Investec

OUT OF THE ORDINARY

Possibilities and opportunities

Investec Limited
(excluding results of Investec plc)

Unaudited condensed 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)	9 996	8 528	17.2%	17 907
Operating costs (R'million)	4 868	4 349	11.9%	9 282
Operating profit before goodwill and acquired intangibles (R'million)	5 089	4 071	25.0%	8 562
Headline earnings attributable to ordinary shareholders (R'million)	3 889	2 498	55.7%	5 373
Cost to income ratio	51.6%	53.1%		54.3%
Total capital resources (including subordinated liabilities) (R'million)	70 990	76 638	(7.4%)	73 251
Total equity (R'million)	61 315	62 958	(2.6%)	62 529
Total assets (R'million)	610 053	571 452^	6.8%	600 495^
Net core loans and advances (R'million)	313 749	297 193	5.6%	298 411
Customer accounts (deposits) (R'million)	434 605	398 936	8.9%	419 948
Loans and advances to customers as a % of customer accounts (deposits)	70.9%	72.6%		69.3%
Cash and near cash balances (R'million)	149 216	134 592	10.9%	159 454
Funds under management (R'million)	371 139	379 721	(2.3%)	372 804
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	9.9x	9.1x		9.6x
Total capital ratio	18.0%	17.7 %		17.5%
Tier 1 ratio	15.0%	14.8 %		15.0%
Common Equity Tier 1 ratio	14.1%	13.9 %		14.0%
Leverage ratio	7.1%	7.6 %		7.4%
Stage 3 as a % of gross core loans subject to ECL	2.3%	2.2%		1.9%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.8%	1.8%		1.5%
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 22
* 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.

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	16 057	12 768	26 087
Interest expense	(10 649)	(8 167)	(16 709)
Net interest income	**5 408**	**4 601**	**9 378**
Fee and commission income	3 756	3 508	7 166
Fee and commission expense	(361)	(313)	(624)
Investment income	185	48	590
Share of post-taxation profit of associates and joint venture holdings	294	187	287
Trading income/(loss) arising from			
– customer flow	629	648	1 369
– balance sheet management and other trading income	179	(171)	(276)
Other operating (loss)/income	(94)	20	17
Total operating income before expected credit loss impairment charges	**9 996**	**8 528**	**17 907**
Expected credit loss impairment charges	(39)	(108)	(63)
Operating income	**9 957**	**8 420**	**17 844**
Operating costs	(4 868)	(4 349)	(9 282)
Operating profit before goodwill and acquired intangibles	**5 089**	**4 071**	**8 562**
Impairment of goodwill	—	—	(39)
Amortisation of acquired intangibles	(26)	(26)	(51)
Operating profit	**5 063**	**4 045**	**8 472**
Implementation costs on distribution of investment to shareholders	(7)	–	(28)
Profit before taxation	**5 056**	**4 045**	**8 444**
Taxation on operating profit before acquired intangibles	(969)	(1 029)	(2 140)
Taxation on acquired intangibles and strategic actions	294	7	15
Profit after taxation	**4 381**	**3 023**	**6 319**
Profit attributable to non-controlling interests	(564)	(332)	(812)
Earnings attributable to shareholders	**3 817**	**2 691**	**5 507**
Earnings attributable to ordinary shareholders	3 601	2 479	5 030
Earnings attributable to perpetual preferred securities and Other Additional Tier 1 securities	216	212	477

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	4 381	3 023	6 319
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)	(82)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	(107)	94	49
Gain on realisation of debt instruments at FVOCI recycled to the income statement*	(19)	(12)	(35)
Foreign currency adjustments on translating foreign operations	1 556	126	(92)
Items that will not be reclassified to the income statement			
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income*	(37)	167	151
Net gain attributable to own credit risk*	2	3	1
Total comprehensive income	**5 602**	**3 291**	**6 311**
Total comprehensive income attributable to ordinary shareholders	4 822	2 747	5 022
Total comprehensive income attributable to non-controlling interests	564	332	812
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	216	212	477
Total comprehensive income	**5 602**	**3 291**	**6 311**

* These amounts are net of taxation expense of R335.1 million (Year to 31 March 2022 R1.1 billion; Six months to 30 Sept 2021: R30.6 million).

HEADLINE EARNINGS

R'million	**Six months to 30 Sept 2022**	Six months to 30 Sept 2021	Year to 31 March 2022
Earnings attributable to shareholders	3 817	2 691	5 507
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(216)	(212)	(477)
Gain on repurchase of perpetual preference shares	9	—	26
Earnings attributable to ordinary shareholders	**3 610**	**2 479**	**5 056**
Headline adjustments	279	19	317
Revaluation of investment properties*	5	18	108
Headline adjustments of equity accounted associates	(13)	1	170
Impairment of goodwill	—	—	39
Taxation on strategic actions	287	—	—
Headline earnings attributable to ordinary shareholders	**3 889**	**2 498**	**5 373**

* These amounts are net of taxation of R3.5 million (Six months to 30 Sept 2021: taxation credit of R3.7 million; Year to 31 March 2022: R69.3million) and R5.3 million (Six months to 30 Sept 2021 R86.9 million; 31 March 2022: R283.2 million) of non-controlling interests.

CONSOLIDATED BALANCE SHEET

At 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	18 522	21 014	18 793
Non-sovereign and non-bank cash placements	13 237	13 176	9 656
Reverse repurchase agreements and cash collateral on securities borrowed	47 795	60 827	47 353
Sovereign debt securities	67 388	57 380	55 810
Bank debt securities	19 782	27 958	28 209
Other debt securities	13 502	15 417	15 269
Derivative financial instruments	13 746	17 778	11 722
Securities arising from trading activities	25 376	10 005	12 740
Investment portfolio	11 690	15 509	15 522
Loans and advances to customers	308 321	291 183	289 633
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 and joint venture holdings	5 698	5 480	5 387
Current taxation assets	—	4	40
Deferred taxation assets	2 702	2 866	2 542
Other assets	19 402	19 873	15 162
Property and equipment	3 407	3 469	3 538
Investment properties	16 189	15 783	16 000
Goodwill	173	173	212
Software	50	46	70
Other acquired intangible assets	39	64	90
Non-current assets classified as held for sale	771	1 524	1 537
	608 308	**599 350**	**570 302**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 745	1 145	1 150
	610 053	**600 495**	**571 452**
Liabilities			
Deposits by banks	19 681	22 236	17 798
Derivative financial instruments	32 176	33 626	26 407
Other trading liabilities	4 181	4 475	3 716
Repurchase agreements and cash collateral on securities lent	17 951	13 941	21 083
Customer accounts (deposits)	434 605	419 948	398 936
Debt securities in issue	6 855	7 607	8 082
Liabilities arising on securitisation of own originated loans and advances	3 535	4 585	3 149
Current taxation liabilities	601	753	738
Deferred taxation liabilities	83	714	767
Other liabilities	17 650	18 214	12 988
	537 318	**526 099**	**493 664**
Liabilities to customers under investment contracts	1 688	1 086	1 096
Insurance liabilities, including unit-linked liabilities	57	59	54
	539 063	**527 244**	**494 814**
Subordinated liabilities	9 675	10 722	13 680
	548 738	**537 966**	**508 494**
Equity			
Ordinary share capital	1	1	1
Ordinary share premium	6 069	6 076	6 112
Treasury shares	(3 855)	(3 507)	(3 509)
Other reserves	2 601	2 489	2 852
Retained income	40 263	41 173	40 347
Ordinary shareholders' equity	**45 079**	**46 232**	**45 803**
Perpetual preference share capital and premium	2 581	2 886	3 039
Shareholders' equity excluding non-controlling interests	**47 660**	**49 118**	**48 842**
Other Additional Tier 1 securities in issue	3 110	3 110	2 510
Non-controlling interests	10 545	10 301	11 606
– Perpetual preferred securities issued by subsidiaries	—	—	1 481
– Non-controlling interests in partially held subsidiaries	10 545	10 301	10 125
Total equity	**61 315**	**62 529**	**62 958**
Total liabilities and equity	**610 053**	**600 495**	**571 452**

