Debt securities in issue

| At<br>R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| **Repayable in:** | | |
| Less than three months | 551 | 1 035 |
| Three months to one year | 1 811 | 1 571 |
| One to five years | 9 | 239 |
| | **2 371** | **2 845** |

## Extract of subordinated liabilities

| At<br>R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| **Remaining maturity:** | | |
| In one year or less, or on demand | 1 956 | 5 377 |
| In more than one year, but not more than two years | — | 620 |
| In more than two years, but not more than five years | 5 706 | 2 036 |
| In more than five years | — | 1 100 |
| | **7 662** | **9 133** |

ADDITIONAL NOTE DISCLOSURES
CONTINUED

## Offsetting

| | Amounts subject to enforceable netting arrangements | | | | |
|---|---|---|---|---|---|
| | Effects of offsetting on balance sheet | | | Related amounts not offset | |
| **At 30 September 2022**<br>**R'million** | Gross amounts | Amounts offset | **Net amounts reported on the balance sheet** | Financial instruments (including non-cash collateral) | **Net amount** |
| **Assets** | | | | | |
| Cash and balances at central banks | 13 564 | — | 13 564 | — | 13 564 |
| Loans and advances to banks | 25 789 | (8 688) | 17 101 | (270) | 16 831 |
| Non-sovereign and non-bank cash placements | 13 237 | — | 13 237 | — | 13 237 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 47 165 | (988) | 46 177 | (1 231) | 44 946 |
| Sovereign debt securities | 67 388 | — | 67 388 | (1 641) | 65 747 |
| Bank debt securities | 19 677 | — | 19 677 | (1 333) | 18 344 |
| Other debt securities | 13 502 | — | 13 502 | (1 259) | 12 243 |
| Derivative financial instruments | 29 783 | (16 046) | 13 737 | (7 138) | 6 599 |
| Securities arising from trading activities | 6 936 | — | 6 936 | (3 061) | 3 875 |
| Investment portfolio | 2 937 | — | 2 937 | — | 2 937 |
| Loans and advances to customers | 304 927 | — | 304 927 | — | 304 927 |
| Own originated loans and advances to customers securitised | 5 428 | — | 5 428 | — | 5 428 |
| Other loans and advances | 86 | — | 86 | — | 86 |
| Other securitised assets | 1 440 | — | 1 440 | — | 1 440 |
| Other assets | 7 590 | — | 7 590 | — | 7 590 |
| | **559 449** | **(25 722)** | **533 727** | **(15 933)** | **517 794** |
| **Liabilities** | | | | | |
| Deposits by banks | 20 658 | (4 693) | 15 965 | — | 15 965 |
| Derivative financial instruments | 47 837 | (20 041) | 27 796 | (7 138) | 20 658 |
| Other trading liabilities | 2 802 | — | 2 802 | — | 2 802 |
| Repurchase agreements and cash collateral on securities lent | 18 730 | (988) | 17 742 | (8 527) | 9 215 |
| Customer accounts (deposits) | 434 688 | — | 434 688 | — | 434 688 |
| Debt securities in issue | 2 371 | — | 2 371 | — | 2 371 |
| Liabilities arising on securitisation of own originated loans and advances | 3 535 | — | 3 535 | — | 3 535 |
| Other liabilities | 7 132 | — | 7 132 | — | 7 132 |
| Subordinated liabilities | 7 662 | — | 7 662 | — | 7 662 |
| | **545 415** | **(25 722)** | **519 693** | **(15 665)** | **504 028** |

ADDITIONAL NOTE DISCLOSURES
CONTINUED

## Offsetting continued)

| At 31 March 2022<br>R'million | Amounts subject to enforceable netting arrangements | | | | |
|---|---|---|---|---|---|
| | Effects of offsetting on balance sheet | | | Related amounts not offset | |
| | Gross amounts | Amounts offset | **Net amounts reported on the balance sheet** | Financial instruments (including non-cash collateral) | **Net amount** |
| **Assets** | | | | | |
| Cash and balances at central banks | 11 893 | — | 11 893 | — | 11 893 |
| Loans and advances to banks | 27 160 | (7 551) | 19 609 | — | 19 609 |
| Non-sovereign and non-bank cash placements | 13 176 | — | 13 176 | — | 13 176 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 57 423 | (986) | 56 437 | (3 134) | 53 303 |
| Sovereign debt securities | 57 380 | — | 57 380 | (1 780) | 55 600 |
| Bank debt securities | 27 955 | — | 27 955 | (1 357) | 26 598 |
| Other debt securities | 15 439 | — | 15 439 | (1 236) | 14 203 |
| Derivative financial instruments | 23 551 | (5 893) | 17 658 | (5 499) | 12 159 |
| Securities arising from trading activities | 2 276 | — | 2 276 | (166) | 2 110 |
| Investment portfolio | 2 865 | — | 2 865 | — | 2 865 |
| Loans and advances to customers | 287 529 | — | 287 529 | — | 287 529 |
| Own originated loans and advances to customers securitised | 7 228 | — | 7 228 | — | 7 228 |
| Other loans and advances | 108 | — | 108 | — | 108 |
| Other securitised assets | 592 | — | 592 | — | 592 |
| Other assets^ | 7 107 | — | 7 107 | — | 7 107 |
| | **541 682** | **(14 430)** | **527 252** | **(13 172)** | **514 080** |
| **Liabilities** | | | | | |
| Deposits by banks | 22 689 | (3 968) | 18 721 | — | 18 721 |
| Derivative financial instruments^ | 38 388 | (9 476) | 28 912 | (5 499) | 23 413 |
| Other trading liabilities | 3 309 | — | 3 309 | — | 3 309 |
| Repurchase agreements and cash collateral on securities lent | 13 077 | (986) | 12 091 | (6 920) | 5 171 |
| Customer accounts (deposits) | 420 072 | — | 420 072 | — | 420 072 |
| Debt securities in issue | 2 845 | — | 2 845 | — | 2 845 |
| Liabilities arising on securitisation of own originated loans and advances | 4 585 | — | 4 585 | — | 4 585 |
| Other liabilities | 7 089 | — | 7 089 | — | 7 089 |
| Subordinated liabilities | 9 133 | — | 9 133 | — | 9 133 |
| | **521 187** | **(14 430)** | **506 757** | **(12 419)** | **494 338** |

^ Restated as detailed on page 23.

# RESTATEMENTS

**Balance sheet restatements**
**Derivative financial instruments and other assets**
As at 30 September 2021 and 31 March 2022, initial margin on collateral, which is not available as an offset to individual exposures, was recorded in derivative financial instruments liabilities instead of other assets. The comparative balance sheets have been restated for the reclassification. This change has no impact on the comparative income statements and cash flow statements.

