

# Creating enduring worth

Investec Bank plc  
(a subsidiary of Investec plc)

Unaudited condensed financial information  
for the year ended March 2023

IFRS – Pound Sterling



## OVERVIEW OF RESULTS

### Introduction

We supplement our 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 [23](#).

→ All other definitions can be found on page [24](#).

<b>Key financial statistics</b>	<b>31 March 2023</b>	31 March 2022	% change
Total operating income before expected credit loss impairment charges (£'000)	1 308 577	1 073 332	21.9%
Operating costs (£'000)	833 061	760 286	9.6%
Adjusted operating profit (£'000)	408 776	287 683	42.1%
Earnings attributable to ordinary shareholder (£'000)	313 609	232 881	34.7%
Cost to income ratio (%)	63.7%	70.8%	
Total capital resources (including subordinated liabilities) (£'000)	3 520 937	3 305 924	6.5%
Total equity (£'000)	2 789 454	2 547 185	9.5%
Total assets (£'000)	28 242 603	27 588 676	2.4%
Net core loans (£'000)	15 562 502	14 423 199	7.9%
Customer accounts (deposits) (£'000)	19 251 399	18 616 233	3.4%
Loans and advances to customers as a % of customer deposits	80.9%	77.5%	
Cash and near cash balances (£'mn)	8 550	8 871	(3.6%)
Funds under management (£'mn)	42 422	44 419	(4.5%)
Total gearing ratio (i.e. total assets to equity)	10.1x	10.8x	
Total capital ratio	18.5%	18.2%	
Tier 1 ratio	14.1%	13.6%	
Common Equity Tier 1 ratio	12.7%	12.0%	
Leverage ratio	9.8%	9.3%	
Leverage ratio (fully loaded)	9.6%	9.1%	
Stage 3 exposure as a % of gross core loans subject to ECL	2.3%	2.1%	
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	1.8%	1.6%	
Credit loss ratio	0.37%	0.17%	

## CONDENSED CONSOLIDATED INCOME STATEMENT

<b>For the year to 31 March £'000</b>	<b>2023</b>	2022
Interest income	1 445 322	719 538
Interest expense	(696 297)	(223 230)
<b>Net interest income</b>	<b>749 025</b>	<b>496 308</b>
Fee and commission income	456 215	508 929
Fee and commission expense	(15 372)	(14 697)
Investment income	5 003	10 579
Share of post-taxation profit of associates and joint venture holdings	660	1 988
Trading income/(loss) arising from		
– customer flow	87 366	60 372
– balance sheet management and other trading activities	13 060	(1 305)
Other operating income	12 620	11 158
<b>Total operating income before expected credit loss impairment charges</b>	<b>1 308 577</b>	<b>1 073 332</b>
Expected credit loss impairment charges	(66 740)	(25 363)
<b>Operating income</b>	<b>1 241 837</b>	<b>1 047 969</b>
Operating costs	(833 061)	(760 286)
<b>Operating profit before goodwill, acquired intangibles and strategic actions</b>	<b>408 776</b>	<b>287 683</b>
Impairment of goodwill	(805)	—
Amortisation of acquired intangibles	(12 625)	(12 936)
Closure and rundown of the Hong Kong direct investments business	(480)	(1 203)
<b>Operating profit</b>	<b>394 866</b>	<b>273 544</b>
<b>Profit before taxation</b>	<b>394 866</b>	<b>273 544</b>
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(83 288)	(42 174)
Taxation on goodwill, acquired intangibles and strategic actions	2 031	1 511
<b>Profit after taxation</b>	<b>313 609</b>	<b>232 881</b>
Loss attributable to non-controlling interests	—	—
<b>Earnings attributable to shareholder</b>	<b>313 609</b>	<b>232 881</b>

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March £'000	2023	2022
<b>Profit after taxation</b>	<b>313 609</b>	<b>232 881</b>
Other comprehensive income/(loss):		
<b>Items that may be reclassified to the income statement:</b>		
Fair value movements on cash flow hedges taken directly to other comprehensive income	27 635	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement*	(313)	(307)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	217	(2 276)
Foreign currency adjustments on translating foreign operations	5 615	5 401
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(7)	617
<b>Items that will not be reclassified to the income statement:</b>		
Gains attributable to own credit risk*	—	11 059
Movement in post-retirement benefit liabilities	75	40
<b>Total comprehensive income</b>	<b>346 831</b>	<b>247 415</b>
Total comprehensive loss attributable to non-controlling interests	—	—
Total comprehensive income attributable to ordinary shareholder	329 956	230 540
Total comprehensive income attributable to perpetual preferred securities and Additional Tier 1 securities	16 875	16 875
<b>Total comprehensive income</b>	<b>346 831</b>	<b>247 415</b>

\* Net of £0.2 million tax credit (31 March 2022: £4.2 million tax credit), except for the impact of rate changes on deferred taxation relating to adjustment for IFRS 9 as shown separately above.