^ Restated as detailed on page 22.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Ordinary share capital	Share premium	Treasury shares
At 1 April 2021	**1**	**6 112**	**(3 020)**
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	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net gain attributable to own credit risk	—	—	—
Total comprehensive income for the period	**—**	**—**	**—**
Issue of Other Additional Tier 1 security instruments	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(489)
Share-based payments adjustments	—	—	—
Transfer from regulatory general risk reserves	—	—	—
Dividends declared to other equity holders including Other Additional Tier 1 security holders	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 30 September 2021	**1**	**6 112**	**(3 509)**
Movement in reserves 1 October 2020 – 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	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net gain attributable to own credit risk	—	—	—
Total comprehensive income for the period	**—**	**—**	**—**
Net equity movements in interests in associated undertakings	—	—	—
Issue of Other Additional Tier 1 security instruments	—	—	—
Movement of treasury shares	—	—	2
Share-based payments adjustments	—	—	—
Transfer from regulatory general risk reserves	—	—	—
Share buyback of ordinary share capital	—	(36)	—
Redemption of perpetual preference shares	—	—	—
Dividends declared to other equity holders including Other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 31 March 2022	**1**	**6 076**	**(3 507)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	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	Non-controlling interests	**Total equity**
61	**1 164**	**708**	**(1 539)**	**12**	**2 137**	**38 656**	**44 292**	**3 039**	**47 331**	**1 733**	**11 564**	**60 628**
—	—	—	—	—	—	2 691	2 691	—	2 691	—	332	3 023
—	—	—	(110)	—	—	—	(110)	—	(110)	—	—	(110)
—	94	—	—	—	—	—	94	—	94	—	—	94
—	(12)	—	—	—	—	—	(12)	—	(12)	—	—	(12)
—	167	—	—	—	—	—	167	—	167	—	—	167
—	—	—	—	—	126	—	126	—	126	—	—	126
—	—	—	—	3	—	—	3	—	3	—	—	3
—	**249**	**—**	**(110)**	**3**	**126**	**2 691**	**2 959**	**—**	**2 959**	**—**	**332**	**3 291**
—	—	—	—	—	—	—	—	—	—	777	—	777
—	—	—	—	—	—	21	21	—	21	—	—	21
—	—	—	—	—	—	—	(489)	—	(489)	—	—	(489)
—	—	—	—	—	—	213	213	—	213	—	—	213
—	—	41	—	—	—	(41)	—	—	—	—	—	—
—	—	—	—	—	—	(212)	(212)	84	(128)	85	43	—
—	—	—	—	—	—	—	—	(84)	(84)	(85)	(43)	(212)
—	—	—	—	—	—	(981)	(981)	—	(981)	—	—	(981)
—	—	—	—	—	—	—	—	—	—	—	(290)	(290)
61	**1 413**	**749**	**(1 649)**	**15**	**2 263**	**40 347**	**45 803**	**3 039**	**48 842**	**2 510**	**11 606**	**62 958**
—	—	—	—	—	—	2 816	2 816	—	2 816	—	480	3 296
—	—	—	28	—	—	—	28	—	28	—	—	28
—	(45)	—	—	—	—	—	(45)	—	(45)	—	—	(45)
—	(23)	—	—	—	—	—	(23)	—	(23)	—	—	(23)
—	(16)	—	—	—	—	—	(16)	—	(16)	—	—	(16)
—	—	—	—	—	(218)	—	(218)	—	(218)	—	—	(218)
—	—	—	—	(2)	—	—	(2)	—	(2)	—	—	(2)
—	**(84)**	**—**	**28**	**(2)**	**(218)**	**2 816**	**2 540**	**—**	**2 540**	**—**	**480**	**3 020**
—	—	—	—	—	—	58	58	—	58	—	—	58
—	—	—	—	—	—	—	—	—	—	600	—	600
—	—	—	—	—	—	—	2	—	2	—	—	2
—	—	—	—	—	—	202	202	—	202	—	—	202
—	—	(87)	—	—	—	87	—	—	—	—	—	—
—	—	—	—	—	—	(684)	(720)	—	(720)	—	—	(720)
—	—	—	—	—	—	26	26	(153)	(127)	—	(1 481)	(1 608)
—	—	—	—	—	—	(265)	(265)	83	(182)	115	67	—
—	—	—	—	—	—	—	—	(83)	(83)	(115)	(67)	(265)
—	—	—	—	—	—	(1 414)	(1 414)	—	(1 414)	—	—	(1 414)
—	—	—	—	—	—	—	—	—	—	—	(304)	(304)
61	**1 329**	**662**	**(1 621)**	**13**	**2 045**	**41 173**	**46 232**	**2 886**	**49 118**	**3 110**	**10 301**	**62 529**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

R'million	Ordinary share capital	Share premium	Treasury shares
At 1 April 2022	**1**	**6 076**	**(3 507)**
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 FVOCI recycled through the income statement	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net loss attributable to own credit risk	—	—	—
Total comprehensive income for the period	**—**	**—**	**—**
Movement of treasury shares	—	—	(348)
Share-based payments adjustments	—	—	—
Movement of treasury shares	—	—	—
Transfer from fair value reserve to retained income	—	—	—
Transfer from regulatory general risk reserves	—	—	—
Employee benefit liability recognised	—	—	—
Repurchase of perpetual preference shares	—	—	—
Share buyback of ordinary share capital	—	(7)	—
Dividends declared to other equity holders including Other Additional Tier 1 security holders	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
Distribution to shareholders	—	—	—
At 30 September 2022	**1**	**6 069**	**(3 855)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	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 issue securities in issue	Non-controlling interests	**Total equity**
61	**1 329**	**662**	**(1 621)**	**13**	**2 045**	**41 173**	**46 232**	**2 886**	**49 118**	**3 110**	**10 301**	**62 529**
—	—	—	—	—	—	3 817	3 817	—	3 817	—	564	4 381
—	—	—	(174)	—	—	—	(174)	—	(174)	—	—	(174)
—	(107)	—	—	—	—	—	(107)	—	(107)	—	—	(107)
—	(19)	—	—	—	—	—	(19)	—	(19)	—	—	(19)
—	(37)	—	—	—	—	—	(37)	—	(37)	—	—	(37)
—	—	—	—	—	1 556	—	1 556	—	1 556	—	—	1 556
—	—	—	—	2	—	—	2	—	2	—	—	2
—	**(163)**	**—**	**(174)**	**2**	**1 556**	**3 817**	**5 038**	**—**	**5 038**	**—**	**564**	**5 602**
—	—	—	—	—	—	—	(348)	—	(348)	—	—	(348)
—	—	—	—	—	—	183	183	—	183	—	—	183
—	(1 158)	—	—	—	—	1 158	—	—	—	—	—	—
—	—	49	—	—	—	(49)	—	—	—	—	—	—
—	—	—	—	—	—	(93)	(93)	—	(93)	—	—	(93)
—	—	—	—	—	—	9	9	(305)	(296)	—	—	(296)
—	—	—	—	—	—	(126)	(133)	—	(133)	—	—	(133)
—	—	—	—	—	—	(216)	(216)	77	(139)	139	—	—
—	—	—	—	—	—	—	—	(77)	(77)	(139)	—	(216)
—	—	—	—	—	—	(1 813)	(1 813)	—	(1 813)	—	—	(1 813)
—	—	—	—	—	—	—	—	—	—	—	(320)	(320)
—	—	—	—	—	—	(3 780)	(3 780)	—	(3 780)	—	—	(3 780)
61	**8**	**711**	**(1 795)**	**15**	**3 601**	**40 263**	**45 079**	**2 581**	**47 660**	**3 110**	**10 545**	**61 315**