The impact of this change on the 30 September 2021 balance sheet is:

| R'million | At 30 September 2021 as previously reported | Restatement | **At 30 September 2021 restated** |
|---|---|---|---|
| **Assets** | | | |
| Other assets | 5 708 | 1 567 | 7 275 |
| Total assets | 530 439 | 1 567 | 532 006 |
| **Liabilities** | | | |
| Derivative financial instruments | 20 862 | 1 567 | 22 429 |
| Total liabilities | 484 498 | 1 567 | 486 065 |

The impact of this change on the 31 March 2022 balance sheet is:

| R'million | At 31 March 2022 as previously reported | Restatement | **At 31 March 2022 restated** |
|---|---|---|---|
| **Assets** | | | |
| Other assets | 5 746 | 1 361 | 7 107 |
| Total assets | 553 876 | 1 361 | 555 237 |
| **Liabilities** | | | |
| Derivative financial instruments | 27 551 | 1 361 | 28 912 |
| Total liabilities | 507 036 | 1 361 | 508 397 |

The impact of this change on the 31 March 2021 balance sheet is:

| R'million | At 31 March 2021 as previously reported | Restatement | **At 31 March 2021 restated** |
|---|---|---|---|
| **Assets** | | | |
| Other assets | 7 382 | 1 468 | 8 850 |
| Total assets | 509 492 | 1 468 | 510 960 |
| **Liabilities** | | | |
| Derivative financial instruments | 23 011 | 1 468 | 24 479 |
| Total liabilities | 462 947 | 1 468 | 464 415 |

# ASSET QUALITY

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

## An analysis of gross core loans, asset quality and ECL

The table below summarises the asset quality of our gross core loans.

Asset quality metrics reflect the solid performance of core loans for the six months ended 30 September 2022. There was annualised growth of 10.6% in gross core loans mainly due to increased activity and exchange rate movements in corporate client lending, predominantly in the corporate and acquisition finance and fund finance portfolios.

Stage 3 exposures increased to 2.2% of gross core loans subject to ECL at 30 September 2022 (31 March 2022: 1.8%) mainly due to a single name exposure migrating from Stage 2 as well as other single name exposures moving from Stage 1. There has been a decrease in Stage 2 to 4.7% of gross core loans subject to ECL at 30 September 2022 (31 March 2022: 5.9%), mainly due to various corporate exposures which have improved post COVID-19 as well as the Stage 3 migration mentioned above.

The management ECL overlay in the Private banking portfolio was revised to R189 million at 30 September 2022 (31 March 2022: R219 million). The residential mortgage portfolio overlay of R30 million has been fully released in response to amendments to the ECL models and changes in the published market data. An increase in the balance sheet ECLs is mainly attributable to an impairment on a single counterparty offset by ECL impairment reversals and the management ECL overlay release.

Overall coverage for Stage 1 and Stage 2 is at 0.4% for 30 September 2022 (31 March 2022: 0.5%). Stage 3 coverage is at 22.4% (31 March 2022: 22.5%).

| R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| **Gross core loans** | **313 230** | **297 451** |
| of which subject to ECL* | 311 872 | 296 094 |
| of which FVPL (excluding fixed rate loans above) | 1 358 | 1 357 |
| **Gross core loans subject to ECL** | **311 872** | **296 094** |
| Stage 1 | 290 245 | 273 138 |
| Stage 2 | 14 713 | 17 589 |
| of which past due greater than 30 days | 589 | 328 |
| Stage 3 | 6 914 | 5 367 |
| **ECL** | **(2 875)** | **(2 694)** |
| Stage 1 | (768) | (868) |
| Stage 2 | (555) | (620) |
| Stage 3 | (1 552) | (1 206) |
| **Coverage ratio** | | |
| Stage 1 | 0.26% | 0.32% |
| Stage 2 | 3.8% | 3.5% |
| Stage 3 | 22.4% | 22.5% |
| **Annualised credit loss ratio** | **(0.01)%** | **0.00%** |
| ECL impairment charges on core loans | 15 | (7) |
| Average gross core loans subject to ECL | 303 983 | 290 320 |
| **An analysis of Stage 3 gross core loans subject to ECL** | | |
| Stage 3 net of ECL | 5 362 | 4 161 |
| Aggregate collateral and other credit enhancements on Stage 3 | 5 593 | 5 734 |
| Stage 3 as a % of gross core loans subject to ECL | 2.2% | 1.8% |
| Total ECL as a % of Stage 3 exposure | 41.6% | 50.2% |
| Stage 3 net of ECL as a % of net core loans subject to ECL | 1.7% | 1.4% |

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the SPPI test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R14.5 billion of the drawn exposure falls into Stage 1 (31 March 2022: R17.0 billion), R16 million falls in Stage 2 (31 March 2022: R1.4 billion) and the remaining R1.0 billion falls into Stage 3 (31 March 2022: R907 million). The ECL on the Stage 1 portfolio is R42.2 million (31 March 2022: R57.8 million), ECL on Stage 2 is R0.1 million (31 March 2022: R17.9 million) and the ECL on Stage 3 portfolio is R237.4 million (31 March 2022: R196.0 million).

.

# ASSET QUALITY
CONTINUED

**An analysis of staging and ECL movements for core loans subject to ECL**
The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2022 to 30 September 2022.

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| **R'million** | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL | **Gross exposure** | **ECL** |
| **At 31 March 2022** | **273 138** | **(868)** | **17 589** | **(620)** | **5 367** | **(1 206)** | **296 094** | **(2 694)** |
| Transfer from Stage 1 | (5 087) | 21 | 3 734 | (18) | 1 353 | (3) | — | — |
| Transfer from Stage 2 | 4 630 | (101) | (5 403) | 509 | 773 | (408) | — | — |
| Transfer from Stage 3 | 79 | (9) | 70 | (9) | (149) | 18 | — | — |
| ECL remeasurement arising from transfer of stage | — | 84 | — | (444) | — | (58) | — | (418) |
| New lending and repayments/ write-offs | 14 059 | (33) | (1 472) | 4 | (437) | 26 | 12 150 | (3) |
| Changes to risk parameters and models | — | 149 | — | 23 | — | 80 | — | 252 |
| Foreign exchange and other | 3 426 | (11) | 195 | — | 7 | (1) | 3 628 | (12) |
| **At 30 September 2022** | **290 245** | **(768)** | **14 713** | **(555)** | **6 914** | **(1 552)** | **311 872** | **(2 875)** |
| | | | | | | | | |
| **At 31 March 2021** | **262 395** | **(984)** | **14 969** | **(416)** | **7 183** | **(1 328)** | **284 547** | **(2 728)** |
| Transfer from Stage 1 | (4 290) | 57 | 4 080 | (55) | 210 | (2) | — | — |
| Transfer from Stage 2 | 2 361 | (48) | (3 882) | 109 | 1 521 | (61) | — | — |
| Transfer from Stage 3 | 154 | (24) | 1 834 | (12) | (1 988) | 36 | — | — |
| ECL remeasurement arising from transfer of stage | — | 16 | — | (122) | — | (206) | — | (312) |
| New lending and repayments/ write-offs | 11 130 | (26) | (476) | 16 | (662) | 223 | 9 992 | 213 |
| Changes to risk parameters and models | — | 31 | — | (38) | — | (9) | — | (16) |
| Foreign exchange and other | 238 | (3) | 12 | — | 6 | (1) | 256 | (4) |
| **At 30 September 2021** | **271 988** | **(981)** | **16 537** | **(518)** | **6 270** | **(1 348)** | **294 795** | **(2 847)** |

