

# Possibilities and opportunities

Investec Limited  
(excluding results of Investec plc)

Unaudited condensed financial information  
for the year ended March 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 22.

→ All other definitions can be found on page 23.

Key financial statistics	31 March 2022	31 March 2021	% change
Total operating income before expected credit losses (R'million)	17 907	14 188	26.2%
Operating costs (R'million)	9 282	8 457	9.8%
Operating profit before goodwill and acquired intangibles (R'million)	8 562	5 110	67.6%
Headline earnings attributable to ordinary shareholders (R'million)	5 373	4 206	27.7%
Cost to income ratio	54.3%	59.6%	
Total capital resources (including subordinated liabilities) (R'million)	73 251	75 073	(2.4%)
Total equity (R'million)	62 529	60 628	3.1%
Total assets (R'million)	599 134	548 480	9.2%
Net core loans and advances (R'million)	298 411	287 315	3.9%
Customer accounts (deposits) (R'million)	419 948	374 228	12.2%
Loans and advances to customers as a % of customer accounts (deposits)	69.3%	74.6%	
Cash and near cash balances (R'million)	159 454	129 759	22.9%
Funds under management (R'million)	372 804	340 618	9.4%
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	9.6x	9.0x	
Total capital ratio <sup>^</sup>	17.5%	16.0%	
Tier 1 ratio <sup>^</sup>	15.0%	12.8%	
Common Equity Tier 1 ratio <sup>^</sup>	14.0%	12.2%	
Leverage ratio <sup>^</sup>	7.4%	7.6%	
Leverage ratio (fully loaded) <sup>^</sup>	7.4%	7.5%	
Stage 3 as a % of gross core loans subject to ECL	1.9%	2.6%	
Stage 3 net of ECL as a % of net core loans subject to ECL	1.5%	2.1%	
Credit loss ratio	0.00%	0.18%	
Net Stable Funding Ratio % (NSFR)	112.6%	113.4%	
Liquidity Coverage Ratio % (LCR)*	138.9%	164.0%	

\* 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.

<sup>^</sup> Investec Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. 31 March 2021 numbers are reported on the FIRB approach; we have presented numbers on a pro-forma Increased AIRB Scope basis for 31 March 2021 on page 20.

## CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Year to 31 March 2022	Year to 31 March 2021
Interest income	26 087	26 400
Interest expense	(16 709)	(18 362)
<b>Net interest income</b>	<b>9 378</b>	<b>8 038</b>
Fee and commission income	7 166	6 127
Fee and commission expense	(624)	(603)
Investment income	590	284
Share of post-taxation profit/(loss) of associates and joint venture holdings	287	(145)
Trading income/(loss) arising from		
– customer flow	1 369	959
– balance sheet management and other trading income	(276)	(621)
Other operating income	17	149
<b>Total operating income before expected credit loss impairment charges</b>	<b>17 907</b>	<b>14 188</b>
Expected credit loss impairment charges	(63)	(621)
<b>Operating income</b>	<b>17 844</b>	<b>13 567</b>
Operating costs	(9 282)	(8 457)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>8 562</b>	<b>5 110</b>
Impairment of goodwill	(39)	(7)
Amortisation of acquired intangibles	(51)	(51)
Impairment of associates and joint venture holdings	—	(348)
<b>Operating profit</b>	<b>8 472</b>	<b>4 704</b>
Implementation costs on distribution of investment to shareholders	(28)	—
<b>Profit before taxation</b>	<b>8 444</b>	<b>4 704</b>
Taxation on operating profit before acquired intangibles	(2 140)	(1 050)
Taxation on acquired intangibles	15	14
<b>Profit after taxation</b>	<b>6 319</b>	<b>3 668</b>
(Profit)/loss attributable to non-controlling interests	(812)	2
Loss attributable to non-controlling interests relating to impairments in associates	—	189
<b>Earnings attributable to shareholders</b>	<b>5 507</b>	<b>3 859</b>
Earnings attributable to ordinary shareholders	5 030	3 443
Earnings attributable to perpetual preferred securities and other Additional Tier 1 securities	477	416

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

R'million	Year to 31 March 2022	Year to 31 March 2021
Profit after taxation	6 319	3 668
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified to the income statement</b>		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(82)	11
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	49	2 051
Gain on realisation of debt instruments at FVOCI recycled to the income statement*	(35)	(33)
Foreign currency adjustments on translating foreign operations	(92)	(1 278)
<b>Items that will not be reclassified to the income statement</b>		
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income*	151	885
Net gain/(loss) attributable to own credit risk*	1	(14)
<b>Total comprehensive income</b>	<b>6 311</b>	<b>5 290</b>
Total comprehensive income attributable to ordinary shareholders	5 022	5 065
Total comprehensive income/(loss) attributable to non-controlling interests	812	(191)
Total comprehensive income attributable to perpetual preferred securities and other Additional Tier 1 securities	477	416
<b>Total comprehensive income</b>	<b>6 311</b>	<b>5 290</b>

\* These amounts are net of taxation expense of R27.0 million (2021: R1.1 billion).