CONSOLIDATED SEGMENTAL INFORMATION

For the six months to 30 September 2022 **R'million**	Private Client		Specialist Banking			
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	**Total Group**
Net interest income/(expense)	37	2 791	2 904	(324)	—	5 408
Net fee and commission income	964	562	1 331	538	—	3 395
Investment income/(loss)	(4)	174	39	(24)	—	185
Share of post-taxation profit of associates and joint venture holdings	—	(4)	3	295	—	294
Trading income/(loss) arising from						
– customer flow	(1)	—	568	62	—	629
– balance sheet management and other trading activities	7	(4)	(211)	387	—	179
Other operating loss	—	—	(94)	—	—	(94)
Total operating income before expected credit loss impairment charges	**1 003**	**3 519**	**4 540**	**934**	**—**	**9 996**
Expected credit loss impairment release/(charges)	—	81	(103)	(17)	—	(39)
Operating income	**1 003**	**3 600**	**4 437**	**917**	**—**	**9 957**
Operating costs	(687)	(1 824)	(2 188)	(17)	(152)	(4 868)
Operating profit before goodwill, acquired intangibles and non-controlling interests	**316**	**1 776**	**2 249**	**900**	**(152)**	**5 089**
Profit attributable to non-controlling interests	—	—	—	(564)	—	(564)
Profit before goodwill, acquired intangibles, taxation after non-controlling interests	**316**	**1 776**	**2 249**	**336**	**(152)**	**4 525**
Cost to income ratio	68.5%	51.8%	48.2%	n/a	n/a	51.6%
Total assets (R'million)	4 426	227 890	347 833	29 904	—	610 053

For the six months to 30 September 2021 **R'million**	Private Client		Specialist Banking			
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	**Total Group**
Net interest income/(expense)	24	2 740	2 243	(406)	—	4 601
Net fee and commission income	946	576	1 164	509	—	3 195
Investment income/(loss)	12	135	(256)	157	—	48
Share of post-taxation (loss)/profit of associates and joint venture holdings	—	(3)	(6)	196	—	187
Trading income/(loss) arising from						
– customer flow	—	1	468	179	—	648
– balance sheet management and other trading activities	2	1	(47)	(127)	—	(171)
Other operating income	—	—	20	—	—	20
Total operating income before expected credit loss impairment charges	**984**	**3 450**	**3 586**	**508**	**—**	**8 528**
Expected credit loss impairment release/(charges)	—	142	(223)	(27)	—	(108)
Operating income	**984**	**3 592**	**3 363**	**481**	**—**	**8 420**
Operating costs	(674)	(1 577)	(1 925)	(19)	(154)	(4 349)
Operating profit before goodwill, acquired intangibles and non-controlling interests	**310**	**2 015**	**1 438**	**462**	**(154)**	**4 071**
Loss/(profit) attributable to non-controlling interests	—	—	6	(338)	—	(332)
Profit before goodwill, acquired intangibles, taxation and after non-controlling interests	**310**	**2 015**	**1 444**	**124**	**(154)**	**3 739**
Cost to income ratio	68.5%	45.7%	53.6%	n/a	n/a	53.1%
Total assets (R'million)^	4 568	222 717	310 636	33 531	—	571 452

^ Restated as detailed on page 22.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

Net interest income

For the six months to 30 September R'million		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	184 859	3 954	4.28%	166 804	2 337	2.80%
Net core loans and advances	2	304 339	11 502	7.56%	290 805	9 772	6.72%
Private Client		225 447	8 391	7.44%	216 658	6 980	6.44%
Corporate, Investment Banking and Other		78 892	3 111	7.89%	74 147	2 792	7.53%
Other debt securities and other loans and advances		13 750	422	6.14%	15 702	320	4.08%
Other	3	996	179	n/a	546	339	n/a
		503 944	**16 057**		**473 857**	**12 768**	

For the six months to 30 September R'million		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	42 167	(724)	3.43%	45 071	(604)	2.68%
Customer accounts (deposits)		427 829	(9 290)	4.34%	391 104	(6 842)	3.50%
Subordinated liabilities	5	9 273	(330)	7.12%	14 303	(463)	6.47%
Other		3 380	(305)	n/a	3 324	(258)	n/a
		482 649	**(10 649)**		**453 802**	**(8 167)**	
Net interest income			**5 408**			**4 601**	
Net interest margin*			**2.15%**			**1.94%**	

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks and non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; 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 other securitised assets (as per the balance sheet), 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.

* Impacted by debt funding issued by the Investec Property Fund in which the Group has a 24.3% (2021: 24.3%) interest. Excluding the debt funding cost, the net interest margin amounted to 2.23% (2021: 2.06%).

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Net fee and commission income

For the six months to 30 September R'million	2022	2021
Wealth & Investment net fee and commission income	**964**	**946**
Fund management fees/fees for funds under management	600	545
Private Client transactional fees^	381	418
Fee and commission expense	(17)	(17)
Specialist Banking net fee and commission income	**1 893**	**1 740**
Specialist Banking fee and commission income^^	2 199	1 998
Specialist Banking fee and commission expense	(306)	(258)
Group Investments net fee and commission income	**538**	**509**
Group Investments fee and commission income	576	547
Group Investments fee and commission expense	(38)	(38)
Net fee and commission income	**3 395**	**3 195**
Annuity fees (net of fees payable)	2 480	2 454
Deal fees	915	741

^ Trust and fiduciary fees amounted to R4.0 million (2021: R3.8 million) and is included in Private Client transactional fees in the Group.
^^ Included in Specialist Banking fee and commission income is fee income of R759.6 million (2021: R733.5 million) for operating lease income which is out of scope of IFRS 15 Revenue from Contracts with Customers.

Investment income/(loss)

For the six months to 30 September R'million	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	Investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	Total
2022									
Realised	—	(5)*	(1)	45	39	122	28	138	327
Unrealised**	(18)	(18)	(171)	10	(197)	9	(11)	(90)	(289)
Dividend income	14	65*	—	—	79	—	—	—	79
Funding and other net related (costs)/ income	—	(16)	—	—	(16)	—	84	—	68
	(4)	**26**	**(172)**	**55**	**(95)**	**131**	**101**	**48**	**185**
2021									
Realised	7	16	304	91	418	17	13	—	448
Unrealised**	22	(479)	(18)	—	(475)	6	(202)	14	(657)
Dividend income	103	99 *	—	—	202	—	—	7	209
Funding and other net related (costs)/ income	—	(11)	—	—	(11)	—	59	—	48
	132	**(375)**	**286**	**91**	**134**	**23**	**(130)**	**21**	**48**

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

ADDITIONAL IAS 34 DISCLOSURES

Analysis of financial assets and liabilities by measurement category

At 30 September 2022 **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	—	18 522	—	18 522
Non-sovereign and non-bank cash placements	390	12 847	—	13 237
Reverse repurchase agreements and cash collateral on securities borrowed	8 927	38 868	—	47 795
Sovereign debt securities	46 850	20 538	—	67 388
Bank debt securities	9 750	10 032	—	19 782
Other debt securities	6 825	6 677	—	13 502
Derivative financial instruments	13 746	—	—	13 746
Securities arising from trading activities	25 376	—	—	25 376
Investment portfolio	11 690	—	—	11 690
Loans and advances to customers	17 077	291 244	—	308 321
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	—	—	5 698	5 698
Deferred taxation assets	—	—	2 702	2 702
Other assets	7 011	7 864	4 527	19 402
Property and equipment	—	—	3 407	3 407
Investment properties	—	—	16 189	16 189
Goodwill	—	—	173	173
Software	—	—	50	50
Other intangible assets	—	—	39	39
Non-current assets classified as held for sale	319	—	452	771
	147 961	**427 110**	**33 237**	**608 308**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 745	—	—	1 745
	149 706	**427 110**	**33 237**	**610 053**
Liabilities				
Deposits by banks	—	19 681	—	19 681
Derivative financial instruments	32 176	—	—	32 176
Other trading liabilities	4 181	—	—	4 181
Repurchase agreements and cash collateral on securities lent	4 298	13 653	—	17 951
Customer accounts (deposits)	74 889	359 716	—	434 605
Debt securities in issue	—	6 855	—	6 855
Liabilities arising on securitisation of own originated loans and advances	—	3 535	—	3 535
Current taxation liabilities	—	—	601	601
Deferred taxation liabilities	—	—	83	83
Other liabilities	2 451	9 982	5 217	17 650
	117 995	**413 422**	**5 901**	**537 318**
Liabilities to customers under investment contracts	1 688	—	—	1 688
Insurance liabilities, including unit-linked liabilities	57	—	—	57
	119 740	**413 422**	**5 901**	**539 063**
Subordinated liabilities	—	9 675	—	9 675
	119 740	**423 097**	**5 901**	**548 738**