ASSET QUALITY
CONTINUED

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

| | Gross core loans at amortised cost and FVPL (subject to ECL) | | | | | | | | Gross core loans at FVPL (not subject to ECL) | Gross core loans |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | | | |
| R'million | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL | **Gross exposure** | **ECL** | | |
| **At 30 September 2022** | | | | | | | | | | |
| **Commercial real estate** | **48 203** | **(167)** | **5 587** | **(156)** | **2 511** | **(405)** | **56 301** | **(728)** | **—** | **56 301** |
| Commercial real estate – investment | 45 915 | (158) | 5 504 | (156) | 2 506 | (403) | 53 925 | (717) | — | 53 925 |
| Commercial real estate – development | 1 673 | (7) | 77 | — | — | — | 1 750 | (7) | — | 1 750 |
| Commercial vacant land and planning | 615 | (2) | 6 | — | 5 | (2) | 626 | (4) | — | 626 |
| **Residential real estate** | **6 428** | **(25)** | **231** | **(7)** | **175** | **(3)** | **6 834** | **(35)** | **—** | **6 834** |
| Residential real estate – investment | 3 016 | (7) | 214 | (7) | — | — | 3 230 | (14) | — | 3 230 |
| Residential real estate – development | 2 641 | (14) | — | — | — | — | 2 641 | (14) | — | 2 641 |
| Residential vacant land and planning | 771 | (4) | 17 | — | 175 | (3) | 963 | (7) | — | 963 |
| **Total lending collateralised by property*** | **54 631** | **(192)** | **5 818** | **(163)** | **2 686** | **(408)** | **63 135** | **(763)** | — | **63 135** |
| **Coverage ratio** | | **0.35%** | | **2.8%** | | **15.2%** | | **1.2%** | | |
| **At 31 March 2022** | | | | | | | | | | |
| **Commercial real estate** | **47 228** | **(200)** | **4 374** | **(116)** | **1 356** | **(309)** | **52 958** | **(625)** | **—** | **52 958** |
| Commercial real estate – investment | 44 645 | (193) | 4 305 | (115) | 1 351 | (308) | 50 301 | (616) | — | 50 301 |
| Commercial real estate – development | 1 997 | (6) | 52 | — | — | — | 2 049 | (6) | — | 2 049 |
| Commercial vacant land and planning | 586 | (1) | 17 | (1) | 5 | (1) | 608 | (3) | — | 608 |
| **Residential real estate** | **5 647** | **(25)** | **1 581** | **(10)** | **234** | **(2)** | **7 462** | **(37)** | **—** | **7 462** |
| Residential real estate – investment | 2 393 | (5) | 564 | (9) | — | — | 2 957 | (14) | — | 2 957 |
| Residential real estate – development | 2 451 | (14) | 1 003 | (1) | — | — | 3 454 | (15) | — | 3 454 |
| Residential vacant land and planning | 803 | (6) | 14 | — | 234 | (2) | 1 051 | (8) | — | 1 051 |
| **Total lending collateralised by property*** | **52 875** | **(225)** | **5 955** | **(126)** | **1 590** | **(311)** | **60 420** | **(662)** | — | **60 420** |
| **Coverage ratio** | | **0.43%** | | **2.1%** | | **19.6%** | | **1.1%** | | |

* In addition, 59% of high net worth and specialised lending (31 March 2022: 60%) shown on the next page relates to lending collateralised by property which is supported by high net worth clients.

## ASSET QUALITY
CONTINUED

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

| | Gross core loans at amortised cost and FVPL (subject to ECL) | | | | | | | | Gross core loans at FVPL (not subject to ECL) | Gross core loans |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | | | |
| **R'million** | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL | **Gross exposure** | **ECL** | | |
| **At 30 September 2022** | | | | | | | | | | |
| Mortgages | 81 404 | (55) | 4 779 | (167) | 1 161 | (219) | 87 344 | (441) | — | 87 344 |
| High net worth and specialised lending* | 68 822 | (190) | 467 | (19) | 1 211 | (120) | 70 500 | (329) | — | 70 500 |
| **Total high net worth and other private client lending** | **150 226** | **(245)** | **5 246** | **(186)** | **2 372** | **(339)** | **157 844** | **(770)** | **—** | **157 844** |
| **Coverage ratio** | | **0.16%** | | **3.5%** | | **14.3%** | | **0.5%** | | |
| **At 31 March 2022** | | | | | | | | | | |
| Mortgages | 80 276 | (64) | 4 337 | (172) | 1 169 | (204) | 85 782 | (440) | — | 85 782 |
| High net worth and specialised lending* | 68 163 | (228) | 662 | (19) | 1 466 | (157) | 70 291 | (404) | — | 70 291 |
| **Total high net worth and other private client lending** | **148 439** | **(292)** | **4 999** | **(191)** | **2 635** | **(361)** | **156 073** | **(844)** | **—** | **156 073** |
| **Coverage ratio** | | **0.20%** | | **3.8%** | | **13.7%** | | **0.5%** | | |

* 59% of high net worth and specialised lending (31 March 2022: 60%) relates to lending collateralised by property which is supported by high net worth clients.

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

| | Gross core loans at amortised cost and FVPL (subject to ECL) | | | | | | | | Gross core loans at FVPL (not subject to ECL) | Gross core loans |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | | | |
| R'million | Gross exposure | ECL | Gross exposure | ECL | Gross exposure | ECL | **Gross exposure** | **ECL** | | |
| **At 30 September 2022** | | | | | | | | | | |
| Corporate and acquisition finance | 60 916 | (210) | 2 684 | (205) | 1 753 | (726) | 65 353 | (1 141) | 1 358 | 66 711 |
| Fund finance | 10 077 | (13) | — | — | — | — | 10 077 | (13) | — | 10 077 |
| Financial institutions and governments | 2 882 | (66) | 669 | — | — | — | 3 551 | (66) | — | 3 551 |
| Small ticket asset finance | 4 054 | (6) | 71 | — | 103 | (79) | 4 228 | (85) | — | 4 228 |
| Aviation finance* | 2 102 | (23) | 140 | — | — | — | 2 242 | (23) | — | 2 242 |
| Power and infrastructure finance | 5 357 | (13) | 85 | (1) | — | — | 5 442 | (14) | — | 5 442 |
| **Total corporate and other lending** | **85 388** | **(331)** | **3 649** | **(206)** | **1 856** | **(805)** | **90 893** | **(1 342)** | **1 358** | **92 251** |
| **Coverage ratio** | | **0.39%** | | **5.6%** | | **43.4%** | | **1.5%** | | |
| **At 31 March 2022** | | | | | | | | | | |
| Corporate and acquisition finance | 49 777 | (274) | 6 312 | (291) | 969 | (440) | 57 058 | (1 005) | 1 357 | 58 415 |
| Fund finance | 7 461 | (12) | — | — | — | — | 7 461 | (12) | — | 7 461 |
| Financial institutions and governments | 3 192 | (6) | — | — | 19 | (2) | 3 211 | (8) | — | 3 211 |
| Small ticket asset finance | 4 120 | (17) | 103 | (1) | 153 | (91) | 4 376 | (109) | — | 4 376 |
| Aviation finance* | 1 494 | (25) | 131 | (9) | 1 | (1) | 1 626 | (35) | — | 1 626 |
| Power and infrastructure finance | 5 780 | (17) | 89 | (2) | — | — | 5 869 | (19) | — | 5 869 |
| **Total corporate and other lending** | **71 824** | **(351)** | **6 635** | **(303)** | **1 142** | **(534)** | **79 601** | **(1 188)** | **1 357** | **80 958** |
| **Coverage ratio** | | **0.49%** | | **4.6%** | | **46.8%** | | **1.5%** | | |

* There are additional aviation exposures of R1.5 biillion (31 March 2022: R640 million) in Corporate and acquisition finance and nil (31 March 2022: R213 million) in Financial institutions and governments.