## CONSOLIDATED BALANCE SHEET

<b>At 31 March</b>		
<b>£'000</b>	<b>2023</b>	2022
<b>Assets</b>		
Cash and balances at central banks	5 400 401	5 379 994
Loans and advances to banks	892 791	1 467 039
Reverse repurchase agreements and cash collateral on securities borrowed	1 338 699	1 447 473
Sovereign debt securities	1 221 744	1 165 777
Bank debt securities	204 691	61 714
Other debt securities	697 275	437 649
Derivative financial instruments	680 262	717 457
Securities arising from trading activities	127 537	163 165
Investment portfolio	311 618	333 221
Loans and advances to customers	15 567 809	14 426 475
Other loans and advances	172 087	147 025
Other securitised assets	78 231	93 087
Interests in associated undertakings and joint venture holdings	10 851	11 444
Deferred taxation assets	111 513	109 542
Current taxation assets	9 890	15 727
Other assets	993 385	1 161 549
Property and equipment	121 014	155 055
Goodwill	249 503	244 072
Software	9 415	7 066
Other acquired intangible assets	43 887	44 145
	<b>28 242 603</b>	<b>27 588 676</b>
<b>Liabilities</b>		
Deposits by banks	2 172 170	2 026 573
Derivative financial instruments	704 816	863 295
Other trading liabilities	28 184	42 944
Repurchase agreements and cash collateral on securities lent	139 529	154 828
Customer accounts (deposits)	19 251 399	18 616 233
Debt securities in issue	1 140 879	1 120 841
Liabilities arising on securitisation of other assets	81 609	95 885
Current taxation liabilities	4 813	2 082
Other liabilities	1 198 267	1 360 071
	<b>24 721 666</b>	<b>24 282 752</b>
Subordinated liabilities	731 483	758 739
	<b>25 453 149</b>	<b>25 041 491</b>
<b>Equity</b>		
Ordinary share capital	1 280 550	1 280 550
Share premium	199 538	199 538
Capital reserve	153 177	153 177
Other reserves	34 814	1 667
Retained income	870 424	661 420
	<b>2 538 503</b>	<b>2 296 352</b>
<b>Shareholder's equity excluding non-controlling interests</b>		
Additional Tier 1 securities in issue	250 000	250 000
Non-controlling interests in partially held subsidiaries	951	833
	<b>2 789 454</b>	<b>2 547 185</b>
<b>Total equity</b>	<b>2 789 454</b>	<b>2 547 185</b>
<b>Total liabilities and equity</b>	<b>28 242 603</b>	<b>27 588 676</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Share premium	Capital reserve account
<b>At 1 April 2021</b>	<b>1 280 550</b>	<b>199 538</b>	<b>153 177</b>
<b>Movement in reserves 1 April 2021 – 31 March 2022</b>			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Gains attributable to own credit risk	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
<b>At 31 March 2022</b>	<b>1 280 550</b>	<b>199 538</b>	<b>153 177</b>
<b>Movement in reserves 1 April 2022 – 31 March 2023</b>			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
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	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholder	—	—	—
Dividends declared to Additional Tier 1 security holders	—	—	—
Dividends paid to Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
<b>At 31 March 2023</b>	<b>1 280 550</b>	<b>199 538</b>	<b>153 177</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
CONTINUED

Other reserves					Retained income	Shareholder's equity excluding non-controlling interests	Additional Tier 1 securities in issue	Non-controlling interests	Total equity
Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit reserve						
<b>3 043</b>	—	<b>(4 147)</b>	<b>(11 723)</b>	<b>494 092</b>	<b>2 114 530</b>	<b>250 000</b>	<b>390</b>	<b>2 364 920</b>	
—	—	—	—	232 881	232 881	—	—	232 881	
(47)	—	—	664	—	617	—	—	617	
(307)	—	—	—	—	(307)	—	—	(307)	
(2 276)	—	—	—	—	(2 276)	—	—	(2 276)	
—	—	5 401	—	—	5 401	—	—	5 401	
—	—	—	11 059	—	11 059	—	—	11 059	
—	—	—	—	40	40	—	—	40	
<b>(2 630)</b>	—	<b>5 401</b>	<b>11 723</b>	<b>232 921</b>	<b>247 415</b>	—	—	<b>247 415</b>	
—	—	—	—	3 637	3 637	—	—	3 637	
—	—	—	—	4 145	4 145	—	—	4 145	
—	—	—	—	(56 500)	(56 500)	—	—	(56 500)	
—	—	—	—	(16 875)	(16 875)	16 875	—	—	
—	—	—	—	—	—	(16 875)	—	(16 875)	
—	—	—	—	—	—	—	443	443	
<b>413</b>	—	<b>1 254</b>	—	<b>661 420</b>	<b>2 296 352</b>	<b>250 000</b>	<b>833</b>	<b>2 547 185</b>	
—	—	—	—	313 609	313 609	—	—	313 609	
(7)	—	—	—	—	(7)	—	—	(7)	
(313)	—	—	—	—	(313)	—	—	(313)	
—	27 635	—	—	—	27 635	—	—	27 635	
217	—	—	—	—	217	—	—	217	
—	—	5 615	—	—	5 615	—	—	5 615	
—	—	—	—	75	75	—	—	75	
<b>(103)</b>	<b>27 635</b>	<b>5 615</b>	—	<b>313 684</b>	<b>346 831</b>	—	—	<b>346 831</b>	
—	—	—	—	(295)	(295)	—	—	(295)	
—	—	—	—	7 490	7 490	—	—	7 490	
—	—	—	—	(95 000)	(95 000)	—	—	(95 000)	
—	—	—	—	(16 875)	(16 875)	16 875	—	—	
—	—	—	—	—	—	(16 875)	—	(16 875)	
—	—	—	—	—	—	—	118	118	
<b>310</b>	<b>27 635</b>	<b>6 869</b>	—	<b>870 424</b>	<b>2 538 503</b>	<b>250 000</b>	<b>951</b>	<b>2 789 454</b>	

## SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

For the year to 31 March 2023 £'000	Specialist Banking			Total Group
	Private Client			
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	
Net interest income	28 150	128 945	591 930	749 025
Fee and commission income	333 192	2 120	120 903	456 215
Fee and commission expense	(691)	(174)	(14 507)	(15 372)
Investment income	7	141	4 855	5 003
Share of post-taxation profit of associates and joint venture holdings	—	—	660	660
Trading income/(loss) arising from				
– customer flow	1 252	4 449	81 665	87 366
– balance sheet management and other trading activities	10	13	13 037	13 060
Other operating income	—	—	12 620	12 620
<b>Total operating income before expected credit loss impairment charges</b>	<b>361 920</b>	<b>135 494</b>	<b>811 163</b>	<b>1 308 577</b>
Expected credit loss impairment charges	2	(6 344)	(60 398)	(66 740)
<b>Operating income</b>	<b>361 922</b>	<b>129 150</b>	<b>750 765</b>	<b>1 241 837</b>
Operating costs	(270 195)	(58 996)	(503 870)	(833 061)
<b>Operating profit before goodwill, acquired intangibles and strategic actions</b>	<b>91 727</b>	<b>70 154</b>	<b>246 895</b>	<b>408 776</b>
Loss attributable to other non-controlling interests	—	—	—	—
<b>Adjusted operating profit after non-controlling interests</b>	<b>91 727</b>	<b>70 154</b>	<b>246 895</b>	<b>408 776</b>
<b>Selected returns and key statistics</b>				
Cost to income ratio	74.7%	43.5%	62.1%	63.7%
Total assets (£'mn)	1 061	5 202	21 979	28 242

For the year to 31 March 2022 £'000	Specialist Banking			Total Group
	Private Client			
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other	
Net interest income	2 268	70 692	423 348	496 308
Fee and commission income	344 685	1 579	162 665	508 929
Fee and commission expense	(656)	(23)	(14 018)	(14 697)
Investment income	(2)	816	9 765	10 579
Share of post-taxation profit of associates and joint venture holdings	—	—	1 988	1 988
Trading income/(loss) arising from				
– customer flow	1 194	2 228	56 950	60 372
– balance sheet management and other trading activities	(307)	2	(1 000)	(1 305)
Other operating income	—	—	11 158	11 158
<b>Total operating income before expected credit loss impairment charges</b>	<b>347 182</b>	<b>75 294</b>	<b>650 856</b>	<b>1 073 332</b>
Expected credit loss impairment charges	(5)	(2 432)	(22 926)	(25 363)
<b>Operating income</b>	<b>347 177</b>	<b>72 862</b>	<b>627 930</b>	<b>1 047 969</b>
Operating costs	(259 496)	(42 034)	(458 756)	(760 286)
<b>Operating profit before goodwill, acquired intangibles and strategic actions</b>	<b>87 681</b>	<b>30 828</b>	<b>169 174</b>	<b>287 683</b>
Loss attributable to other non-controlling interests	—	—	—	—
<b>Adjusted operating profit after non-controlling interests</b>	<b>87 681</b>	<b>30 828</b>	<b>169 174</b>	<b>287 683</b>
<b>Selected returns and key statistics</b>				
Cost to income ratio	74.7%	55.8%	70.5%	70.8%
Total assets (£'mn)	1 137	4 528	21 924	27 589



## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

## Net interest income

For the year to 31 March £'000	Notes	2023			2022		
		Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income	Average yield
Cash, near cash and bank debt and sovereign debt securities	1	9 322 491	213 554	2.29%	8 070 458	24 438	0.30%
Loans and advances	2	15 268 494	915 989	6.00%	13 423 611	623 975	4.65%
Private client		5 085 272	214 368	4.22%	4 013 304	123 740	3.08%
Corporate, Investment Banking and Other		10 183 222	701 621	6.89%	9 410 307	500 235	5.32%
Other debt securities and other loans and advances		758 352	38 862	5.12%	652 331	18 047	2.77%
Other <sup>#</sup>	3	225 900	276 917	n/a	233 801	53 078	n/a
<b>Total interest-earning assets</b>		<b>25 575 237</b>	<b>1 445 322</b>	<b>5.65%</b>	<b>22 380 201</b>	<b>719 538</b>	<b>3.22%</b>

For the year to 31 March £'000	Notes	2023			2022		
		Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense	Average yield
Deposits by banks and other debt-related securities	4	3 435 368	41 557	1.21%	2 813 105	18 114	0.64%
Customer accounts (deposits)		19 192 531	383 189	2.00%	17 035 633	93 229	0.55%
Subordinated liabilities		753 269	34 548	4.59%	870 954	49 467	5.68%
Other <sup>#</sup>	5	352 681	237 003	n/a	363 193	62 420	n/a
<b>Total interest-bearing liabilities</b>		<b>23 733 849</b>	<b>696 297</b>	<b>2.93%</b>	<b>21 082 885</b>	<b>223 230</b>	<b>1.06%</b>
<b>Net interest income</b>			<b>749 025</b>			<b>496 308</b>	
<b>Net interest margin</b>			<b>2.93%</b>			<b>2.22%</b>	

## Notes:

- Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
  - Comprises (as per the balance sheet) loans and advances to customers.
  - Comprises (as per the balance sheet) lease receivables (housed in other assets on the balance sheet) as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
  - Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
  - Comprises (as per the balance sheet) liabilities arising from lease liabilities (housed in other liabilities on the balance sheet) as well as interest expense from derivative financial instruments where there is no associated balance sheet value.
- <sup>#</sup> Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES CONTINUED

### Net fee and commission income

For the year to 31 March £'000	2023	2022
<b>Wealth &amp; Investment businesses net fee and commission income</b>	<b>332 501</b>	<b>344 029</b>
Fund management fees/fees for assets under management	294 468	301 950
Private client transactional fees	38 724	42 735
Fee and commission expense	(691)	(656)
<b>Specialist Banking net fee and commission income</b>	<b>108 342</b>	<b>150 203</b>
Specialist Banking fee and commission income	123 023	164 244
Specialist Banking fee and commission expense	(14 681)	(14 041)
<b>Net fee and commission income</b>	<b>440 843</b>	<b>494 232</b>
Annuity fees (net of fees payable)	309 758	317 990
Deal fees	131 085	176 242