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 **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	13 746	15	13 731	—
Securities arising from trading activities	25 376	25 317	59	—
Investment portfolio	11 690	563	34	11 093
Loans and advances to customers	17 077	—	16 284	793
Other assets	7 011	6 046	965	—
Non-current assets classified as held for sale	319	—	—	319
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 745	1 745	—	—
	149 706	**87 474**	**50 027**	**12 205**
Liabilities				
Derivative financial instruments	32 176	1 974	30 202	—
Other trading liabilities	4 181	1 458	2 723	—
Repurchase agreements and cash collateral on securities lent	4 298	—	4 298	—
Customer accounts (deposits)	74 889	—	74 889	—
Other liabilities	2 451	—	1 428	1 023
Liabilities to customers under investment contracts	1 688	—	1 688	—
Insurance liabilities, including unit-linked liabilities	57	—	57	—
	119 740	**3 432**	**115 285**	**1 023**
Net financial assets/(liabilities) at fair value	**29 966**	**84 042**	**(65 258)**	**11 182**

Transfers between level 1 and level 2

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

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Level 3 financial instruments

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
Balance at 1 April 2022	10 460	777	498	11 735
Net gains or (losses) included in the income statement	598	(85)	—	513
Purchases	9	—	—	9
Sales	(34)	—	(179)	(213)
Issues	9	101	—	110
Settlements	(73)	—	—	(73)
Transfers into level 3	13	—	—	13
Foreign exchange adjustments	111	—	—	111
Balance at 30 September 2022	**11 093**	**793**	**319**	**12 205**

R'million	Other liabilities	Total
Balance at 1 April 2022	951	951
Net losses included in the income statement	72	72
Balance at 30 September 2022	**1 023**	**1 023**

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 gains or (losses) included in the income statement recognised on level 3 financial instruments:

For the six months to 30 September 2022 R'million	Total	Realised	Unrealised
Total gains included in the income statement for the period			
Investment income	437	52	385
Trading income arising from balance sheet management and other trading activities	4	—	4
	441	**52**	**389**

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	11 093				**1 425**	**(1 473)**
		Price earnings	EBITDA	*	257	(296)
		Discounted cash flow	Cash flows	*	36	(37)
		Net asset value	Underlying asset value	^	39	(67)
		Discounted cash flow	Precious and industrial metal prices	(5%)–5%	27	(27)
		Discounted cash flow	Property prices	#	1 001	(1 001)
		Other	Various	**	65	(45)
Loans and advances to customers	793				**236**	**(237)**
		Net asset value	Underlying asset value	*	2	(2)
		Underlying asset value	Property values	^	234	(235)
Non-current assets held for sale	319				**27**	**—**
		Discounted cash flow	Discount rate	13%–16%	27	—
Total level 3 assets	**12 205**				**1 688**	**(1 710)**
Liabilities						
Other liabilities	1 023	Discounted cash flow	Property prices	#	139	(139)
Total level 3 liabilities	**1 023**				**139**	**(139)**
Net level 3 assets	**11 182**				**1 827**	**(1 849)**

* 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 for certain equity investments has been assessed by adjusting various inputs such as expected cash flows, discount rates and 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.
^ Underlying asset values are calculated by reference to a tangible asset.
# Property values are the underlying input for the valuations where the capitalisation rate when valuing these properties has been stressed by 0.25bps.

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

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

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

Property values and precious and industrial metals
The price of property and precious and industrial metals is a key driver of future cash flows on these investments.

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.

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.

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 when 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 Black-Scholes	Yield curve Volatilities
Securities arising from trading activities	Discounted cash flow model	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 Black-Scholes	Yield curve 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
Liabilities to customers under investment contracts	Current price of underlying unitised assets	Listed prices
Insurance liabilities, including unit-linked liabilities	Current price of underlying unitised assets	Listed prices

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value of financial assets and liabilities at amortised cost

At 30 September 2022 **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	18 522	18 522	—	—
Non-sovereign and non-bank cash placements	12 847	12 847	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	38 868	8 513	30 355	30 362
Sovereign debt securities	20 538	1 847	18 691	18 773
Bank debt securities	10 032	105	9 927	9 781
Other debt securities	6 677	3 911	2 766	2 879
Loans and advances to customers	291 244	271 614	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	7 864	7 864	—	—
	427 110	**345 741**	**81 369**	**81 446**
Liabilities				
Deposits by banks	19 681	7 025	12 656	12 899
Repurchase agreements and cash collateral on securities lent	13 653	9 418	4 235	4 392
Customer accounts (deposits)	359 716	218 704	141 012	140 670
Debt securities in issue	6 855	6 197	658	656
Liabilities arising on securitisation of own originated loans and advances	3 535	3 535	—	—
Other liabilities	9 982	9 982	—	—
Subordinated liabilities	9 675	7 719	1 956	2 636
	423 097	**262 580**	**160 517**	**161 253**

ADDITIONAL NOTES – INTERIMS

Expected credit loss impairment charges

For the six months to 30 September R'million	2022	2021
Expected credit loss impairment (releases)/charges is recognised on the following assets:		
Loans and advances to customers	(4)	64
Own originated securitised assets	(11)	—
Core loans and advances	**(15)**	**64**
Other balance sheet assets	70	40
Off-balance sheet commitments and guarantees	(16)	4
Total expected credit loss impairment charges	**39**	**108**

Extract of operating costs

For the six months to 30 September R'million	2022	2021
Staff costs	3 598	3 272
Premises expenses	166	147
Premises expenses (excluding depreciation)	91	74
Premises depreciation	75	73
Equipment expenses (excluding depreciation)	353	291
Business expenses	476	391
Marketing expenses	195	162
Depreciation, amortisation and impairment on property, equipment and intangibles	80	86
	4 868	**4 349**

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

At R'million	30 Sept 2022	31 March 2022
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	47 796	60 831
Expected credit loss on amortised cost	(1)	(4)
Net reverse repurchase agreements and cash collateral on securities borrowed	**47 795**	**60 827**
Reverse repurchase agreements	39 711	48 429
Cash collateral on securities borrowed	8 084	12 398
	47 795	**60 827**
Liabilities		
Repurchase agreements	8 825	6 771
Cash collateral on securities lent	9 126	7 170
	17 951	**13 941**

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

At R'million	30 Sept 2022	31 March 2022
Gross loans and advances to customers at amortised cost	294 061	273 001
Gross loans and advances to customers designated at FVPL at inception^	15 633	19 320
Gross loans and advances to customers subject to ECL	**309 694**	**292 321**
Expected credit loss on amortised cost	(2 859)	(2 668)
	306 835	**289 653**
Loans and advances to customers at fair value	1 486	1 530
Net loans and advances to customers	**308 321**	**291 183**
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.