# ASSET QUALITY
CONTINUED

## An analysis of our gross credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

| **At 30 September 2022**<br>**R'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 | 12 792 | — | 12 792 | — | 772 | 13 564 |
| Loans and advances to banks | 17 121 | — | 17 121 | (20) | — | 17 101 |
| Non-sovereign and non-bank cash placement | 13 303 | 390 | 12 913 | (66) | — | 13 237 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 46 178 | 8 927 | 37 251 | (1) | — | 46 177 |
| Sovereign debt securities | 67 410 | 7 502 | 59 908 | (58) | — | 67 352 |
| Bank debt securities | 19 689 | 266 | 19 423 | (22) | — | 19 667 |
| Other debt securities | 13 515 | 322 | 13 193 | (26) | — | 13 489 |
| Derivative financial instruments | 9 773 | 9 773 | — | — | 3 964 | 13 737 |
| Securities arising from trading activities | 6 922 | 6 922 | — | — | 14 | 6 936 |
| Investment portfolio | — | — | — | — | 2 937* | 2 937 |
| Loans and advances to customers | 307 786 | 16 858 | 290 928 | (2 859) | — | 304 927 |
| Own originated loans and advances to customers securitised | 5 444 | — | 5 444 | (16) | — | 5 428 |
| Other loans and advances | 110 | — | 110 | (24) | — | 86 |
| Other securitised assets | — | — | — | — | 1 440^^ | 1 440 |
| Interest in associated undertakings | — | — | — | — | 33 | 33 |
| Current taxation assets | — | — | — | — | — | — |
| Deferred taxation assets | — | — | — | — | 2 113 | 2 113 |
| Other assets | — | — | — | — | 7 590** | 7 590 |
| Property and equipment | — | — | — | — | 3 359 | 3 359 |
| Investment properties | — | — | — | — | 1 | 1 |
| Goodwill | — | — | — | — | 172 | 172 |
| Other acquired intangible assets | — | — | — | — | 39 | 39 |
| Software | — | — | — | — | 50 | 50 |
| Non-current assets classified as held for resale | — | — | — | — | 319 | 319 |
| Loans to Group companies | — | — | — | — | 29 962 | 29 962 |
| **Total on-balance sheet exposures** | **520 043** | **50 960** | **469 083** | **(3 092)** | **52 765** | **569 716** |
| Guarantees | 20 734 | — | 20 734 | (4) | 1 804 | 22 534 |
| Committed facilities related to loans and advances to customers | 70 163 | — | 70 163 | (52) | — | 70 111 |
| Contingent liabilities, letters of credit and other | 10 764 | 5 536 | 5 228 | — | 23 359 | 34 123 |
| **Total off-balance sheet exposures** | **101 661** | **5 536** | **96 125** | **(56)** | **25 163** | **126 768** |
| **Total exposures** | **621 704** | **56 496** | **565 208** | **(3 148)** | **77 928** | **696 484** |

^ Includes R59 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** 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

## An analysis of our gross credit and counterparty exposures (continued)

| **At 31 March 2022**<br>**R'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 | 11 245 | — | 11 245 | — | 648 | 11 893 |
| Loans and advances to banks | 19 611 | — | 19 611 | (2) | — | 19 609 |
| Non-sovereign and non-bank cash placement | 13 209 | 564 | 12 645 | (33) | — | 13 176 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 56 441 | 23 346 | 33 095 | (4) | — | 56 437 |
| Sovereign debt securities | 57 382 | 7 161 | 50 221 | (48) | — | 57 334 |
| Bank debt securities | 27 964 | 288 | 27 676 | (17) | — | 27 947 |
| Other debt securities | 15 447 | 307 | 15 140 | (27) | — | 15 420 |
| Derivative financial instruments | 6 948 | 6 948 | — | — | 10 710 | 17 658 |
| Securities arising from trading activities | 2 197 | 2 197 | — | — | 79 | 2 276 |
| Investment portfolio | — | — | — | — | 2 865* | 2 865 |
| Loans and advances to customers | 290 196 | 20 677 | 269 519 | (2 667) | — | 287 529 |
| Own originated loans and advances to customers securitised | 7 255 | — | 7 255 | (27) | — | 7 228 |
| Other loans and advances | 132 | — | 132 | (24) | — | 108 |
| Other securitised assets | — | — | — | — | 592^^ | 592 |
| Interest in associated undertakings | — | — | — | — | 31 | 31 |
| Current taxation assets | — | — | — | — | 2 | 2 |
| Deferred taxation assets | — | — | — | — | 2 255 | 2 255 |
| Other assets[#] | 241 | — | 241 | — | 6 866** | 7 107 |
| Property and equipment | — | — | — | — | 3 427 | 3 427 |
| Investment properties | — | — | — | — | 1 | 1 |
| Goodwill | — | — | — | — | 172 | 172 |
| Other Intangible assets | — | — | — | — | 64 | 64 |
| Software | — | — | — | — | 46 | 46 |
| Non-current assets classified as held for resale | — | — | — | — | 498 | 498 |
| Loans to Group companies | — | — | — | — | 21 489 | 21 489 |
| **Total on-balance sheet exposures** | **508 268** | **61 488** | **446 780** | **(2 849)** | **49 745** | **555 164** |
| Guarantees | 16 984 | — | 16 984 | (5) | 1 794 | 18 773 |
| Committed facilities related to loans and advances to customers | 66 964 | — | 66 964 | (65) | — | 66 899 |
| Contingent liabilities, letters of credit and other | 9 229 | 4 493 | 4 736 | — | 21 971 | 31 200 |
| **Total off-balance sheet exposures** | **93 177** | **4 493** | **88 684** | **(70)** | **23 765** | **116 872** |
| **Total exposures** | **601 445** | **65 981** | **535 464** | **(2 919)** | **73 510** | **672 036** |

^ Includes R73 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.

* Largely relates to exposures that are classified as investment risk in the banking book.

^^ Largely cash in securitised vehicles.

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

Restated as detailed on page 23.

# ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE

**Key judgements**
After careful review of portfolio performance, the current design of the ECL models and updated published market data, management reduced the ECL overlay of R219 million at 31 March 2022 to R189 million at 30 September 2022 in the Private banking portfolio.