### Investment income

For the year to 31 March £'000	Listed equities	Unlisted equities	Warrants and profit shares	Total investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	Total
<b>2023</b>								
Realised	(994)	53 495	1 062	53 563	(528)	(1 118)	(38 759)	13 158
Unrealised*	1 147	(51 333)	(1 281)	(51 467)	(5 649)	(2 325)	43 875	(15 566)
Dividend income	—	6 313	—	6 313	—	—	233	6 546
Funding and other net related income	—	—	—	—	—	865	—	865
	<b>153</b>	<b>8 475</b>	<b>(219)</b>	<b>8 409</b>	<b>(6 177)</b>	<b>(2 578)</b>	<b>5 349</b>	<b>5 003</b>
<b>2022</b>								
Realised	2 414	18 028	552	20 994	512	(4 383)	11 865	28 988
Unrealised*	(4 169)	2 082	1 176	(911)	(457)	4 274	(29 900)	(26 994)
Dividend income	37	6 667	—	6 704	—	—	213	6 917
Funding and other net related income	—	—	—	—	—	1 668	—	1 668
	<b>(1 718)</b>	<b>26 777</b>	<b>1 728</b>	<b>26 787</b>	<b>55</b>	<b>1 559</b>	<b>(17 822)</b>	<b>10 579</b>

\* In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.

## ADDITIONAL IAS 34 DISCLOSURES

**Analysis of financial assets and liabilities by category of financial instruments**

<b>At 31 March 2023</b>	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	<b>Total</b>
<b>Assets</b>				
Cash and balances at central banks	—	5 400 401	—	5 400 401
Loans and advances to banks	—	892 791	—	892 791
Reverse repurchase agreements and cash collateral on securities borrowed	345 869	992 830	—	1 338 699
Sovereign debt securities	1 165 822	55 922	—	1 221 744
Bank debt securities	199 737	4 954	—	204 691
Other debt securities	93 992	603 283	—	697 275
Derivative financial instruments	680 262	—	—	680 262
Securities arising from trading activities	127 537	—	—	127 537
Investment portfolio	311 618	—	—	311 618
Loans and advances to customers	1 393 943	14 173 866	—	15 567 809
Other loans and advances	—	172 087	—	172 087
Other securitised assets	78 231	—	—	78 231
Interests in associated undertakings and joint venture holdings	—	—	10 851	10 851
Deferred taxation assets	—	—	111 513	111 513
Current taxation assets	—	—	9 890	9 890
Other assets	10 327	612 197	370 861	993 385
Property and equipment	—	—	121 014	121 014
Goodwill	—	—	249 503	249 503
Software	—	—	9 415	9 415
Other acquired intangible assets	—	—	43 887	43 887
	<b>4 407 338</b>	<b>22 908 331</b>	<b>926 934</b>	<b>28 242 603</b>
<b>Liabilities</b>				
Deposits by banks	—	2 172 170	—	2 172 170
Derivative financial instruments	704 816	—	—	704 816
Other trading liabilities	28 184	—	—	28 184
Repurchase agreements and cash collateral on securities lent	—	139 529	—	139 529
Customer accounts (deposits)	—	19 251 399	—	19 251 399
Debt securities in issue	21 554	1 119 325	—	1 140 879
Liabilities arising on securitisation of other assets	81 609	—	—	81 609
Current taxation liabilities	—	—	4 813	4 813
Other liabilities	6 324	622 337	569 606	1 198 267
	<b>842 487</b>	<b>23 304 760</b>	<b>574 419</b>	<b>24 721 666</b>
Subordinated liabilities	—	731 483	—	731 483
	<b>842 487</b>	<b>24 036 243</b>	<b>574 419</b>	<b>25 453 149</b>

## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

### Fair value hierarchy

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 2023 £'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Reverse repurchase agreements and cash collateral on securities borrowed	345 869	—	345 869	—
Sovereign debt securities	1 165 822	1 165 822	—	—
Bank debt securities	199 737	199 737	—	—
Other debt securities	93 992	—	60	93 932
Derivative financial instruments	680 262	—	627 078	53 184
Securities arising from trading activities	127 537	123 475	60	4 002
Investment portfolio	311 618	1 666	885	309 067
Loans and advances to customers	1 393 943	—	90 297	1 303 646
Other securitised assets	78 231	—	—	78 231
Other assets	10 327	10 327	—	—
	<b>4 407 338</b>	<b>1 501 027</b>	<b>1 064 249</b>	<b>1 842 062</b>
<b>Liabilities</b>				
Derivative financial instruments	704 816	—	645 358	59 458
Other trading liabilities	28 184	28 184	—	—
Debt securities in issue	21 554	—	21 554	—
Liabilities arising on securitisation of other assets	81 609	—	—	81 609
Other liabilities	6 324	—	—	6 324
	<b>842 487</b>	<b>28 184</b>	<b>666 912</b>	<b>147 391</b>
<b>Net assets at fair value</b>	<b>3 564 851</b>	<b>1 472 843</b>	<b>397 337</b>	<b>1 694 671</b>

### Transfers between level 1 and level 2

During the current year there were no transfers between level 1 and level 2.