ADDITIONAL NOTES – INTERIMS
CONTINUED

Extract of securitised assets and liabilities arising on securitisation

At 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**

Other assets

At R'million	30 Sept 2022	31 March 2022^
Gross other assets	19 402	19 873
Expected credit loss on amortised cost	—	—
Net other assets	**19 402**	**19 873**
Settlement debtors	6 448	9 259
Trading properties	1 081	1 149
Prepayments and accruals	805	582
Trading initial margin	6 093	5 394
Other investments	918	791
Commodities	1 792	788
Fee debtors	39	141
Indirect taxation assets receivable	28	—
Other	2 198	1 769
	19 402	**19 873**

^ Restated as detailed on page 22

Debt securities in issue

At R'million	30 Sept 2022	31 March 2022
Repayable in:		
Less than three months	970	1 560
Three months to one year	2 111	1 697
One to five years	3 774	4 304
Greater than five years	—	46
	6 855	**7 607**

Extract of deferred taxation

At R'million	30 Sept 2022	31 March 2022
Losses carried forward	292	292
	292	**292**

Extract of subordinated liabilities

At R'million	30 Sept 2022	31 March 2022
Remaining maturity:		
In one year or less, or on demand	3 969	6 966
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
	9 675	**10 722**

ADDITIONAL NOTES – INTERIMS
CONTINUED

Offsetting

At 30 September 2022 R'million	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset: Financial instruments (including non-cash collateral)	Net amount
Assets					
Cash and balances at central banks	13 564	—	13 564	—	13 564
Loans and advances to banks	27 210	(8 688)	18 522	(270)	18 252
Non-sovereign and non-bank cash placements	13 237	—	13 237	—	13 237
Reverse repurchase agreements and cash collateral on securities borrowed	48 783	(988)	47 795	(1 231)	46 564
Sovereign debt securities	67 388	—	67 388	(1 641)	65 747
Bank debt securities	19 782	—	19 782	(1 333)	18 449
Other debt securities	13 502	—	13 502	(1 259)	12 243
Derivative financial instruments	29 792	(16 046)	13 746	(7 138)	6 608
Securities arising from trading activities	30 630	(5 254)	25 376	(3 061)	22 315
Investment portfolio	11 690	—	11 690	—	11 690
Loans and advances to customers	308 321	—	308 321	—	308 321
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	19 402	—	19 402	—	19 402
	610 255	**(30 976)**	**579 279**	**(15 933)**	**563 346**
Liabilities					
Deposits by banks	24 374	(4 693)	19 681	—	19 681
Derivative financial instruments	52 217	(20 041)	32 176	(7 138)	25 038
Other trading liabilities	4 181	—	4 181	—	4 181
Repurchase agreements and cash collateral on securities lent	18 939	(988)	17 951	(8 527)	9 424
Customer accounts (deposits)	434 605	—	434 605	—	434 605
Debt securities in issue	6 855	—	6 855	—	6 855
Liabilities arising on securitisation of own originated loans and advances	3 535	—	3 535	—	3 535
Other liabilities	22 904	(5 254)	17 650	—	17 650
Subordinated liabilities	9 675	—	9 675	—	9 675
	577 285	**(30 976)**	**546 309**	**(15 665)**	**530 644**

ADDITIONAL NOTES – INTERIMS
CONTINUED

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
At 31 March 2022 **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	11 893	—	11 893	—	11 893
Loans and advances to banks	28 565	(7 551)	21 014	—	21 014
Non-sovereign and non-bank cash placements	13 176	—	13 176	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	61 813	(986)	60 827	(3 134)	57 693
Sovereign debt securities	57 380	—	57 380	(1 780)	55 600
Bank debt securities	27 958	—	27 958	(1 357)	26 601
Other debt securities	15 417	—	15 417	(1 236)	14 181
Derivative financial instruments	23 671	(5 893)	17 778	(5 499)	12 279
Securities arising from trading activities	19 422	(9 417)	10 005	(166)	9 839
Investment portfolio	15 509	—	15 509	—	15 509
Loans and advances to customers	291 183	—	291 183	—	291 183
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^	19 873	—	19 873	—	19 873
	593 788	**(23 847)**	**569 941**	**(13 172)**	**556 769**
Liabilities					
Deposits by banks	26 204	(3 968)	22 236	—	22 236
Derivative financial instruments^	43 102	(9 476)	33 626	(5 499)	28 127
Other trading liabilities	4 475	—	4 475	—	4 475
Repurchase agreements and cash collateral on securities lent	14 927	(986)	13 941	(6 920)	7 021
Customer accounts (deposits)	419 948	—	419 948	—	419 948
Debt securities in issue	7 607	—	7 607	—	7 607
Liabilities arising on securitisation of own originated loans and advances	4 585	—	4 585	—	4 585
Other liabilities	27 631	(9 417)	18 214	—	18 214
Subordinated liabilities	10 722	—	10 722	—	10 722
	559 201	**(23 847)**	**535 354**	**(12 419)**	**522 935**

^ Restated as detailed on page 22.

RESTATEMENTS AND EVENTS AFTER THE REPORTING DATE

Balance sheet restatements

Loans and advances to banks and other liabilities
As at 30 September 2021, within the Wealth & Investment business there was a gross up on-balance sheet in loans and advances to banks and other liabilities as a result of client funds being recorded on balance sheet. The September 2021 balance sheet has been restated to correct the gross up previously reported. This change has no impact on the income statement.

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.

The impact of these changes on the 30 September 2021 balance sheet is:

R'million	At 30 September 2021 as previously reported	Restatement	At 30 September 2021 restated
Assets			
Loans and advances to banks	21 885	(3 092)	18 793
Other assets	13 595	1 567	15 162
Total assets	**572 977**	**(1 525)**	**571 452**
Liabilities			
Derivative financial instruments	24 840	1 567	26 407
Other liabilities	16 080	(3 092)	12 988
Total liabilities	**510 019**	**(1 525)**	**508 494**

The impact of the derivative financial instruments and other assets 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	18 512	1 361	19 873
Total assets	**599 134**	**1 361**	**600 495**
Liabilities			
Other liabilities	32 265	1 361	33 626
Total liabilities	**536 605**	**1 361**	**537 966**

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	16 324	1 468	17 792
Total assets	**548 480**	**1 468**	**549 948**
Liabilities			
Derivative financial instruments	26 154	1 468	27 622
Total liabilities	**487 852**	**1 468**	**489 320**

EVENTS AFTER THE REPORTING DATE

Events after the reporting date

Progress on AIRB:
Investec Limited is at the final stage of the approval process to migrate the remaining portfolios to Advanced Internal Ratings Based (AIRB) approach for capital measurement. On successful conversion to AIRB, the Group anticipate a 200bps uplift to the CET1 ratio reported at 30 September 2022. Investec plc is in the early stages of a process to migrate from the Standardised approach to the Internal Ratings Based (IRB) approach.

IEP Group restructure:
Post period end, the following restructure was approved by the shareholders of IEP and the Bud Group:

- The IEP Group and Bud Group shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including Investec, by way of a share buyback. The restructure entails the transfer of certain assets to a Newco, to facilitate the orderly disposal of those assets
- Newco has entered into binding transaction agreements to dispose of certain chemical assets that constitute a significant portion of IEP's carrying value in Investec's financial statements
- Both the restructure and the chemical assets disposal are subject to regulatory approvals and other conditions precedent typical for a transaction of this nature. Whilst the chemical assets disposal is anticipated to be concluded during 2023, the balance of the asset disposal process is anticipated to conclude over the next 24 months, subject to market conditions.

Share purchase and buy-back:
On 3 October 2022, the Group announced a c.R1.2 billion share purchase programme pursuant to which Investec Limited would purchase Investec plc ordinary shares (the "PLC Share Purchase Programme").

In conjunction with the PLC Share Purchase Programme, the Board has now approved a proposed share purchase and a share buy-back programme of up to a total of R7 billion, pursuant to which Investec Limited would purchase Investec plc ordinary shares and would buy back its own shares (the "Investec Purchase and Buyback Programme"). Investec anticipates that this programme will be executed over the next 18 months subject to market conditions. A further announcement about the commencement of the Investec Purchase and Buyback Programme is expected to be made in due course.