As in the prior year, the overlay represents a post-model adjustment designed to account for emerging risks identified for categories of borrowers within the commercial real estate portfolio (R189 million). The emerging risks include the impacts of rising interest rates combined with downward pressures on net rental collections and property valuations in specific segments of the portfolio which are negatively impacted by, amongst others, social and geopolitical factors, counterbalanced by the reducing risk profile of the COVID-19 pandemic. Management believes that these emerging risks are not adequately represented by the historic data used to populate the ECL models. The management ECL overlay was calculated with reference to published market data that best represents the possible exposure to these emerging risks.
As at 30 September 2022, the mortgage portfolio overlay of R30 million has been fully released in response to amendments to the ECL models and changes in the published market data.
Stage 3 ECLs continue to be assessed using a combination of scenario analysis, informed by expert judgement and modelled ECL. Management will continue to review the need and basis of calculation for the overlay given the evolving situation and significant uncertainty faced with respect to the economic outlook.

**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 the Bank, five macro-economic scenarios are used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process was to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

As at 30 September 2022, all five scenarios were updated to incorporate the latest available data.

The base case is characterised by the view that economic growth lifts to 3% by the end of the five-year period with sufficient domestic policy support measures to support this acceleration, while global financial market risk sentiment is neutral to positive. South Africa remains in the BB credit rating category bracket as fiscal consolidation (debt to GDP stabilisation) occurs. The Rand sees mild weakness and inflation is also impacted by the course of weather patterns via food price inflation. A modest transition to renewable energy and a slow move away from fossil fuel usage occurs and measures to alleviate the impact of climate change on the economy are modestly implemented. Little expropriation without compensation occurs and it does not have a negative effect on the economy, and there is no nationalisation. The expected case sees the economic effects of the Russian invasion of Ukraine ease, and not exacerbate. As at 31 March 2022, the weighting of the base case was 51%, while at 30 September 2022 it was 50%, with the slight downward revision due to an increased risk of weakening global growth.

The lite down case has the same expected international environment (including global financial market risk sentiment) as the base case, but the domestic environment differs. Under this scenario business confidence is depressed, with significant load shedding, weak investment growth, civil and political unrest and a recession. Substantial Rand weakness drives high inflation, along with unfavourable weather conditions. Little transition to renewable energy is apparent, while there is increased pressure on government finances from disaster relief due to unfavourable weather conditions driven by climate change. Expropriation of private sector property is very limited and has a modestly negative impact on the economy. Furthermore, government debt and debt projections initially fail to stabilise, and South Africa drops into the single B credit ratings from all three of the key credit rating agencies for local and foreign currency sovereign debt. However, fiscal consolidation ultimately occurs, preventing South Africa's credit ratings from falling into the C grades. As at 31 March 2022, the weighting of the lite down case was 40%, while at 30 September 2022 it was 39%, with the lower probability mainly due to some improvement in government finances in the period.

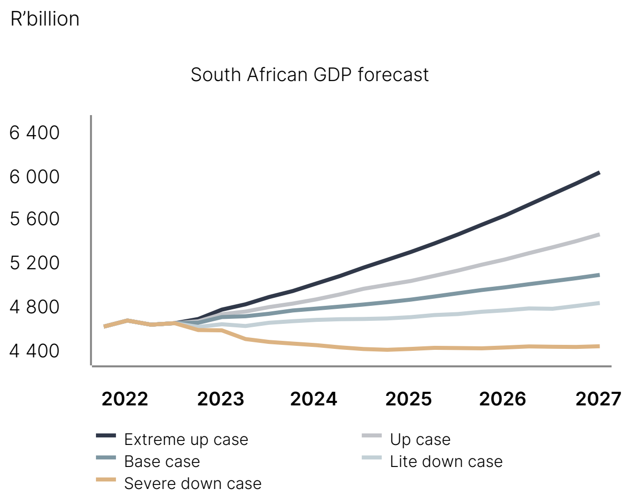
The severe down case is characterised by a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures. Severe Rand weakness is a feature as well as very high domestic inflation, which is also affected by severely unfavourable weather conditions. There is a failure to transition to renewable energy and to implement sufficient measures to alleviate the impact of climate change on the economy. Expropriation of private commercial sector property without compensation falls under this scenario, with a significant negative impact on the economy, along with widespread services load shedding, strike action and civil unrest. A lengthy recession occurs in the South African economy. Deteriorating government finances see the state borrowing from increasingly wider sources as it sinks deeper into a debt trap. South Africa is rated single B from all three key credit rating agencies, with further rating downgrades into CCC grade and the increased risk of default. At 31 March 2022, the scenario weighting of the severe down case was 6%, but increased to 9% by September 2022 due to the continuation of the Russian invasion of Ukraine and resultant persistence of high inflation globally and expected tightening in monetary policy, with a severe risk-off global financial market environment.

## ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

The up case is depicted by rising confidence and investment levels as structural constraints to sustained, robust economic growth is increasingly eroded, in an environment of strong global and domestic growth, and the global financial market is risk-on. Low domestic inflation occurs on Rand strength, along with favourable weather conditions for moderate food price inflation. A substantial transition to renewable energy, and a move away from fossil fuel usage occurs, along with comprehensive measures to alleviate the impact of climate change on the economy. There is no nationalisation or expropriation without compensation. No further credit rating downgrades occur and instead the rating outlooks become positive on strong fiscal consolidation (government debt projections fall substantially). As at 31 March 2022, the scenario weighting was 2%, but dropped to 1% by 30 September 2022 on rising risk to economic growth.

The extreme up case is an acceleration of the up case. Good governance and growth-creating reforms which overcome structural constraints rapidly occur. Business confidence is high, property rights are strong, fixed investment growth rates are very strong, while substantial FDI inflows occur, along with strong fiscal consolidation (and government debt falls back to the low ratios of the early 2000s). Domestic economic growth of 3-5%, then 5-7%, is achieved under this scenario and credit rating upgrades occur. Very subdued domestic inflation on extreme Rand strength is a feature, along with a strong transition away from fossil fuel usage, a quick transition to renewable energy and very favourable weather conditions. There is strong global growth and a commodity boom in this scenario too. This scenario retains a weighting of 1% as the exact domestic characterisations retain a very low probability currently.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 30 September 2022.



## ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

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

Macro-economic scenarios

| | At 30 September 2022 average 2022 – 2027 | | | | | At 31 March 2022 average 2022 – 2027 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Macro-economic scenarios** | **Extreme up case %** | **Up case %** | **Base case %** | **Lite down case %** | **Severe down case %** | **Extreme up case %** | **Up case %** | **Base case %** | **Lite down case %** | **Severe down case %** |
| GDP growth | 5.1 | 3.2 | 1.9 | 0.9 | (0.7) | 6.1 | 4.4 | 2.4 | 1.0 | (0.6) |
| Repo rate | 4.0 | 4.8 | 6.4 | 7.5 | 8.7 | 3.9 | 4.6 | 6.0 | 6.5 | 7.5 |
| Bond yield | 9.4 | 10.0 | 10.6 | 11.6 | 12.3 | 7.9 | 9.1 | 9.7 | 10.4 | 11.8 |
| CPI inflation | 4.4 | 4.8 | 5.3 | 6.0 | 6.9 | 3.8 | 4.4 | 4.9 | 5.6 | 6.9 |
| Residential property price growth | 6.3 | 5.2 | 4.4 | 3.6 | 2.2 | 7.4 | 6.3 | 4.8 | 4.0 | 2.5 |
| Commercial property price growth | 4.0 | 1.5 | 0.7 | (0.6) | (2.8) | 5.9 | 1.8 | 0.7 | (1.4) | (2.6) |
| Exchange rate (South African Rand:US Dollar) | 13.4 | 14.9 | 16.4 | 17.8 | 18.9 | 12.5 | 14.2 | 15.6 | 16.9 | 19.9 |
| **Scenario weightings** | **1** | **1** | **50** | **39** | **9** | **1** | **2** | **51** | **40** | **6** |

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2022.

| | Financial years | | | | |
|---|---|---|---|---|---|
| **Base case %** | **2022/2023** | **2023/2024** | **2024/2025** | **2025/2026** | **2026/2027** |
| GDP growth | 1.4 | 1.9 | 1.8 | 2.2 | 2.3 |
| Repo rate | 5.9 | 6.5 | 6.5 | 6.5 | 6.5 |
| Bond yield | 11.0 | 11.1 | 10.8 | 10.3 | 10.0 |
| CPI inflation | 7.2 | 4.8 | 4.7 | 4.6 | 5.0 |
| Residential property price growth | 4.0 | 4.2 | 4.5 | 4.5 | 4.9 |
| Commercial property price growth | (2.5) | 0.2 | 1.2 | 2.0 | 2.6 |
| Exchange rate (South African Rand:US Dollar) | 16.0 | 16.2 | 16.5 | 16.7 | 16.7 |

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 30 September 2022. Baseline represents the five-year base case average. Upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, residential and commercial property price growth (year-on-year), lowest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate. Downside scenario values represent the worst outcomes being lowest quarterly level of GDP, residential and commercial property price growth (year-on-year), highest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate.

| **Five-year extreme points At 30 September 2022** | **Extreme up case %** | **Up case %** | **Baseline: Base case five-year average %** | **Lite down case %** | **Severe down case %** |
|---|---|---|---|---|---|
| **South Africa** | | | | | |
| GDP growth | 7.1 | 4.4 | 1.9 | (0.7) | (3.8) |
| Repo rate | 3.5 | 4.3 | 6.4 | 8.5 | 9.5 |
| Bond yield | 8.9 | 9.7 | 10.6 | 12.1 | 12.7 |
| CPI inflation | 3.2 | 3.8 | 5.3 | 8.0 | 8.3 |
| Residential property price growth | 8.0 | 6.2 | 4.4 | 3.0 | 1.6 |
| Commercial property price growth | 7.0 | 3.5 | 0.7 | (4.0) | (4.5) |
| Exchange rate (South African Rand:US Dollar) | 12.4 | 14.5 | 16.4 | 18.3 | 20.2 |

## MARKET RISK

### Market risk in the trading book

#### Traded market risk

The focus of our trading activities is primarily on supporting our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.

#### Value at Risk

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

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

| | 30 September 2022 | | | | 31 March 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| **95% one-day VaR R'million** | **Period end** | Average | High | Low | **Year end** | Average | High | Low |
| Commodities | 0.2 | 0.2 | 0.3 | 0.1 | 0.2 | 0.7 | 1.5 | 0.2 |
| Equities | 4.8 | 2.7 | 5.4 | 1.3 | 2.6 | 3.3 | 9.7 | 2.1 |
| Foreign exchange | 0.3 | 0.7 | 3.1 | 0.1 | 0.3 | 0.8 | 3.8 | 0.1 |
| Interest rates | 7.6 | 6.3 | 10.2 | 3.4 | 5.4 | 4.5 | 9.0 | 2.0 |
| **Consolidated*** | **9.5** | **6.5** | **11.1** | **3.8** | **5.0** | **4.9** | **9.2** | **3.1** |

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

#### Expected shortfall

The ES measure overcomes some of VaR's shortcomings. ES seeks to quantify losses encountered in the tail beyond the VaR level. The 95% one-day ES is the average loss given that the 95% one-day VaR level has been exceeded. The table below contains the 95% one-day ES figures.

| **95% one-day ES R'million** | **30 Sept 2022 Period end** | 31 March 2022 Year end |
|---|---|---|
| Commodities | 0.4 | 0.4 |
| Equities | 7.2 | 6.5 |
| Foreign exchange | 0.4 | 0.4 |
| Interest rates | 10.1 | 8.0 |
| **Consolidated*** | **12.6** | **8.7** |

* The consolidated ES for each desk 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.

| **R'million** | **30 Sept 2022 Period end** | 31 March 2022 Year end |
|---|---|---|
| **99% one-day sVaR** | **46.9** | 15.3 |

# INVESTMENT RISK

## Investment risk

Investment risk in the banking book comprised 0.5% of total assets at 30 September 2022.

## Summary of investments held

The balance sheet value of investments is indicated in the table below.

| R'million | On-balance sheet value of investments 30 Sept 2022 | On-balance sheet value of investments 31 March 2022 |
|---|---|---|
| Unlisted investments* | 2 868 | 2 786 |
| Listed equities | 69 | 79 |
| Investment and trading properties | 80 | 98 |
| **Total** | **3 017** | **2 963** |

* Includes the fair value loans investments of R559 million (31 March 2022: R559 million).

### An analysis of the investment portfolio by industry (excluding investment and trading properties)

**30 September 2022**

R2 937 million

| | |
|---|---|
| Electricity, gas and water (utility services) | 22.5% |
| Communication | 14.7% |
| Real Estate | 11.7% |
| Business Services | 11.2% |
| Mining and resources | 10.3% |
| Finance and Insurance | 9.8% |
| Agriculture | 8.3% |
| Manufacturing and Commerce | 5.8% |
| Other | 5.7% |

# BALANCE SHEET RISK

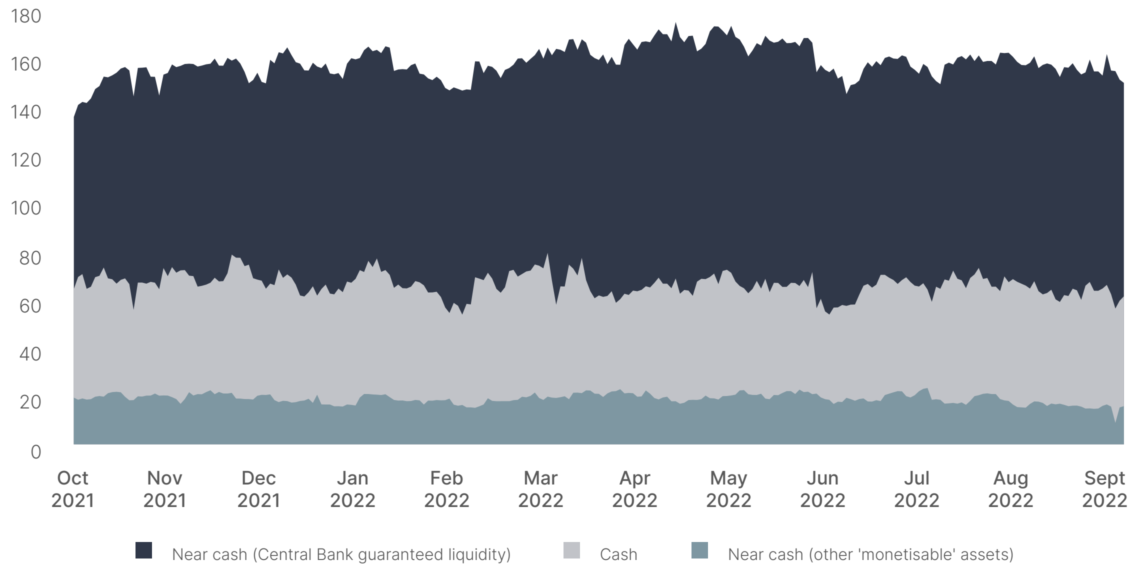
**Balance sheet risk management**
Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