## HEADLINE EARNINGS

R'million	Year to 31 March 2022	Year to 31 March 2021
Earnings attributable to shareholders	5 507	3 859
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	(477)	(416)
Gain on repurchase of perpetual preference shares	26	71
<b>Earnings attributable to ordinary shareholders</b>	<b>5 056</b>	<b>3 514</b>
Headline adjustments	317	692
Revaluation of investment properties*	108	305
Headline adjustments of equity accounted associates	170	196
Impairment of goodwill	39	7
Impairment of associates and joint venture holdings	—	348
Loss attributable to non-controlling interests relating to impairments in associates	—	(189)
Other headline adjustments^	—	25
<b>Headline earnings attributable to ordinary shareholders</b>	<b>5 373</b>	<b>4 206</b>

\* These amounts are net of taxation of R69.3 million (2021: R89.6 million) and R283.2 million (2021: R775.7 million) of non-controlling interests.

^ Other headline adjustments predominantly relates to disposal of associate.

## CONSOLIDATED BALANCE SHEET

At 31 March R'million	2022	2021 <sup>^</sup>
<b>Assets</b>		
Cash and balances at central banks	11 893	9 653
Loans and advances to banks	21 014	25 723
Non-sovereign and non-bank cash placements	13 176	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	60 827	30 756
Sovereign debt securities	57 380	53 009
Bank debt securities	27 958	21 862
Other debt securities	15 417	14 148
Derivative financial instruments	17 778	19 186
Securities arising from trading activities	10 005	15 202
Investment portfolio	15 509	15 131
Loans and advances to customers	291 183	279 131
Own originated loans and advances to customers securitised	7 228	8 184
Other loans and advances	108	181
Other securitised assets	592	578
Interests in associated undertakings and joint venture holdings	5 480	5 215
Current taxation assets	4	44
Deferred taxation assets	2 866	2 767
Other assets	18 512	16 324
Property and equipment	3 469	2 942
Investment properties	15 783	16 942
Goodwill	173	212
Software	46	95
Other acquired intangible assets	64	118
Non-current assets classified as held for sale	1 524	1 054
	<b>597 989</b>	<b>547 413</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 145	1 067
	<b>599 134</b>	<b>548 480</b>
<b>Liabilities</b>		
Deposits by banks	22 236	22 052
Derivative financial instruments	32 265	26 154
Other trading liabilities	4 475	5 643
Repurchase agreements and cash collateral on securities lent	13 941	17 598
Customer accounts (deposits)	419 948	374 228
Debt securities in issue	7 607	6 493
Liabilities arising on securitisation of own originated loans and advances	4 585	3 271
Current taxation liabilities	753	854
Deferred taxation liabilities	714	743
Other liabilities	18 214	15 304
	<b>524 738</b>	<b>472 340</b>
Liabilities to customers under investment contracts	1 086	1 014
Insurance liabilities, including unit-linked liabilities	59	53
	<b>525 883</b>	<b>473 407</b>
Subordinated liabilities	10 722	14 445
	<b>536 605</b>	<b>487 852</b>
<b>Equity</b>		
Ordinary share capital	1	1
Ordinary share premium	6 076	6 112
Treasury shares	(3 507)	(3 020)
Other reserves	2 489	2 543
Retained income	41 173	38 656
<b>Ordinary shareholders' equity</b>	<b>46 232</b>	<b>44 292</b>
Perpetual preference shares in issue	2 886	3 039
<b>Shareholders' equity excluding non-controlling interests</b>	<b>49 118</b>	<b>47 331</b>
Other Additional Tier 1 securities in issue	3 110	1 733
Non-controlling interests	10 301	11 564
– Perpetual preferred securities issued by subsidiaries	—	1 481
– Non-controlling interests in partially held subsidiaries	10 301	10 083
<b>Total equity</b>	<b>62 529</b>	<b>60 628</b>
<b>Total liabilities and equity</b>	<b>599 134</b>	<b>548 480</b>