The Investec Purchase and Buyback Programme is in line with previously communicated strategic priorities that the Group intends to optimise its capital base given the capital surplus position in South Africa. To date, under the PLC Share Purchase Programme, Investec Limited has purchased approximately 6.9 million shares of Investec plc; these shares will be treated as treasury shares by the Group.

Shares acquired by Investec Limited under the Investec Purchase and Buyback Programme will be additional to the 10 million Investec Limited shares that were repurchased and cancelled by Investec Limited in the last twelve months.

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 10.3% 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 2.3% of gross core loans subject to ECL at 30 September 2022 (31 March 2022: 1.9%) 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 21.7% (31 March 2022: 21.4%).

R'million	30 Sept 2022	31 March 2022
Gross core loans	**316 624**	**301 106**
of which subject to ECL*	315 138	299 576
of which FVPL (excluding fixed rate loans above)	1 486	1 530
Gross core loans subject to ECL	**315 138**	**299 576**
Stage 1	293 259	276 362
Stage 2	14 713	17 589
of which past due greater than 30 days	589	328
Stage 3	7 166	5 625
ECL	**(2 875)**	**(2 695)**
Stage 1	(768)	(869)
Stage 2	(555)	(620)
Stage 3	(1 552)	(1 206)
Coverage ratio		
Stage 1	0.26%	0.31%
Stage 2	3.8%	3.5%
Stage 3	21.7%	21.4%
Annualised credit loss ratio	**(0.01)%**	**0.00%**
ECL impairment charges on core loans	15	(6)
Average gross core loans subject to ECL	307 357	294 022
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	5 614	4 419
Aggregate collateral and other credit enhancements on Stage 3	5 593	5 734
Stage 3 as a % of gross core loans subject to ECL	2.3%	1.9%
Total ECL as a % of Stage 3 exposure	40.1%	47.9%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.8%	1.5%

* 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. R14.6 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	**276 362**	**(869)**	**17 589**	**(620)**	**5 625**	**(1 206)**	**299 576**	**(2 695)**
Transfer from Stage 1	(5 087)	20	3 734	(18)	1 353	(2)	—	—
Transfer from Stage 2	4 629	(102)	(5 402)	510	773	(408)	—	—
Transfer from Stage 3	78	(9)	70	(9)	(148)	18	—	—
ECL remeasurement arising from transfer of stage	—	84	—	(444)	—	(58)	—	(418)
New lending and repayments/ write-offs	13 852	(33)	(1 472)	4	(443)	26	11 937	(3)
Changes to risk parameters and models	—	149	—	22	—	80	—	251
Foreign exchange and other	3 425	(8)	194	—	6	(2)	3 625	(10)
At 30 September 2022	**293 259**	**(768)**	**14 713**	**(555)**	**7 166**	**(1 552)**	**315 138**	**(2 875)**
At 31 March 2021	**266 061**	**(985)**	**14 969**	**(416)**	**7 438**	**(1 328)**	**288 468**	**(2 729)**
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	10 880	(26)	(476)	16	(659)	223	9 745	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	**275 404**	**(982)**	**16 537**	**(518)**	**6 528**	**(1 348)**	**298 469**	**(2 848)**

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	**47 900**	**(167)**	**5 587**	**(156)**	**2 511**	**(405)**	**55 998**	**(728)**	**—**	**55 998**
Commercial real estate – investment	45 612	(158)	5 504	(156)	2 506	(403)	53 622	(717)	—	53 622
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*	**54 328**	**(192)**	**5 818**	**(163)**	**2 686**	**(408)**	**62 832**	**(763)**	**—**	**62 832**
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, 58% of high net worth and specialised lending (31 March 2022: 58%) 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

R'million	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			
	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*	70 706	(190)	467	(19)	1 211	(120)	72 384	(329)	—	72 384
Total high net worth and other private client lending	**152 110**	**(245)**	**5 246**	**(186)**	**2 372**	**(339)**	**159 728**	**(770)**	**—**	**159 728**
Coverage ratio		**0.16%**		**3.5%**		**14.3%**		**0.5%**		
At 31 March 2022										
Mortgages	80 125	(64)	4 337	(172)	1 169	(204)	85 631	(440)	—	85 631
High net worth and specialised lending*	70 140	(228)	662	(19)	1 466	(157)	72 268	(404)	—	72 268
Total high net worth and other private client lending	**150 265**	**(292)**	**4 999**	**(191)**	**2 635**	**(361)**	**157 899**	**(844)**	**—**	**157 899**
Coverage ratio		**0.19%**		**3.8%**		**13.7%**		**0.5%**		

* 58% of High net worth and specialised lending (31 March 2021: 58%) 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

R'million	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			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2022										
Corporate and acquisition finance	62 346	(210)	2 684	(205)	2 005	(726)	67 035	(1 141)	1 486	68 521
Fund finance	10 077	(13)	—	—	—	—	10 077	(13)	—	10 077
Financial institutions and governments	2 885	(66)	669	—	—	—	3 554	(66)	—	3 554
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	**86 821**	**(331)**	**3 649**	**(206)**	**2 108**	**(805)**	**92 578**	**(1 342)**	**1 486**	**94 064**
Coverage ratio		**0.38%**		**5.6%**		**38.2%**		**1.4%**		
At 31 March 2022										
Corporate and acquisition finance	51 172	(275)	6 312	(291)	1 227	(440)	58 711	(1 006)	1 530	60 241
Fund finance	7 461	(12)	—	—	—	—	7 461	(12)	—	7 461
Financial institutions and governments	3 195	(6)	—	—	19	(2)	3 214	(8)	—	3 214
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	**73 222**	**(352)**	**6 635**	**(303)**	**1 400**	**(534)**	**81 257**	**(1 189)**	**1 530**	**82 787**
Coverage ratio		**0.48%**		**4.6%**		**38.1%**		**1.5%**		

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

CREDIT AND COUNTERPARTY RISK

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 **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	18 542	—	18 542	(20)	—	18 522
Non-sovereign and non-bank cash placements	13 303	390	12 913	(66)	—	13 237
Reverse repurchase agreements and cash collateral on securities borrowed	47 796	8 927	38 869	(1)	—	47 795
Sovereign debt securities	67 410	7 502	59 908	(58)	—	67 352
Bank debt securities	19 794	266	19 528	(22)	—	19 772
Other debt securities	13 515	322	13 193	(26)	—	13 489
Derivative financial instruments	9 782	9 782	—	—	3 964	13 746
Securities arising from trading activities	6 922	6 922	—	—	18 454	25 376
Investment portfolio	—	—	—	—	11 690*	11 690
Loans and advances to customers	311 180	17 119	294 061	(2 859)	—	308 321
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	—	—	—	—	5 698	5 698
Current taxation assets	—	—	—	—	—	—
Deferred taxation assets	—	—	—	—	2 702	2 702
Other assets	—	—	—	—	19 402**	19 402
Property and equipment	—	—	—	—	3 407	3 407
Investment properties	—	—	—	—	16 189	16 189
Goodwill	—	—	—	—	173	173
Other acquired intangible assets	—	—	—	—	39	39
Software	—	—	—	—	50	50
Other financial instruments at FVPL in respect of liabilities to customers	—	—	—	—	1 745	1 745
Non-current assets classified as held for resale	—	—	—	—	771	771
Total on-balance sheet exposures	**526 590**	**51 230**	**475 360**	**(3 092)**	**86 496**	**609 994**
Guarantees	20 734	—	20 734	(4)	1 024	21 754
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)**	**24 383**	**125 988**
Total exposures	**628 251**	**56 766**	**571 485**	**(3 148)**	**110 879**	**735 982**