**Liquidity risk**
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Liquidity risk is further broken down into:

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

Cash and near cash trend
R'billion




An analysis of cash and near cash at 30 September 2022
R149.2 billion

| | |
|---|---|
| Near cash (Central Bank guaranteed liquidity) | 59.0% |
| Cash | 32.3% |
| Near cash (other 'monetisable' assets) | 8.7% |

Bank and non-bank depositor concentration by type at 30 September 2022
R450.7 billion

| | |
|---|---|
| Non-bank financials | 44.5% |
| Individuals | 22.3% |
| Non-financial corporates | 19.6% |
| Public sector | 6.0% |
| Small business | 3.9% |
| Banks | 3.5% |

## BALANCE SHEET RISK
CONTINUED

### Liquidity mismatch

The tables that follow show the liquidity mismatch across our business.

The table will not agree directly to the balances disclosed in the balance sheet due to the inclusion of loans to Group companies in the other asset line.

With respect to the contractual liquidity table below, 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 2022

| R'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 | 27 893 | 867 | 548 | — | — | — | — | 29 308 |
| Cash and short-term funds – non-banks | 9 600 | 942 | 179 | 61 | — | 781 | 1 674 | 13 237 |
| Investment/trading assets and statutory liquids | 78 554 | 33 987 | 7 055 | 2 398 | 13 089 | 18 154 | 17 151 | 170 388 |
| Securitised assets | 1 446 | 21 | 114 | 117 | 168 | 1 877 | 3 125 | 6 868 |
| Advances | 2 790 | 7 641 | 10 223 | 11 209 | 23 625 | 127 093 | 123 789 | 306 370 |
| Other assets | 21 891 | 8 085 | 598 | 641 | (2 557) | 4 290 | 9 710 | 42 658 |
| **Assets** | **142 174** | **51 543** | **18 717** | **14 426** | **34 325** | **152 195** | **155 449** | **568 829** |
| Deposits – banks | (142) | (177) | (36) | (11) | (397) | (15 202) | — | (15 965) |
| Deposits – non-banks | (209 430) | (10 316) | (60 732) | (40 792) | (43 426) | (67 608) | (2 384) | (434 688) |
| Negotiable paper | (1) | — | (554) | (1 166) | (573) | (77) | — | (2 371) |
| Securitised liabilities | — | — | — | — | — | (36) | (3 499) | (3 535) |
| Investment/trading liabilities | (6 920) | (4 789) | (5 121) | (4 379) | (7 173) | (19 905) | (53) | (48 340) |
| Subordinated liabilities | — | — | (7) | (625) | (35) | (6 995) | — | (7 662) |
| Other liabilities | (1 546) | (24) | (27) | (181) | (235) | (55) | (5 610) | (7 678) |
| **Liabilities** | **(218 039)** | **(15 306)** | **(66 477)** | **(47 154)** | **(51 839)** | **(109 878)** | **(11 546)** | **(520 239)** |
| Total equity | — | — | — | — | — | — | (48 590) | (48 590) |
| **Contractual liquidity gap** | **(75 865)** | **36 237** | **(47 760)** | **(32 728)** | **(17 514)** | **42 317** | **95 313** | **—** |
| Cumulative liquidity gap | (75 865) | (39 628) | (87 388) | (120 116) | (137 630) | (95 313) | — | |

### Behavioural liquidity as at 30 September 2022

| R'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** | **76 442** | **6 839** | **(6 015)** | **(5 831)** | **3 091** | **(187 432)** | **112 906** | **—** |
| Cumulative | 76 442 | 83 281 | 77 266 | 71 435 | 74 526 | (112 906) | — | |

## BALANCE SHEET RISK
CONTINUED

### Non-trading interest rate risk description

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

Sources of interest rate risk in the banking book include:

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

### Interest rate sensitivity gap at 30 September 2022

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

| R'million | Not > three months | > Three months but < six months | > Six months < but one year | > One year but < five years | > Five years | Non-rate | Total non-trading |
|---|---|---|---|---|---|---|---|
| Cash and short-term funds – banks | 19 976 | 18 | — | — | — | 9 655 | 29 649 |
| Cash and short-term funds – non-banks | 12 932 | 305 | — | — | — | — | 13 237 |
| Investment/trading assets and statutory liquids | 60 884 | 17 656 | 9 898 | 27 634 | 21 153 | 3 202 | 140 427 |
| Securitised assets | 6 868 | — | — | — | — | — | 6 868 |
| Advances | 283 685 | 4 903 | 2 097 | 13 707 | 526 | 1 452 | 306 370 |
| Other assets | 17 375 | (1 359) | (344) | 3 274 | (25) | 8 760 | 27 681 |
| **Assets** | **401 720** | **21 523** | **11 651** | **44 615** | **21 654** | **23 069** | **524 232** |
| Deposits – banks | (15 955) | (10) | — | — | — | — | (15 965) |
| Deposits – non-banks | (349 884) | (30 808) | (29 411) | (20 081) | (2 400) | (2 104) | (434 688) |
| Negotiable paper | (1 717) | (218) | (405) | (9) | — | (22) | (2 371) |
| Securitised liabilities | (3 535) | — | — | — | — | — | (3 535) |
| Investment/trading liabilities | 13 | — | — | (1 118) | — | (2 482) | (3 587) |
| Subordinated liabilities | (3 788) | — | — | (3 832) | — | (42) | (7 662) |
| Other liabilities | — | — | — | — | — | (4 467) | (4 467) |
| **Liabilities** | **(374 866)** | **(31 036)** | **(29 816)** | **(25 040)** | **(2 400)** | **(9 117)** | **(472 275)** |
| Total equity | (239) | — | — | — | — | (48 351) | (48 590) |
| **Balance sheet** | **26 615** | **(9 513)** | **(18 165)** | **19 575** | **19 254** | **(34 399)** | **3 367** |
| Off-balance sheet | 4 464 | 11 474 | 15 904 | (16 211) | (18 998) | — | (3 367) |
| **Repricing gap** | **31 079** | **1 961** | **(2 261)** | **3 364** | **256** | **(34 399)** | **—** |
| Cumulative repricing gap | 31 079 | 33 040 | 30 779 | 34 143 | 34 399 | — | |