<sup>^</sup> Restated as detailed on page 16.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Ordinary share capital	Share premium	Treasury shares
<b>At 1 April 2020</b>	<b>1</b>	<b>6 112</b>	<b>(2 992)</b>
<b>Movement in reserves 1 April 2020 – 31 March 2021</b>			
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 loss attributable to own credit risk	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Issue of other Additional Tier 1 security instruments	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(50)
Share-based payments adjustments	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	22
Transfer to regulatory general risk reserve	—	—	—
Net equity impact of non-controlling interests movements	—	—	—
Repurchase 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	—	—	—
<b>At 31 March 2021</b>	<b>1</b>	<b>6 112</b>	<b>(3 020)</b>
<b>Movement in reserves 1 April 2021 – 31 March 2022</b>			
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	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Issue of other Additional Tier 1 security instruments	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(487)
Share-based payments adjustments	—	—	—
Transfer from regulatory general risk reserve	—	—	—
Repurchase of perpetual preference shares	—	—	—
Share buy-back of ordinary share capital	—	(36)	—
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	—	—	—
<b>At 31 March 2022</b>	<b>1</b>	<b>6 076</b>	<b>(3 507)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Other reserves							Ordinary shareholders' equity	Perpetual preference shares in issue	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non- controlling interests	Total equity
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Own credit risk reserve	Foreign currency reserve	Retained income						
61	(1 739)	690	(1 550)	26	3 415	35 878	39 902	3 184	43 086	1 010	12 579	56 675
—	—	—	—	—	—	3 859	3 859	—	3 859	—	(191)	3 668
—	—	—	11	—	—	—	11	—	11	—	—	11
—	2 051	—	—	—	—	—	2 051	—	2 051	—	—	2 051
—	(33)	—	—	—	—	—	(33)	—	(33)	—	—	(33)
—	885	—	—	—	—	—	885	—	885	—	—	885
—	—	—	—	—	(1 278)	—	(1 278)	—	(1 278)	—	—	(1 278)
—	—	—	—	(14)	—	—	(14)	—	(14)	—	—	(14)
—	2 903	—	11	(14)	(1 278)	3 859	5 481	—	5 481	—	(191)	5 290
—	—	—	—	—	—	—	—	—	—	723	—	723
—	—	—	—	—	—	(406)	(406)	—	(406)	—	—	(406)
—	—	—	—	—	—	—	(50)	—	(50)	—	—	(50)
—	—	—	—	—	—	436	436	—	436	—	—	436
—	—	—	—	—	—	(22)	—	—	—	—	—	—
—	—	18	—	—	—	(18)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	(80)	(80)
—	—	—	—	—	—	71	71	(145)	(74)	—	(53)	(127)
—	—	—	—	—	—	(416)	(416)	212	(204)	94	110	—
—	—	—	—	—	—	—	—	(212)	(212)	(94)	(110)	(416)
—	—	—	—	—	—	(726)	(726)	—	(726)	—	—	(726)
—	—	—	—	—	—	—	—	—	—	—	(691)	(691)
61	1 164	708	(1 539)	12	2 137	38 656	44 292	3 039	47 331	1 733	11 564	60 628
—	—	—	—	—	—	5 507	5 507	—	5 507	—	812	6 319
—	—	—	(82)	—	—	—	(82)	—	(82)	—	—	(82)
—	49	—	—	—	—	—	49	—	49	—	—	49
—	(35)	—	—	—	—	—	(35)	—	(35)	—	—	(35)
—	151	—	—	—	—	—	151	—	151	—	—	151
—	—	—	—	—	(92)	—	(92)	—	(92)	—	—	(92)
—	—	—	—	1	—	—	1	—	1	—	—	1
—	165	—	(82)	1	(92)	5 507	5 499	—	5 499	—	812	6 311
—	—	—	—	—	—	—	—	—	—	1 377	—	1 377
—	—	—	—	—	—	79	79	—	79	—	—	79
—	—	—	—	—	—	—	(487)	—	(487)	—	—	(487)
—	—	—	—	—	—	415	415	—	415	—	—	415
—	—	(46)	—	—	—	46	—	—	—	—	—	—
—	—	—	—	—	—	26	26	(153)	(127)	—	(1 481)	(1 608)
—	—	—	—	—	—	(684)	(720)	—	(720)	—	—	(720)
—	—	—	—	—	—	(477)	(477)	167	(310)	200	110	—
—	—	—	—	—	—	—	—	(167)	(167)	(200)	(110)	(477)
—	—	—	—	—	—	(2 395)	(2 395)	—	(2 395)	—	—	(2 395)
—	—	—	—	—	—	—	—	—	—	—	(594)	(594)
61	1 329	662	(1 621)	13	2 045	41 173	46 232	2 886	49 118	3 110	10 301	62 529

## CONSOLIDATED SEGMENTAL INFORMATION

	Specialist Banking		Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
	Private Client	Private Banking				
For the year to 31 March 2022 R'million	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
Net interest income/(expense)	90	5 577	4 485	(774)	—	9 378
Net fee and commission income	2 052	1 139	2 337	1 014	—	6 542
Investment income/(loss)	12	323	(221)	476	—	590
Share of post-taxation profit of associates and joint venture holdings	—	3	5	279	—	287
Trading income/(loss) arising from						
– customer flow	(6)	—	970	405	—	1 369
– balance sheet management and other trading activities	12	(3)	7	(292)	—	(276)
Other operating income	—	—	17	—	—	17
<b>Total operating income before expected credit loss impairment charges</b>	<b>2 160</b>	<b>7 039</b>	<b>7 600</b>	<b>1 108</b>	<b>—</b>	<b>17 907</b>
Expected credit loss impairment charges	—	368	(419)	(12)	—	(63)
<b>Operating income</b>	<b>2 160</b>	<b>7 407</b>	<b>7 181</b>	<b>1 096</b>	<b>—</b>	<b>17 844</b>
Operating costs	(1 440)	(3 363)	(4 116)	(39)	(324)	(9 282)
<b>Operating profit before goodwill, acquired intangibles and non-controlling interests</b>	<b>720</b>	<b>4 044</b>	<b>3 065</b>	<b>1 057</b>	<b>(324)</b>	<b>8 562</b>
Profit attributable to non-controlling interests	—	—	(5)	(807)	—	(812)
<b>Profit before goodwill, acquired intangibles, taxation after non-controlling interests</b>	<b>720</b>	<b>4 044</b>	<b>3 060</b>	<b>250</b>	<b>(324)</b>	<b>7 750</b>
<b>Cost to income ratio</b>	66.7%	47.8%	54.2%	n/a	n/a	54.3%
<b>Total assets (R'million)</b>	3 944	223 667	337 827	33 696	—	599 134