^ Includes R59 million ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely 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 **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	21 016	—	21 016	(2)	—	21 014
Non-sovereign and non-bank cash placements	13 209	564	12 645	(33)	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	60 831	23 346	37 485	(4)	—	60 827
Sovereign debt securities	57 382	7 161	50 221	(48)	—	57 334
Bank debt securities	27 967	288	27 679	(17)	—	27 950
Other debt securities	15 425	307	15 118	(27)	—	15 398
Derivative financial instruments	7 068	7 068	—	—	10 710	17 778
Securities arising from trading activities	2 197	2 197	—	—	7 808	10 005
Investment portfolio	—	—	—	—	15 509*	15 509
Loans and advances to customers	293 851	20 850	273 001	(2 668)	—	291 183
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	—	—	—	—	5 480	5 480
Current taxation assets	—	—	—	—	4	4
Deferred taxation assets	—	—	—	—	2 866	2 866
Other assets	241	—	241	—	19 632**	19 873
Property and equipment	—	—	—	—	3 469	3 469
Investment properties	—	—	—	—	15 783	15 783
Goodwill	—	—	—	—	173	173
Intangible assets	—	—	—	—	64	64
Software	—	—	—	—	46	46
Other financial instruments at FVPL in respect of liabilities to customers	—	—	—	—	1 145	1 145
Non-current assets classified as held for resale	—	—	—	—	1 524	1 524
Total on-balance sheet exposures	**517 819**	**61 781**	**456 038**	**(2 850)**	**85 453**	**600 422**
Guarantees	16 984	—	16 984	(5)	1 794	18 773
Committed facilities related to loans and advances to customers	66 934	—	66 934	(65)	—	66 869
Contingent liabilities, letters of credit and other	9 229	4 493	4 736	—	21 971	31 200
Total off-balance sheet exposures	**93 147**	**4 493**	**88 654**	**(70)**	**23 765**	**116 842**
Total exposures	**610 966**	**66 274**	**544 692**	**(2 920)**	**109 218**	**717 264**

Includes R73 million ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely 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 22.

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 Investec Limited, 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.

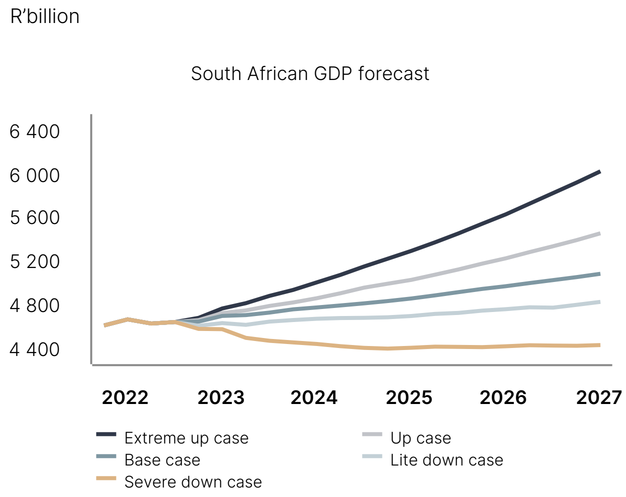
The severe down case is characterised by a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures. Severe Rand weakness is a feature as well as very high domestic inflation, which is also affected by severely unfavourable weather conditions. 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	7.7	4.1	7.7	2.6	3.1	4.5	7.1	2.9
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*	**11.9**	**7.4**	**12.3**	**4.1**	**4.8**	**5.8**	**10.8**	**3.3**

* 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	8.8	7.5
Foreign exchange	0.4	0.4
Interest rates	10.1	8.0
Consolidated*	**14.0**	**9.2**

* The consolidated ES for each entity 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	**53.3**	**18.5**

INVESTMENT RISK

Investment risk

Investment risk in the banking book comprises 3.0% 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*^	5 532	5 297
Listed equities	567	546
Investment and trading properties^	6 820	6 772
The IEP Group	5 661	5 437
Ninety One #	—	4 462
Total	**18 580**	**22 514**

^ The exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 24.3% (31 March 2022: 24.3%).

* Includes fair value loan investments of R2.4 billion (31 March 2022: R2.2 billion) to reflect our economic ownership as explained above.

Following the distribution that took place on 30 May 2022, Investec Limited reduced its shareholding in Ninety One from 10% to zero.

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

30 September 2022

R11 760 million

Manufacturing and Commerce	38.8%
Real Estate	18.1%
Finance and Insurance	16.4%
Mining and resources	9.1%
Electricity, gas and water (utility services)	7.1%
Other	6.2%
Communication	4.3%

BALANCE SHEET RISK

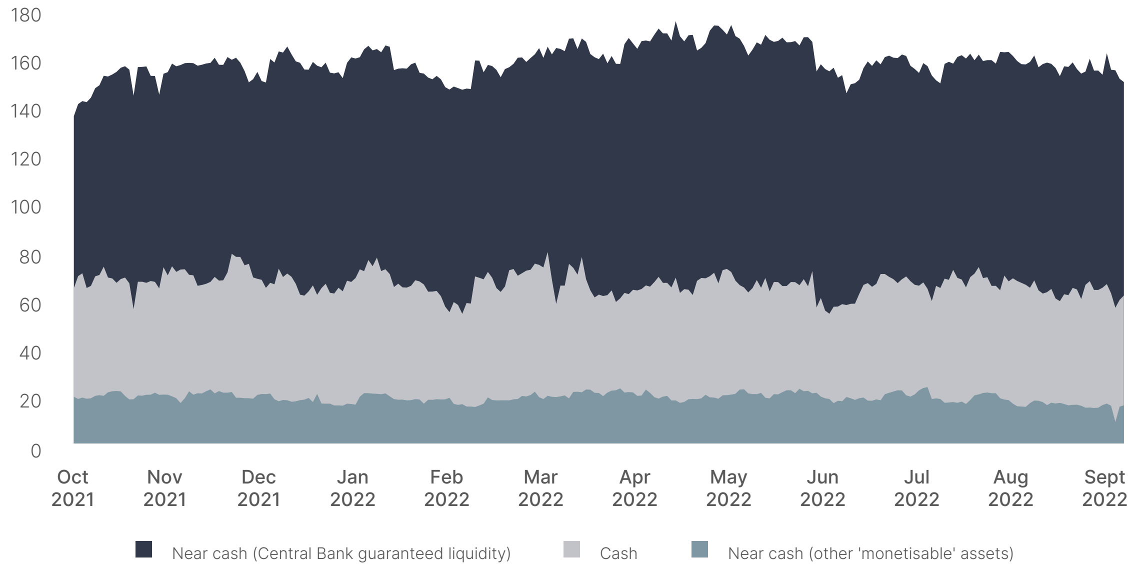
Balance sheet risk management
Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

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
R454.3 billion

■	Non-bank financials	44.1%
■	Individuals	22.2%
■	Non-financial corporates	19.4%
■	Public sector	6.0%
■	Banks	4.4%
■	Small business	3.9%

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 Group 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	29 314	867	548	—	—	—	—	30 729
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	54 414	7 055	2 398	13 191	41 399	24 155	221 166
Securitised assets	1 446	21	114	117	168	1 877	3 125	6 868
Advances	2 790	9 147	10 223	11 209	23 625	127 093	125 677	309 764
Other assets	2 704	9 618	2 704	803	(1 358)	5 025	7 048	26 544
Assets	**124 408**	**75 009**	**20 823**	**14 588**	**35 626**	**176 175**	**161 679**	**608 308**
Deposits – banks	(142)	(177)	(36)	(346)	(1 207)	(17 773)	—	(19 681)
Deposits – non-banks	(209 347)	(10 316)	(60 732)	(40 792)	(43 426)	(67 608)	(2 384)	(434 605)
Negotiable paper	(1)	—	(968)	(1 223)	(573)	(4 090)	—	(6 855)
Securitised liabilities	—	—	—	—	—	(36)	(3 499)	(3 535)
Investment/trading liabilities	(6 920)	(10 842)	(5 121)	(4 379)	(7 173)	(19 930)	57	(54 308)
Subordinated liabilities	–	—	(7)	(625)	(35)	(9 008)	—	(9 675)
Other liabilities	(3 451)	(6 335)	(27)	(311)	(235)	(55)	(7 920)	(18 334)
Liabilities	**(219 861)**	**(27 670)**	**(66 891)**	**(47 676)**	**(52 649)**	**(118 500)**	**(13 746)**	**(546 993)**
Total equity	—	—	—	—	—	—	(61 315)	(61 315)
Contractual liquidity gap	**(95 453)**	**47 339**	**(46 068)**	**(33 088)**	**(17 023)**	**57 675**	**86 618**	**—**
Cumulative liquidity gap	(95 453)	(48 114)	(94 182)	(127 270)	(144 293)	(86 618)	—	—