### Economic value sensitivity at 30 September 2022

For the reasons outlined above, our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

| | Sensitivity to the following interest rates (expressed in original currencies) | | | | | | |
|---|---|---|---|---|---|---|---|
| **million** | ZAR | GBP | USD | EUR | AUD | Other (ZAR) | **All (ZAR)** |
| 200bps down | 12.8 | 1.5 | (0.7) | 0.1 | — | 0.6 | 32.4 |
| 200bps up | (34.7) | (1.3) | 0.5 | (0.8) | — | (8.7) | (74.3) |

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

CAPITAL ADEQUACY

## A summary of capital adequacy and leverage ratios

| | Increased AIRB Scope * | |
|---|---|---|
| | **30 Sept 2022^** | 31 March 2022^ |
| Common Equity Tier 1 | 15.9% | 15.8% |
| Tier 1 ratio | 16.7% | 16.6% |
| Total capital ratio | 19.5% | 20.0% |
| Risk-weighted assets (R'million) | 296 678 | 286 903 |
| Leverage exposure measure (R'million) | 636 860 | 608 062 |
| Leverage ratio** | 7.8% | 7.9% |

## Capital structure and capital adequacy

| | Increased AIRB Scope * | |
|---|---|---|
| **R'million** | **30 Sept 2022^** | 31 March 2022^ |
| **Shareholders' equity** | **46 030** | **44 280** |
| Shareholders' equity per balance sheet | 46 030 | 44 280 |
| Perpetual preference share capital and share premium | — | — |
| **Regulatory adjustments to the accounting basis** | **1 553** | **1 378** |
| Prudent valuation adjustment | (228) | (231) |
| Gains or losses on liabilities at fair value resulting from changes in our credit standing | (14) | (12) |
| Cash flow hedging reserve | 1 795 | 1 621 |
| **Deductions** | **(468)** | **(452)** |
| Goodwill and intangible assets net of deferred tax | (261) | (282) |
| Investment in financial entity | — | — |
| Shortfall of eligible provisions compared to expected loss | (207) | (170) |
| **Common Equity Tier 1 capital** | **47 115** | **45 206** |
| **Additional Tier 1 capital** | **2 560** | **2 560** |
| Additional Tier 1 instruments | 2 560 | 2 560 |
| Phase out of non-qualifying Additional Tier 1 instruments | — | — |
| **Tier 1 capital** | **49 675** | **47 766** |
| **Tier 2 capital** | **8 069** | **9 557** |
| Collective impairment allowances | 407 | 424 |
| Tier 2 instruments | 7 662 | 9 133 |
| **Total regulatory capital** | **57 744** | **57 323** |
| **Risk-weighted assets** | **296 678** | **286 903** |

* Investec Limited adopts the Internal Rating Based (IRB) Approach for quantification of credit RWA, as at 30 September 2022 credit RWA is quantified using AIRB approach (41%) and FIRB approach (41%), with the balance of the portfolio on the Standardised approach (18%).

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

^ Investec Bank Limited's capital information included unappropriated profits at 31 March 2022. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have be 82bps lower (March 2022: 69bps lower).

CAPITAL ADEQUACY
CONTINUED

## Capital requirements

| | Increased AIRB Scope * | |
|---|---|---|
| **R'million** | **30 Sept 2022^** | 31 March 2022^ |
| **Capital requirements** | **35 601** | **34 428** |
| Credit risk | 29 046 | 27 904 |
| Equity risk | 1 385 | 1 470 |
| Counterparty credit risk | 999 | 1 057 |
| Credit valuation adjustment risk | 356 | 655 |
| Market risk | 818 | 481 |
| Operational risk | 2 997 | 2 861 |
| **Risk-weighted assets** | **296 678** | **286 903** |
| Credit risk | 242 045 | 232 521 |
| Equity risk | 11 543 | 12 253 |
| Counterparty credit risk | 8 327 | 8 812 |
| Credit valuation adjustment risk | 2 967 | 5 462 |
| Market risk | 6 821 | 4 010 |
| Operational risk | 24 975 | 23 845 |

## Leverage

| **R'million** | **30 Sept 2022^** | 31 March 2022^ |
|---|---|---|
| Total exposure measure | 636 860 | 608 062 |
| Tier 1 capital | 49 675 | 47 766 |
| **Leverage ratio**** | **7.8%** | **7.9%** |

* Investec Limited adopts the Internal Rating Based (IRB) Approach for quantification of credit RWA, as at 30 September 2022 credit RWA is quantified using AIRB approach (41%) and FIRB approach (41%), with the balance of the portfolio on the Standardised approach (18%).

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

^ Investec Bank Limited's capital information included unappropriated profits at 31 March 2022. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have be 82bps lower (March 2021: 69bps lower).

# 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.

| | |
|---|---|
| **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 |

| R'million | 30 Sept 2022 | 31 March 2022 |
|---|---|---|
| Loans and advances to customers per the balance sheet | 304 927 | 287 529 |
| Add: Own originated loans and advances to customers per the balance sheet | 5 428 | 7 228 |
| **Net core loans** | **310 355** | **294 757** |
| of which subject to ECL* | 308 997 | 293 400 |
| Net core loans at amortised cost | 293 539 | 274 156 |
| Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^ | 15 458 | 19 244 |
| of which FVPL (excluding fixed rate loans above) | 1 358 | 1 357 |
| Add: ECL | 2 875 | 2 694 |
| **Gross core loans** | **313 230** | **297 451** |
| of which subject to ECL* | 311 872 | 296 094 |
| of which FVPL (excluding fixed rate loans above) | 1 358 | 1 357 |

^ These are fixed rate loans which have passed the SPPI test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (R14 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2022: R19 billion). The ECL on the portfolio is R42 million (31 March 2022: R76 million).

* Includes portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.

| | |
|---|---|
| **Cost to income ratio** | Refer to calculation in the table below |

| R'million | 30 Sept 2022 | 30 Sept 2021 | 31 March 2022 |
|---|---|---|---|
| Operating costs (A) | 3 820 | 3 395 | 7 048 |
| Total operating income before expected credit loss impairment charges | 7 987 | 6 936 | 14 304 |
| Less: Profit attributable to non-controlling interests | — | — | — |
| Total (B) | 7 987 | 6 936 | 14 304 |
| **Cost to income ratio (A/B)** | **47.8%** | **48.9%** | **49.3%** |

| | |
|---|---|
| **Coverage ratio** | ECL as a percentage of gross core loans subject to ECL |
| **Credit loss ratio** | Annualised ECL impairment charges on core loans as a percentage of average gross core loans |
| **Gearing ratio** | Total assets excluding intergroup loans 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** | Annualised 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.

**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, core loans and advances, other debt securities, other loans and advances and other securitised assets.

Refer to page 10 for calculation

**Interest-bearing liabilities**
Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), liabilities arising on securitisation of own originated loans and advances and loans from Group companies.

Refer to page 10 for calculation

**Subject to ECL**
Includes financial assets held at amortised cost as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.

Investec