	Specialist Banking		Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
	Private Client	Private Banking				
For the year to 31 March 2021 R'million	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	Total Group
Net interest income/(expense)	72	4 651	4 237	(922)	—	8 038
Net fee and commission income	1 671	960	1 926	967	—	5 524
Investment income/(loss)	31	19	(208)	442	—	284
Share of post-taxation loss of associates and joint venture holdings	—	(8)	(23)	(114)	—	(145)
Trading (loss)/income arising from						
– customer flow	—	(1)	778	182	—	959
– balance sheet management and other trading activities	1	1	(151)	(472)	—	(621)
Other operating income	—	—	149	—	—	149
<b>Total operating income before expected credit loss impairment charges</b>	<b>1 775</b>	<b>5 622</b>	<b>6 708</b>	<b>83</b>	<b>—</b>	<b>14 188</b>
Expected credit loss impairment charges	—	(34)	(535)	(52)	—	(621)
<b>Operating income</b>	<b>1 775</b>	<b>5 588</b>	<b>6 173</b>	<b>31</b>	<b>—</b>	<b>13 567</b>
Operating costs	(1 221)	(2 981)	(3 888)	(43)	(324)	(8 457)
<b>Operating profit before goodwill, acquired intangibles and non-controlling interests</b>	<b>554</b>	<b>2 607</b>	<b>2 285</b>	<b>(12)</b>	<b>(324)</b>	<b>5 110</b>
Loss/(profit) attributable to non-controlling interests	—	—	6	(4)	—	2
<b>Profit before goodwill, acquired intangibles, taxation after non-controlling interests</b>	<b>554</b>	<b>2 607</b>	<b>2 291</b>	<b>(16)</b>	<b>(324)</b>	<b>5 112</b>
<b>Cost to income ratio</b>	68.8%	53.0%	57.9%	n/a	n/a	59.6%
<b>Total assets (R'million)^</b>	5 099	210 421	298 586	34 374	—	548 480

^ Restated as detailed on page 16.



## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

## Net interest income

		2022			2021		
For the year to 31 March		Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income	Average yield
R'million							
Cash, near cash and bank debt and sovereign debt securities	1	169 103	5 594	3.31%	166 343	5 460	3.28%
Net core loans and advances	2	294 160	19 736	6.71%	286 005	19 815	6.93%
Private Client		219 884	14 254	6.48%	206 600	13 591	6.58%
Corporate, Investment Banking and Other		74 276	5 482	7.38%	79 405	6 224	7.84%
Other debt securities and other loans and advances		15 981	636	3.98%	16 212	899	5.55%
Other	3	518	121	n/a	309	226	n/a
		<b>479 762</b>	<b>26 087</b>		<b>468 869</b>	<b>26 400</b>	

		2022			2021		
For the year to 31 March		Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense	Average yield
R'million							
Deposits by banks and other debt-related securities	4	42 397	(1 267)	2.99%	70 930	(2 068)	2.92%
Customer accounts (deposits)		400 082	(14 128)	3.53%	368 848	(14 963)	4.06%
Subordinated liabilities	5	12 828	(838)	6.53%	13 986	(953)	6.81%
Other		3 629	(476)	n/a	2 742	(378)	n/a
		<b>458 936</b>	<b>(16 709)</b>		<b>456 506</b>	<b>(18 362)</b>	
<b>Net interest income</b>			<b>9 378</b>			<b>8 038</b>	
<b>Net interest margin*</b>			<b>1.95%</b>			<b>1.71%</b>	

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 2.07% (2021: 1.84%).

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

### CONTINUED

#### Net fee and commission income

For the year to 31 March R'million	2022	2021
<b>Wealth &amp; Investment net fee and commission income</b>	<b>2 052</b>	<b>1 671</b>
Fund management fees/fees for funds under management	1 130	935
Private Client transactional fees <sup>^</sup>	958	774
Fee and commission expense	(36)	(38)
<b>Specialist Banking net fee and commission income</b>	<b>3 476</b>	<b>2 886</b>
Specialist Banking fee and commission income <sup>^^</sup>	3 988	3 368
Specialist Banking fee and commission expense	(512)	(482)
<b>Group Investments net fee and commission income</b>	<b>1 014</b>	<b>967</b>
Group Investments fee and commission income	1 090	1 050
Group Investments fee and commission expense	(76)	(83)
<b>Net fee and commission income</b>	<b>6 542</b>	<b>5 524</b>
Annuity fees (net of fees payable)	5 128	4 490
Deal fees	1 414	1 034

<sup>^</sup> Trust and fiduciary fees amounted to R7.7 million (2021: R7.9 million) and is included in Private Client transactional fees in the Group.

<sup>^^</sup> Included in Specialist Banking fee and commission income is fee income of R1.5 billion (2021: R1.4 billion) for operating lease income which is out of scope of IFRS 15 Revenue from Contracts with Customers.

#### Investment income/(loss)

For the year to 31 March 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
<b>2022</b>									
Realised	8	42	108	169	327	61	43	382	813
Unrealised**	21	(634)*	213	—	(400)	12	(506)	49	(845)
Dividend income	274	218*	—	—	492	—	—	—	492
Funding and other net related (costs)/ income	—	(22)	—	—	(22)	—	152	—	130
	<b>303</b>	<b>(396)</b>	<b>321</b>	<b>169</b>	<b>397</b>	<b>73</b>	<b>(311)</b>	<b>431</b>	<b>590</b>
<b>2021</b>									
Realised	302	(44)	—	51	309	63	26	342	740
Unrealised**	116	(140)	381	—	357	(19)	(990)	(173)	(825)
Dividend income	197	97	—	—	294	—	—	1	295
Funding and other net related (costs)/ income	—	(24)	—	—	(24)	—	98	—	74
	<b>615</b>	<b>(111)</b>	<b>381</b>	<b>51</b>	<b>936</b>	<b>44</b>	<b>(866)</b>	<b>170</b>	<b>284</b>