## ADDITIONAL IAS 34 DISCLOSURES CONTINUED

### Fair value hierarchy (continued)

The following table is a reconciliation of the opening balances to the closing balances for the fair value measurements in level 3 of the fair value hierarchy:

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets <sup>1</sup>	Total
<b>Assets</b>					
<b>Balance as at 1 April 2022</b>	<b>324 635</b>	<b>1 211 848</b>	<b>93 087</b>	<b>153 761</b>	<b>1 783 331</b>
Total gains or (losses)	6 228	100 832	1 000	5 252	113 312
In the income statement	6 228	101 088	1 000	5 252	113 568
In the statement of comprehensive income	—	(256)	—	—	(256)
Purchases	23 416	1 692 584	—	26 056	1 742 056
Sales	(43 653)	(762 668)	—	(12 565)	(818 886)
Settlements	(13 648)	(981 996)	(15 856)	(31 148)	(1 042 648)
Transfers into level 3	6 304	—	—	4 746	11 050
Foreign exchange adjustments	5 785	43 046	—	5 016	53 847
<b>Balance as at 31 March 2023</b>	<b>309 067</b>	<b>1 303 646</b>	<b>78 231</b>	<b>151 118</b>	<b>1 842 062</b>

1 Comprises level 3 other debt securities, derivative financial instruments and securities arising from trading.

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities <sup>2</sup>	Total
<b>Liabilities</b>			
<b>Balance as at 1 April 2022</b>	<b>95 885</b>	<b>45 769</b>	<b>141 654</b>
Total losses	1 384	11 770	13 154
In the income statement	1 384	11 770	13 154
Purchases	—	6 324	6 324
Settlements	(15 660)	—	(15 660)
Transfers out of level 3	—	(8)	(8)
Foreign exchange adjustments	—	1 927	1 927
<b>Balance as at 31 March 2023</b>	<b>81 609</b>	<b>65 782</b>	<b>147 391</b>

2 Comprises level 3 derivative financial instruments and other liabilities.

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

For the year to 31 March 2023, investment portfolio of £6.3 million, derivatives financial instruments assets of £4.7 million were transferred from level 2 to level 3, and derivative financial instruments liability of £8 000 was transferred from level 3 to level 2. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

## ADDITIONAL IAS 34 DISCLOSURES CONTINUED

### Fair value hierarchy (continued)

The following table quantifies the gains or (losses) included in the income statement and other comprehensive income recognised on level 3 financial instruments:

For the year to 31 March 2023 £'000	Total	Realised	Unrealised
<b>Total gains or (losses) included in the income statement for the year</b>			
Net interest income	98 185	86 191	11 994
Investment income	2 069	2 502	(433)
Trading income arising from customer flow	160	1	159
	<b>100 414</b>	<b>88 694</b>	<b>11 720</b>
<b>Total gains or (losses) included in other comprehensive income for the year</b>			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	433	433	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(256)	—	(256)
	<b>177</b>	<b>433</b>	<b>(256)</b>

### Level 2 financial assets and financial liabilities

The following table sets out the Group's principal valuation techniques as at 31 March 2023 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy:

	Valuation basis/Technique	Main assumptions
<b>Assets</b>		
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Discount rates
Other debt securities	Discounted cash flow model	Discount rates, swap curves and negotiable certificate of deposit curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price
	Comparable quoted inputs	Discount rate and net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
<b>Liabilities</b>		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Debt securities in issue	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves

ADDITIONAL IAS 34 DISCLOSURES  
CONTINUED

## Fair value hierarchy (continued)

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

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

At 31 March 2023	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
<b>Assets</b>					
Other debt securities	93 932	Potential impact on income statement		2 702	(5 253)
		Credit spreads	1.05%-1.87%	108	(254)
		Cash flow adjustments	CPR 14.81%	10	(10)
		Other	^	2 584	(4 989)
Derivative financial instruments	53 184	Potential impact on income statement		5 260	(5 136)
		Volatilities	7.5%-18.9%	13	(25)
		Cash flow adjustments	CPR 14.81%	6	(5)
		Underlying asset value	^^	3 999	(4 100)
		Other	^	1 242	(1 006)
Securities arising from trading activities	4 002	Potential impact on income statement			
		Cash flow adjustments	CPR 14.17%	206	(235)
Investment portfolio	309 067	Potential impact on income statement		32 599	(65 295)
		Price earnings multiple	5.5x-11.2x	11 718	(21 695)
		Underlying asset value	^^	9 378	(20 883)
		Other	^	11 503	(22 717)
Loans and advances to customers	1 303 646	Potential impact on income statement		21 222	(40 572)
		Credit spreads	0.28%-5.2%	10 994	(22 971)
		Price earnings multiple	3.5x-4x	4 276	(7 083)
		Underlying asset value	^^	1 564	(1 742)
		Other	^	4 388	(8 776)
		Potential impact on other comprehensive income		15 756	(31 758)
		Credit spreads	0.29%-5.5%	15 753	(31 751)
		Other	^	3	(7)
Other securitised assets	78 231	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	701	(669)
<b>Total level 3 assets</b>	<b>1 842 062</b>			<b>78 446</b>	<b>(148 918)</b>
<b>Liabilities</b>					
Derivative financial instruments	59 458	Potential impact on income statement		(4 098)	4 099
		Volatilities	9%-18.9%	(1)	2
		Underlying asset value	^^	(4 097)	4 097
Liabilities arising on securitisation of other assets*	81 609	Potential impact on income statement			
		Cash flow adjustments	CPR 14.81%	(351)	363
Other liabilities	6 324	Potential impact on income statement			
		Other	^	(632)	632
<b>Total level 3 liabilities</b>	<b>147 391</b>			<b>(5 081)</b>	<b>5 094</b>
<b>Net level 3 assets</b>	<b>1 694 671</b>				

\* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.