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	**74 881**	**17 451**	**(4 323)**	**(5 701)**	**3 582**	**(175 004)**	**89 114**	**—**
Cumulative	74 881	92 332	88 009	82 308	85 890	(89 114)	—	

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 Group 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 Group 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 Group 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	21 578	18	—	—	—	9 655	31 251
Cash and short-term funds – non-banks	12 932	305	—	—	—	—	13 237
Investment/trading assets and statutory liquids	59 097	17 656	9 898	27 634	21 153	52 256	187 694
Securitised assets	6 868	—	—	—	—	—	6 868
Advances	287 079	4 903	2 097	13 707	526	1 452	309 764
Other assets	3 198	(1 196)	736	3 707	323	4 709	11 477
Assets	**390 752**	**21 686**	**12 731**	**45 048**	**22 002**	**68 072**	**560 291**
Deposits – banks	(15 608)	(345)	(810)	(2 570)	—	—	(19 333)
Deposits – non-banks	(349 801)	(30 808)	(29 411)	(20 081)	(2 400)	(2 104)	(434 605)
Negotiable paper	(1 868)	(538)	(405)	(4 022)	—	(22)	(6 855)
Securitised liabilities	(3 535)	—	—	—	—	—	(3 535)
Investment/trading liabilities	(196)	—	—	(1 118)	—	(3 742)	(5 056)
Subordinated liabilities	(5 764)	—	—	(3 834)	—	(77)	(9 675)
Other liabilities	(5 922)	—	—	—	—	(10 628)	(16 550)
Liabilities	**(382 694)**	**(31 691)**	**(30 626)**	**(31 625)**	**(2 400)**	**(16 573)**	**(495 609)**
Total equity	(2 517)	—	—	—	—	(58 798)	(61 315)
Balance sheet	**5 541**	**(10 005)**	**(17 895)**	**13 423**	**19 602**	**(7 299)**	**3 367**
Off-balance sheet	(3 268)	13 718	16 242	(11 061)	(18 998)	—	(3 367)
Repricing gap	**2 273**	**3 713**	**(1 653)**	**2 362**	**604**	**(7 299)**	**—**
Cumulative repricing gap	2 273	5 986	4 333	6 695	7 299	—	

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	(6.9)	1.5	(1.3)	0.1	—	—	**2.2**
200bps up	(14.2)	(1.3)	1.1	(0.8)	—	—	**(35.3)**

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

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

R'million	IRB Scope * 30 Sept 2022^	IRB Scope * 31 March 2022^
Common Equity Tier 1	14.1%	14.0 %
Tier 1 ratio	15.0%	15.0 %
Total capital ratio	18.0%	17.5 %
Risk-weighted assets (R'million)	319 416	319 048
Leverage exposure measure (R'million)	674 247	649 828
Leverage ratio**	7.1%	7.4 %

Capital structure and capital adequacy

R'million	IRB Scope * 30 Sept 2022^	IRB Scope * 31 March 2022^
Shareholders' equity	**45 079**	**46 232**
Shareholders' equity per balance sheet	47 660	49 118
Perpetual preference share capital and share premium	(2 581)	(2 886)
Non-controlling interests	**—**	**–**
Non-controlling interests per balance sheet	10 545	10 301
Non-controlling interests excluded for regulatory purposes	(10 545)	(10 301)
Regulatory adjustments to the accounting basis	**1 515**	**1 348**
Prudent valuation adjustment	(266)	(261)
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	**(1 660)**	**(2 790)**
Goodwill and intangible assets net of deferred tax	(261)	(283)
Investment in financial entity	(1 061)	(871)
Shortfall of eligible provisions compared to expected loss	(207)	(170)
Investment in capital of financial entities above 10% threshold	—	(1 291)
Other regulatory adjustments	(131)	(175)
Common equity tier 1 capital	**44 934**	**44 790**
Additional Tier 1 capital	**3 067**	**3 064**
Additional tier 1 instruments	5 691	5 996
Phase out of non-qualifying additional tier 1 instruments	(2 581)	(2 886)
Non-qualifying surplus capital attributable to non-controlling interest	(43)	(46)
Tier 1 capital	**48 001**	**47 854**
Tier 2 capital	**9 346**	**8 091**
Collective impairment allowances	407	425
Tier 2 instruments	9 675	10 722
Investment in capital of financial entities above 10% threshold	—	(621)
Non-qualifying surplus capital attributable to non-controlling interests	(736)	(2 435)
Total regulatory capital	**57 347**	**55 945**
Risk-weighted assets	**319 416**	**319 048**

* 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 Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 62bps lower (31 March 2022: 134bps lower).

CAPITAL ADEQUACY
CONTINUED

Capital requirements

	Increased AIRB Scope*	
R'million	**30 Sept 2022**	31 March 2022
Capital requirements	**38 330**	**38 285**
Credit risk	30 682	29 410
Equity risk	1 900	3 182
Counterparty credit risk	931	1 045
Credit valuation adjustment risk	320	649
Market risk	907	546
Operational risk	3 590	3 453
Risk-weighted assets	**319 416**	**319 048**
Credit risk	255 680	245 092
Equity risk	15 832	26 513
Counterparty credit risk	7 757	8 712
Credit valuation adjustment risk	2 668	5 410
Market risk	7 561	4 547
Operational risk	29 918	28 774

Leverage

	Increased AIRB Scope*	
R'million	**30 Sept 2022^**	31 March 2022^
Tier 1 capital	48 001	47 854
Total exposure measure	674 247	649 828
Leverage ratio**	**7.1%**	**7.4 %**

* 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 Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 62bps lower (31 March 2022: 134bps 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.

Adjusted operating profit	Refer to the calculation in the table below

R'million	Six months to 30 Sept 2022	Six months to 30 Sept 2021	Year to 31 March 2022
Operating profit before goodwill and acquired intangibles	5 089	4 071	8 562
Add: Profit attributable to non-controlling interests	(564)	(332)	(812)
Adjusted operating profit	**4 525**	**3 739**	**7 750**

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 to customers per the balance sheet	308 321	291 183
Add: Own originated loans and advances to customers per the balance sheet	5 428	7 228
Net core loans	**313 749**	**298 411**
of which subject to ECL*	312 263	296 881
Net core loans at amortised cost	296 672	277 637
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	15 591	19 244
of which FVPL (excluding fixed rate loans above)	1 486	1 530
Add: ECL	2 875	2 695
Gross core loans	**316 624**	**301 106**
of which subject to ECL*	315 138	299 576
of which FVPL (excluding fixed rate loans above)	1 486	1 530

^ 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	Six months to 30 Sept 2022	Six months to 30 Sept 2021	Year to 31 March 2022
Operating costs (A)	4 868	4 349	9 282
Total operating income before expected credit loss impairment charges	9 996	8 528	17 907
Less: Profit attributable to non-controlling interests	(564)	(332)	(812)
Total (B)	9 432	8 196	17 095
Cost to income ratio (A/B)	**51.6%**	**53.1%**	**54.3%**

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 subject to ECL
Gearing ratio	Total assets excluding assurance assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net interest margin	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.

Funds under management
Consists of funds managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

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

Ninety One and Ninety One group
All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries.

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.

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