\* Includes dividend income and unrealised fair value gains 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 31 March 2022 R'million	Total instruments at fair value	Financial instruments at amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
<b>Assets</b>				
Cash and balances at central banks	—	11 893	—	11 893
Loans and advances to banks	—	21 014	—	21 014
Non-sovereign and non-bank cash placements	564	12 612	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	23 346	37 481	—	60 827
Sovereign debt securities	42 432	14 948	—	57 380
Bank debt securities	16 274	11 684	—	27 958
Other debt securities	11 084	4 333	—	15 417
Derivative financial instruments	17 778	—	—	17 778
Securities arising from trading activities	10 005	—	—	10 005
Investment portfolio	15 509	—	—	15 509
Loans and advances to customers	20 774	270 409	—	291 183
Own originated loans and advances to customers securitised	—	7 228	—	7 228
Other loans and advances	—	108	—	108
Other securitised assets	—	592	—	592
Interests in associated undertakings	—	—	5 480	5 480
Current taxation assets	—	—	4	4
Deferred taxation assets	—	—	2 866	2 866
Other assets	4 824	10 758	2 930	18 512
Property and equipment	—	—	3 469	3 469
Investment properties	—	—	15 783	15 783
Goodwill	—	—	173	173
Software	—	—	46	46
Other intangible assets	—	—	64	64
Non-current assets classified as held for sale	498	—	1 026	1 524
	<b>163 088</b>	<b>403 060</b>	<b>31 841</b>	<b>597 989</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 145	—	—	1 145
	<b>164 233</b>	<b>403 060</b>	<b>31 841</b>	<b>599 134</b>
<b>Liabilities</b>				
Deposits by banks	—	22 236	—	22 236
Derivative financial instruments	32 265	—	—	32 265
Other trading liabilities	4 475	—	—	4 475
Repurchase agreements and cash collateral on securities lent	3 152	10 789	—	13 941
Customer accounts (deposits)	56 663	363 285	—	419 948
Debt securities in issue	—	7 607	—	7 607
Liabilities arising on securitisation of own originated loans and advances	—	4 585	—	4 585
Current taxation liabilities	—	—	753	753
Deferred taxation liabilities	—	—	714	714
Other liabilities	2 058	10 138	6 018	18 214
	<b>98 613</b>	<b>418 640</b>	<b>7 485</b>	<b>524 738</b>
Liabilities to customers under investment contracts	1 086	—	—	1 086
Insurance liabilities, including unit-linked liabilities	59	—	—	59
	<b>99 758</b>	<b>418 640</b>	<b>7 485</b>	<b>525 883</b>
Subordinated liabilities	—	10 722	—	10 722
	<b>99 758</b>	<b>429 362</b>	<b>7 485</b>	<b>536 605</b>

## 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).

At 31 March 2022 R'million	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Non-sovereign and non-bank cash placements	564	—	564	—
Reverse repurchase agreements and cash collateral on securities borrowed	23 346	—	23 346	—
Sovereign debt securities	42 432	42 432	—	—
Bank debt securities	16 274	5 163	11 111	—
Other debt securities	11 084	891	10 193	—
Derivative financial instruments	17 778	—	17 778	—
Securities arising from trading activities	10 005	9 737	268	—
Investment portfolio	15 509	5 016	33	10 460
Loans and advances to customers	20 774	—	19 997	777
Other assets	4 824	4 824	—	—
Non-current assets classified as held for sale	498	—	—	498
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 145	1 145	—	—
	<b>164 233</b>	<b>69 208</b>	<b>83 290</b>	<b>11 735</b>
<b>Liabilities</b>				
Derivative financial instruments	32 265	698	31 567	—
Other trading liabilities	4 475	1 314	3 161	—
Repurchase agreements and cash collateral on securities lent	3 152	—	3 152	—
Customer accounts (deposits)	56 663	—	56 663	—
Other liabilities	2 058	—	1 107	951
Liabilities to customers under investment contracts	1 086	—	1 086	—
Insurance liabilities, including unit-linked liabilities	59	—	59	—
	<b>99 758</b>	<b>2 012</b>	<b>96 795</b>	<b>951</b>
<b>Net financial assets/(liabilities) at fair value</b>	<b>64 475</b>	<b>67 196</b>	<b>(13 505)</b>	<b>10 784</b>

#### Transfers between level 1 and level 2

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

# ADDITIONAL IAS 34 DISCLOSURES CONTINUED

## Level 3 financial instruments

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
<b>Balance at 1 April 2021</b>	10 599	35	832	11 466
Net (losses)/gains included in the income statement	(494)	—	51	(443)
Purchases	647	—	—	647
Sales	(60)	—	(385)	(445)
Issues	4	—	—	4
Settlements	(244)	(13)	—	(257)
Transfers into level 3	—	755	—	755
Foreign exchange adjustments	8	—	—	8
<b>Balance at 31 March 2022</b>	<b>10 460</b>	<b>777</b>	<b>498</b>	<b>11 735</b>

R'million	Other liabilities	Total
<b>Balance at 1 April 2021</b>	928	928
Net losses included in the income statement	47	47
Settlements	(24)	(24)
<b>Balance at 31 March 2022</b>	<b>951</b>	<b>951</b>

For the year ended 31 March 2022, R755.0 million of loans and advances to customers has been transferred from level 2 to level 3, due to inputs related to the measurement of credit risk to the valuation model becoming unobservable.