^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, 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 assets cannot be determined through the adjustment of a single input.

^^ Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.

## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

### **Fair value hierarchy (continued)**

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

#### **Credit spreads**

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument. It is an unobservable input into a discounted cash flow valuation.

#### **Discount rates**

Discount rates 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.

#### **Volatilities**

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

#### **Cash flows**

Cash flows relate to the future cash flows that can be expected from the instrument and requires judgement. Cash flows are input into a discounted cash flow valuation.

#### **Price earnings multiple**

The price-to-earnings ratio is an equity valuation multiple used in the adjustment of underlying market prices. It is a key driver in the valuation of unlisted investments.

#### **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.



## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

### Fair value of financial instruments at amortised cost

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

At 31 March 2023 £'000	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	5 400 401	5 400 401	—	—
Loans and advances to banks	892 791	892 791	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	992 830	807 046	185 784	185 503
Sovereign debt securities	55 922	4 370	51 552	51 494
Bank debt securities	4 954	—	4 954	4 952
Other debt securities	603 283	42 611	560 672	554 892
Loans and advances to customers	14 173 866	611 611	13 562 255	13 426 192
Other loans and advances	172 087	99 188	72 899	72 976
Other assets	612 197	612 197	—	—
	<b>22 908 331</b>	<b>8 470 215</b>	<b>14 438 116</b>	<b>14 296 009</b>
<b>Liabilities</b>				
Deposits by banks	2 172 170	373 944	1 798 226	1 804 116
Repurchase agreements and cash collateral on securities lent	139 529	85 070	54 459	52 486
Customer accounts (deposits)	19 251 399	10 556 163	8 695 236	8 654 686
Debt securities in issue	1 119 325	1 183	1 118 142	1 093 330
Other liabilities	622 337	619 707	2 630	1 572
Subordinated liabilities	731 483	—	731 483	713 119
	<b>24 036 243</b>	<b>11 636 067</b>	<b>12 400 176</b>	<b>12 319 309</b>

### Historical German dividend tax arbitrage transactions

Investec Bank plc has previously been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum-ex transactions). Investigations are ongoing and no formal proceedings have been issued against Investec Bank plc by the Office of the Public Prosecutor. In addition, Investec Bank plc received certain enquiries in respect of client tax reclaims for the periods 2010-2011 relating to the historical German dividend arbitrage transactions from the German Federal Tax Office (FTO) in Bonn. Since issuing our 31 March 2022 Annual Report, the FTO has provided more information in relation to their claims and Investec Bank plc has sought further information and clarification.

Investec Bank plc is co-operating with the German authorities and continues to conduct its own internal investigation into the matters in question. A provision is held to reflect the potential financial outflows that could arise as a result of this matter. There are factual issues to be resolved which may have legal consequences, including financial penalties.

In relation to potential civil claims; whilst Investec Bank plc is not a claimant nor a defendant to any civil claims in respect of cum-ex transactions, Investec Bank plc has received third party notices in relation to two civil proceedings in Germany and may elect to join the proceedings as a third party participant. Investec Bank plc has itself served third party notices on various participants to these historic transactions in order to preserve statute of limitation on any potential future claims that Investec Bank plc may seek to bring against those parties, should Investec Bank plc incur any liability in the future. Investec Bank plc has also entered into standstill agreements with some third parties in order to suspend the limitation period in respect of the potential civil claims. While Investec Bank plc is not a claimant nor a defendant to any civil claims at this stage, it cannot rule out the possibility of civil claims by or against Investec Bank plc in future in relation to the relevant transactions.

The Group has not provided further disclosure with respect to these historical dividend arbitrage transactions because it has concluded that such disclosure may be expected to seriously prejudice its outcome.

## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

#### Events after the reporting date

##### Proposed combination of Investec Wealth & Investment UK and Rathbones Group

It was announced on 4 April 2023 that Investec plc and Rathbones Group Plc (Rathbones) have entered into a definitive agreement regarding an all-share combination of Investec Wealth & Investment Limited (IW&I UK) and Rathbones.

Under the terms of the combination, Rathbones will issue new Rathbones shares in exchange for 100% of Investec W&I UK's share capital. On completion, Investec Group will own 41.25% of the economic interest in the enlarged Rathbones Group's share capital, with Investec Group's voting rights limited to 29.9%.

The combination is conditional, among other things, on:

- i. Approval by Rathbones' shareholders (by ordinary resolution) at a general meeting of Rathbones expected to be held during quarter two of 2023,
- ii. The Financial Conduct Authority and London Stock Exchange agreeing to admit the ordinary share element of the consideration shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities,
- iii. No material adverse change having occurred in respect of either Rathbones or Investec IW&I UK,
- iv. The Competition and Markets Authority (CMA) confirming in response to a briefing note that it has no further questions, or alternatively, CMA approval, and
- v. Relevant financial and other regulatory approvals and notifications being obtained, including in the UK, Jersey, Guernsey and South Africa

At the completion date of the sale, Investec will deconsolidate its 100% investment in IW&I UK. Going forward the investment in the enlarged Rathbones Group will be equity accounted.

At the date of this report, the transaction has not yet become effective. The financial effect of deconsolidation will be dependent of the net asset value of the IW&I UK business, and the fair value of the Rathbones shares on the date of deconsolidation and a reliable estimate cannot be made at this point.