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

For the year to 31 March 2022 R'million	Total	Realised	Unrealised
<b>Total gains/(losses) included in the income statement for the year</b>			
Investment loss	(462)	(102)	(360)
Trading loss arising from balance sheet management and other trading activities	(28)	—	(28)
	<b>(490)</b>	<b>(102)</b>	<b>(388)</b>

## 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 below valuations have been considered taking the global COVID-19 pandemic into consideration. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2022	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range of unobservable input used	Potential impact on the income statement	
					Favourable changes R'million	Unfavourable changes R'million
<b>Assets</b>						
Investment portfolio	10 460				<b>1 339</b>	<b>(1 310)</b>
		Price earnings	EBITDA	*	242	(182)
		Discounted cash flow	Discount rate	13%-17%	12	(12)
		Discounted cash flow	Cash flows	**	33	(26)
		Net asset value	Underlying asset value	^	32	(61)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	27	(27)
		Discounted cash flow	Property prices	#	988	(988)
		Other	Various	**	5	(14)
Loans and advances to customers	777				<b>152</b>	<b>(241)</b>
		Net asset value	Underlying asset value	*	2	(2)
		Underlying asset value	Property values	^	150	(239)
Non-current assets held for sale	498				<b>11</b>	<b>(38)</b>
		Discounted cash flow	Discount rate	13%-16%	11	(38)
<b>Total level 3 assets</b>	<b>11 735</b>				<b>1 502</b>	<b>(1 589)</b>
<b>Liabilities</b>						
Other liabilities	951	Discounted cash flow	Property prices	#	137	(137)
<b>Total level 3 liabilities</b>	<b>951</b>				<b>137</b>	<b>(137)</b>
<b>Net level 3 assets</b>	<b>10 784</b>				<b>1 639</b>	<b>(1 726)</b>

\* 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 the 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
<b>Assets</b>		
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
<b>Liabilities</b>		
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

The following table sets out the fair value of financial instruments held at amortised cost where the carrying value is not a reasonable approximation of fair value:

At 31 March 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
<b>Assets</b>				
Cash and balances at central banks	11 893	11 893	—	—
Loans and advances to banks	21 014	13 858	7 156	7 149
Non-sovereign and non-bank cash placements	12 612	12 612	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	37 481	11 130	26 351	26 354
Sovereign debt securities	14 948	—	14 948	15 189
Bank debt securities	11 684	598	11 086	11 065
Other debt securities	4 333	3 572	761	782
Loans and advances to customers	270 409	254 906	15 503	15 526
Own originated loans and advances to customers securitised	7 228	7 228	—	—
Other loans and advances	108	108	—	—
Other securitised assets	592	592	—	—
Other assets	10 758	10 758	—	—
	<b>403 060</b>	<b>327 255</b>	<b>75 805</b>	<b>76 065</b>
<b>Liabilities</b>				
Deposits by banks	22 236	4 060	18 176	18 614
Repurchase agreements and cash collateral on securities lent	10 789	7 170	3 619	3 706
Customer accounts (deposits)	363 285	217 840	145 445	188 067
Debt securities in issue	7 607	6 558	1 049	1 052
Liabilities arising on securitisation of own originated loans and advances	4 585	4 585	—	—
Other liabilities	10 138	10 138	—	—
Subordinated liabilities	10 722	4 725	5 997	7 019
	<b>429 362</b>	<b>255 076</b>	<b>174 286</b>	<b>218 458</b>



## RESTATEMENTS AND EVENTS AFTER THE REPORTING DATE

### Balance sheet restatements

#### Loans and advances to banks and other liabilities

As at 31 March 2021, 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 prior year balance sheet has been restated to correct the gross up previously reported. This change has no impact on the income statement.

The impact of this change on the 31 March 2021 and 31 March 2020 balance sheet is:

R'million	At 31 March 2021 as previously reported	Restatement	At 31 March 2021 restated
Loans and advances to banks	26 983	(1 260)	25 723
Total assets	549 740	(1 260)	548 480
Other liabilities	16 564	(1 260)	15 304
Total liabilities	489 112	(1 260)	487 852

R'million	At 31 March 2020 as previously reported	Restatement	At 31 March 2020 restated
Loans and advances to banks	19 536	(290)	19 246
Total assets	575 387	(290)	575 097
Other liabilities	13 114	(290)	12 824
Total liabilities	518 712	(290)	518 422

The impact of this change on the 31 March 2021 cash flow statement is:

R'million	Year to 31 March 2021 as previously reported	Restatement	Year to 31 March 2021 restated
Net cash outflow from operating activities	(22 958)	(970)	(23 928)
Cash and cash equivalents at the beginning of the year	68 943	(290)	68 653
Cash and cash equivalents at the end of the year	44 428	(1 260)	43 168

### Events after the reporting date

On 18 March 2022, a circular was published noting the proposed distribution of 15% of the issued Ninety One DLC shares to Investec ordinary shareholders reducing the Investec holding from 25% to 10%.

As at 31 March 2022, a Section 46 ruling was still to be obtained from the South African Revenue Service stipulating the tax consequences of the distribution in South Africa, as well as the outcome of the shareholder vote that was scheduled to take place on 28 April 2022.

The Section 46 ruling was obtained on 20 April 2022 and a SENS and RNS announcement was published to shareholders to inform them of the outcome of the ruling as it was considered information that could have an impact on the vote of an ordinary shareholder.

On 28 April 2022, the General meeting was concluded with a vote in favour of the distribution. The distribution is expected to be effective on 30 May 2022. The distribution was classified as a non-adjusting event after the reporting date as defined by IAS 10 Events after the Reporting Period.

## ASSET QUALITY



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

R'million	31 March 2022	31 March 2021
<b>Gross core loans</b>	<b>301 106</b>	290 044
of which subject to ECL*	299 576	288 468
of which FVPL (excluding fixed rate loans above)	1 530	1 576
<b>Gross core loans subject to ECL</b>	<b>299 576</b>	288 468
Stage 1	276 362	266 061
Stage 2	17 589	14 969
of which past due greater than 30 days	328	272
Stage 3	5 625	7 438
<b>ECL</b>	<b>(2 695)</b>	(2 729)
Stage 1	(869)	(985)
Stage 2	(620)	(416)
Stage 3	(1 206)	(1 328)
<b>Coverage ratio</b>		
Stage 1	0.31%	0.37%
Stage 2	3.5%	2.8%
Stage 3	21.4%	17.9%
<b>Credit loss ratio</b>	<b>0.00%</b>	0.18%
ECL impairment charges on core loans	(6)	(520)
Average gross core loans subject to ECL	294 022	289 161
<b>An analysis of Stage 3 gross core loans subject to ECL</b>		
Stage 3 net of ECL	4 419	6 110
Aggregate collateral and other credit enhancements on Stage 3	5 734	8 253
Stage 3 as a % of gross core loans subject to ECL	1.9%	2.6%
Total ECL as a % of Stage 3 exposure	47.9%	36.7%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.5%	2.1%

\* Includes portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis. These are fixed rate loans which have passed the Solely Payments of Principal and Interest (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 measured at amortised cost. The drawn (R19 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R76 million (31 March 2021: R105 million).

## RISK APPETITE

## 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			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
R'million										
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%			
At 31 March 2021										
Commercial real estate	46 387	(227)	2 816	(78)	2 197	(262)	51 400	(567)	—	51 400
Commercial real estate – investment	42 281	(202)	2 704	(77)	2 182	(256)	47 167	(535)	—	47 167
Commercial real estate – development	3 404	(22)	49	(1)	—	—	3 453	(23)	—	3 453
Commercial vacant land and planning	702	(3)	63	—	15	(6)	780	(9)	—	780
Residential real estate	7 706	(29)	229	(6)	105	(22)	8 040	(57)	—	8 040
Residential real estate – investment	3 792	(11)	—	—	96	(19)	3 888	(30)	—	3 888
Residential real estate – development	3 189	(15)	226	(6)	—	—	3 415	(21)	—	3 415
Residential vacant land and planning	725	(3)	3	—	9	(3)	737	(6)	—	737
Total lending collateralised by property	54 093	(256)	3 045	(84)	2 302	(284)	59 440	(624)	—	59 440
Coverage ratio	0.47%		2.8%		12.3%		1.0%			

# RISK APPETITE

## CONTINUED

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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
R'million										
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%			
At 31 March 2021										
Mortgages	76 604	(133)	3 632	(134)	1 391	(318)	81 627	(585)	—	81 627
High net worth and specialised lending*	65 295	(261)	1 063	(20)	1 471	(324)	67 829	(605)	—	67 829
Total high net worth and other private client lending	141 899	(394)	4 695	(154)	2 862	(642)	149 456	(1 190)	—	149 456
Coverage ratio	0.28%		3.3%		22.4%		0.8%			

\* 58% of High net worth and specialised lending (31 March 2021: 56%) 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 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%		
At 31 March 2021										
Corporate and acquisition finance	46 429	(217)	6 425	(160)	1 717	(339)	54 571	(716)	1 576	56 147
Fund finance	7 624	(29)	—	—	—	—	7 624	(29)	—	7 624
Financial institutions and governments	3 355	(4)	156	(4)	3	—	3 514	(8)	—	3 514
Small ticket asset finance	4 127	(48)	219	(11)	506	(40)	4 852	(99)	—	4 852
Aviation finance*	2 269	(23)	—	—	48	(23)	2 317	(46)	—	2 317
Power and infrastructure finance	6 265	(14)	429	(3)	—	—	6 694	(17)	—	6 694
Total corporate and other lending	70 069	(335)	7 229	(178)	2 274	(402)	79 572	(915)	1 576	81 148
Coverage ratio		0.48 %		2.5%		17.7%		1.1%		

\* Aviation finance (previously reported as Large ticket asset finance), has aviation exposures in Corporate and acquisition finance of R640 million (31 March 2021: R1.2 billion) and Financial institutions and governments of R213 million (31 March 2021: R914 million).

## CAPITAL ADEQUACY

## A summary of capital adequacy and leverage ratios

R'million	Increased AIRB Scope *		FIRB
	31 March 2022^	31 March 2021^	31 March 2021^
Common Equity Tier 1	14.0%	12.8%	12.2%
Common Equity Tier 1 (fully loaded)^	14.0%	12.8%	12.2%
Tier 1 ratio	15.0%	13.4%	12.8%
Total capital ratio	17.5%	16.6%	16.0%
Risk-weighted assets (R'million)	319 048	336 629	351 125
Leverage exposure measure (R'million)	649 828	594 059	593 944
Leverage ratio**	7.4%	7.6%	7.6%
Leverage ratio** (fully loaded)^	7.4%	7.5%	7.5%