## ASSET QUALITY

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

£ million	31 March 2023	31 March 2022
<b>Gross core loans</b>	<b>15 709</b>	<b>14 557</b>
Gross core loans at fair value through profit and loss (FVPL)	551	609
<b>Gross core loans subject to ECL*</b>	<b>15 158</b>	<b>13 948</b>
Stage 1	13 494	12 665
Stage 2	1 321	992
of which past due greater than 30 days	35	28
Stage 3	343	291
<b>ECL</b>	<b>(146)</b>	<b>(134)</b>
Stage 1	(39)	(32)
Stage 2	(32)	(35)
Stage 3	(75)	(67)
<b>Coverage ratio</b>		
Stage 1	0.29%	0.25%
Stage 2	2.4%	3.5%
Stage 3	21.9%	23.0%
<b>Credit loss ratio</b>	<b>0.37%</b>	<b>0.17%</b>
ECL impairment charges on core loans	(54)	(22)
Average gross core loans subject to ECL	14 553	12 958
<b>An analysis of Stage 3 gross core loans subject to ECL</b>		
Stage 3 net of ECL	268	224
Aggregate collateral and other credit enhancements on Stage 3	280	230
Stage 3 as a % of gross core loans subject to ECL	2.3%	2.1%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.8%	1.6%

\* Refer to definitions on page 24.

Note: Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £43 million at 31 March 2022 to £37 million at 31 March 2023. These Legacy assets are predominantly reported in Stage 3 and make up 12.6% of Stage 3 gross core loans. These assets have been significantly provided for and coverage remains high at 55.3%. Refer to definitions on page 24.

ASSET QUALITY  
CONTINUED

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

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
<b>At 31 March 2023</b>										
<b>Commercial real estate</b>	<b>1 241</b>	<b>(6)</b>	<b>231</b>	<b>(8)</b>	<b>76</b>	<b>(16)</b>	<b>1 548</b>	<b>(30)</b>	<b>43</b>	<b>1 591</b>
Commercial real estate – investment	920	(4)	212	(8)	70	(13)	1 202	(25)	40	1 242
Commercial real estate – development	308	(2)	13	—	—	—	321	(2)	3	324
Commercial vacant land and planning	13	—	6	—	6	(3)	25	(3)	—	25
<b>Residential real estate</b>	<b>611</b>	<b>(2)</b>	<b>112</b>	<b>(4)</b>	<b>45</b>	<b>(18)</b>	<b>768</b>	<b>(24)</b>	<b>37</b>	<b>805</b>
Residential real estate – investment	359	(1)	39	(2)	11	(1)	409	(4)	35	444
Residential real estate – development	244	(1)	69	(1)	9	(3)	322	(5)	—	322
Residential vacant land and planning	8	—	4	(1)	25	(14)	37	(15)	2	39
<b>Total lending collateralised by property</b>	<b>1 852</b>	<b>(8)</b>	<b>343</b>	<b>(12)</b>	<b>121</b>	<b>(34)</b>	<b>2 316</b>	<b>(54)</b>	<b>80</b>	<b>2 396</b>
<b>Coverage ratio</b>		<b>0.43%</b>		<b>3.5%</b>		<b>28.1%</b>		<b>2.3%</b>		
<b>At 31 March 2022</b>										
<b>Commercial real estate</b>	<b>1 334</b>	<b>(3)</b>	<b>152</b>	<b>(6)</b>	<b>105</b>	<b>(21)</b>	<b>1 591</b>	<b>(30)</b>	<b>46</b>	<b>1 637</b>
Commercial real estate – investment	1 104	(2)	108	(4)	99	(18)	1 311	(24)	42	1 353
Commercial real estate – development	222	(1)	38	(1)	—	—	260	(2)	4	264
Commercial vacant land and planning	8	—	6	(1)	6	(3)	20	(4)	—	20
<b>Residential real estate</b>	<b>676</b>	<b>(2)</b>	<b>3</b>	<b>—</b>	<b>34</b>	<b>(16)</b>	<b>713</b>	<b>(18)</b>	<b>29</b>	<b>742</b>
Residential real estate – investment	394	(1)	3	—	4	(1)	401	(2)	27	428
Residential real estate – development	276	(1)	—	—	6	(3)	282	(4)	—	282
Residential vacant land and planning	6	—	—	—	24	(12)	30	(12)	2	32
<b>Total lending collateralised by property</b>	<b>2 010</b>	<b>(5)</b>	<b>155</b>	<b>(6)</b>	<b>139</b>	<b>(37)</b>	<b>2 304</b>	<b>(48)</b>	<b>75</b>	<b>2 379</b>
<b>Coverage ratio</b>		<b>0.25%</b>		<b>3.9%</b>		<b>26.6%</b>		<b>2.1%</b>		

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

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
<b>At 31 March 2023</b>										
Mortgages	4 480	(2)	128	—	64	(7)	4 672	(9)	25	4 697
Other high net worth lending	863	(2)	36	(1)	20	(6)	919	(9)	3	922
<b>Total high net worth and other private client lending</b>	<b>5 343</b>	<b>(4)</b>	<b>164</b>	<b>(1)</b>	<b>84</b>	<b>(13)</b>	<b>5 591</b>	<b>(18)</b>	<b>28</b>	<b>5 619</b>
<b>Coverage ratio</b>		<b>0.07%</b>		<b>0.6%</b>		<b>15.5%</b>		<b>0.3%</b>		
<b>At 31 March 2022</b>										
Mortgages	3 995	(1)	86	—	57	(4)	4 138	(5)	25	4 163
Other high net worth lending	938	(2)	42	(1)	6	(2)	986	(5)	3	989
<b>Total high net worth and other private client lending</b>	<b>4 933</b>	<b>(3)</b>	<b>128</b>	<b>(1)</b>	<b>63</b>	<b>(6)</b>	<b>5 124</b>	<b>(10)</b>	<b>28</b>	<b>5 152</b>
<b>Coverage ratio</b>		<b>0.06%</b>		<b>0.8%</b>		<b>9.5%</b>		<b>0.2%</b>		