## Capital structure and capital adequacy

R'million	Increased AIRB Scope *		FIRB
	31 March 2022^	31 March 2021^	31 March 2021^
<b>Shareholders' equity</b>	<b>46 232</b>	<b>44 292</b>	<b>44 292</b>
Shareholders' equity per balance sheet	49 118	47 331	47 331
Perpetual preference share capital and share premium	(2 886)	(3 039)	(3 039)
<b>Non-controlling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>
Non-controlling interests per balance sheet	10 301	10 083	10 083
Non-controlling interests excluded for regulatory purposes	(10 301)	(10 083)	(10 083)
<b>Regulatory adjustments to the accounting basis</b>	<b>1 348</b>	<b>1 308</b>	<b>1 308</b>
Prudent valuation adjustment	(261)	(219)	(219)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(12)	(12)	(12)
Cash flow hedging reserve	1 621	1 539	1 539
<b>Deductions</b>	<b>(2 790)</b>	<b>(2 539)</b>	<b>(2 665)</b>
Goodwill and intangible assets net of deferred tax	(283)	(425)	(425)
Investment in financial entity	(871)	(737)	(749)
Shortfall of eligible provisions compared to expected loss	(170)	(239)	(346)
Investment in capital of financial entities above 10% threshold	(1 291)	(983)	(990)
Other regulatory adjustments	(175)	(155)	(155)
<b>Common equity tier 1 capital</b>	<b>44 790</b>	<b>43 061</b>	<b>42 935</b>
<b>Additional Tier 1 capital</b>	<b>3 064</b>	<b>2 131</b>	<b>2 142</b>
Additional tier 1 instruments	5 996	6 253	6 253
Phase out of non-qualifying additional tier 1 instruments	(2 886)	(4 048)	(4 048)
Non-qualifying surplus capital attributable to non-controlling interest	(46)	(74)	(63)
<b>Tier 1 capital</b>	<b>47 854</b>	<b>45 192</b>	<b>45 077</b>
<b>Tier 2 capital</b>	<b>8 091</b>	<b>10 559</b>	<b>10 956</b>
Collective impairment allowances	425	435	435
Tier 2 instruments	10 722	14 445	14 445
Investment in capital of financial entities above 10% threshold	(621)	(542)	(546)
Non-qualifying surplus capital attributable to non-controlling interests	(2 435)	(3 779)	(3 378)
<b>Total regulatory capital</b>	<b>55 945</b>	<b>55 751</b>	<b>56 033</b>
<b>Risk-weighted assets</b>	<b>319 048</b>	<b>336 629</b>	<b>351 125</b>

\* Investec Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. We presented numbers on a pro-forma basis for 31 March 2021.

\*\* 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 134bps lower (31 March 2021: 39bps lower).

^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

## CAPITAL ADEQUACY

### CONTINUED

#### Capital requirements

	Increased AIRB Scope*	FIRB
R'million	31 March 2022	31 March 2021
<b>Capital requirements</b>	<b>38 285</b>	<b>36 868</b>
Credit risk	29 410	29 263
Equity risk	3 182	2 670
Counterparty credit risk	1 045	1 024
Credit valuation adjustment risk	649	619
Market risk	546	475
Operational risk	3 453	2 817
<b>Risk-weighted assets</b>	<b>319 048</b>	<b>351 125</b>
Credit risk	245 092	278 692
Equity risk	26 513	25 427
Counterparty credit risk	8 712	9 756
Credit valuation adjustment risk	5 410	5 892
Market risk	4 547	4 526
Operational risk	28 774	26 832

#### Leverage

	Increased AIRB Scope*	FIRB
R'million	31 March 2022^	31 March 2021^
Total exposure measure	649 828	593 944
Tier 1 capital	47 854	45 077
<b>Leverage ratio**</b>	<b>7.4%</b>	<b>7.6%</b>
Total exposure measure (fully loaded)	649 828	593 981
Tier 1 capital (fully loaded)^	47 854	44 641
<b>Leverage ratio**(fully loaded)^</b>	<b>7.4%</b>	<b>7.5%</b>


\* Investec Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021.

\*\* 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 134bps lower (31 March 2021: 39bps lower).

^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

## 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. The external auditors performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

**Adjusted operating profit**

Refer to the calculation in the table below

R'million	Year to 31 March 2022	Year to 31 March 2021
Operating profit before goodwill and acquired intangibles	8 562	5 110
Add: Loss/(profit) attributable to other non-controlling interests	(812)	2
<b>Adjusted operating profit</b>	<b>7 750</b>	<b>5 112</b>

**Annuity income**

Net interest income (refer to page 8) plus net annuity fees and commissions (refer to page 9)

**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	31 March 2022	31 March 2021
Loans and to customers per the balance sheet	291 183	279 131
Add: Own originated loans and advances to customers per the balance sheet	7 228	8 184
<b>Net core loans</b>	<b>298 411</b>	<b>287 315</b>
of which subject to ECL*	296 881	285 739
Net core loans at amortised cost	277 637	263 451
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	19 244	22 288
of which FVPL (excluding fixed rate loans above)	1 530	1 576
Add: ECL	2 695	2 729
<b>Gross core loans</b>	<b>301 106</b>	<b>290 044</b>
of which subject to ECL*	299 576	288 468
of which FVPL (excluding fixed rate loans above)	1 530	1 576

^ 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 measured at amortised cost. The drawn (R19 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R76 million (31 March 2021: R105 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	Year to 31 March 2022	Year to 31 March 2021
<b>Operating costs (A)</b>	<b>9 282</b>	<b>8 457</b>
Total operating income before expected credit losses	17 907	14 188
Less: Profit attributable to other non-controlling interests	(812)	2
<b>Total (B)</b>	<b>17 095</b>	<b>14 190</b>
<b>Cost to income ratio (A/B)</b>	<b>54.3%</b>	<b>59.6%</b>

**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 8

## 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 8 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 8 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.