ASSET QUALITY  
CONTINUED

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

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
<b>At 31 March 2023</b>										
Corporate and acquisition finance	1 794	(9)	212	(5)	53	(7)	2 059	(21)	125	2 184
Asset-based lending	271	(1)	44	—	—	—	315	(1)	—	315
Fund finance	1 359	(1)	33	—	—	—	1 392	(1)	75	1 467
Other corporate and financial institutions and governments	391	(2)	70	(1)	4	(1)	465	(4)	32	497
Small ticket asset finance	1 142	(9)	279	(6)	30	(11)	1 451	(26)	—	1 451
Motor finance	905	(3)	46	(3)	8	(3)	959	(9)	—	959
Aviation finance	115	(1)	32	(1)	—	—	147	(2)	176	323
Power and infrastructure finance	322	(1)	98	(3)	43	(6)	463	(10)	35	498
<b>Total corporate and other lending</b>	<b>6 299</b>	<b>(27)</b>	<b>814</b>	<b>(19)</b>	<b>138</b>	<b>(28)</b>	<b>7 251</b>	<b>(74)</b>	<b>443</b>	<b>7 694</b>
<b>Coverage ratio</b>		<b>0.43%</b>		<b>2.3%</b>		<b>20.3%</b>		<b>1.0%</b>		
<b>At 31 March 2022</b>										
Corporate and acquisition finance	1 528	(7)	207	(13)	10	(1)	1 745	(21)	125	1 870
Asset-based lending	352	(1)	27	—	—	—	379	(1)	12	391
Fund finance	1 194	(1)	18	—	—	—	1 212	(1)	44	1 256
Other corporate and financial institutions and governments	379	(2)	37	(2)	3	(1)	419	(5)	11	430
Small ticket asset finance	1 183	(8)	242	(7)	29	(18)	1 454	(33)	—	1 454
Motor finance	628	(2)	121	(3)	6	(2)	755	(7)	—	755
Aviation finance	96	(1)	10	(1)	—	—	106	(2)	244	350
Power and infrastructure finance	362	(2)	47	(2)	41	(2)	450	(6)	70	520
<b>Total corporate and other lending</b>	<b>5 722</b>	<b>(24)</b>	<b>709</b>	<b>(28)</b>	<b>89</b>	<b>(24)</b>	<b>6 520</b>	<b>(76)</b>	<b>506</b>	<b>7 026</b>
<b>Coverage ratio</b>		<b>0.42%</b>		<b>3.9%</b>		<b>27.0%</b>		<b>1.2%</b>		

## CAPITAL ADEQUACY

## A summary of capital adequacy and leverage ratios

	31 March 2023*	31 March 2022*
Common Equity Tier 1 ratio**	12.7%	12.0%
Common Equity Tier 1 ratio (fully loaded)***	12.4%	11.6%
Tier 1 ratio**	14.1%	13.6%
Total capital ratio**	18.5%	18.2%
Risk weighted assets (£'million)**	17 308	16 462
Leverage exposure measure (£'million)^	24 945	23 874
Leverage ratio^	9.8%	9.3%
Leverage ratio (fully loaded)^****	9.6%	9.1%

## Capital structure and capital adequacy

£'million	31 March 2023*	31 March 2022*
<b>Shareholder's equity</b>	<b>2 486</b>	<b>2 215</b>
Shareholder's equity excluding non-controlling interests	2 539	2 296
Foreseeable charges and dividends	(36)	(61)
Deconsolidation of special purpose entities	(17)	(20)
<b>Non-controlling interests</b>	<b>—</b>	<b>—</b>
Non-controlling interests per balance sheet	1	1
Non-controlling interests excluded for regulatory purposes	(1)	(1)
<b>Regulatory adjustments to the accounting basis</b>	<b>15</b>	<b>71</b>
Additional value adjustments	(5)	(6)
Cash flow hedging reserve	(28)	—
Adjustment under IFRS 9 transitional arrangements	48	77
<b>Deductions</b>	<b>(306)</b>	<b>(304)</b>
Goodwill and intangible assets net of deferred taxation	(300)	(291)
Deferred taxation assets that rely on future profitability excluding those arising from temporary differences	(2)	(8)
Securitisation positions which can alternatively be subject to a 1 250% risk weight	(4)	(5)
<b>Common Equity Tier 1 capital</b>	<b>2 195</b>	<b>1 982</b>
Additional Tier 1 instruments	250	250
<b>Tier 1 capital</b>	<b>2 445</b>	<b>2 232</b>
<b>Tier 2 capital</b>	<b>764</b>	<b>766</b>
Tier 2 instruments	764	766
<b>Total regulatory capital</b>	<b>3 209</b>	<b>2 998</b>
<b>Risk weighted assets**</b>	<b>17 308</b>	<b>16 462</b>

\* The capital adequacy disclosures for IBP include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 21bps (31 March 2022: 37bps) higher, on this basis.

\*\* The CET1, Tier 1, total capital ratios and risk weighted assets (RWAs) are calculated applying the IFRS 9 transitional arrangements (including the Capital Requirements Regulation (CRR) II changes introduced by the 'quick fix' regulation adopted in June 2020).

\*\*\* The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assume full adoption of IFRS 9 (including the 'quick fix' regulation).

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

CAPITAL ADEQUACY  
CONTINUED

### Risk weighted assets and capital requirements

£'million	Risk weighted assets**		Capital requirements**	
	31 March 2023*	31 March 2022*	31 March 2023*	31 March 2022*
	<b>17 308</b>	<b>16 462</b>	<b>1 385</b>	<b>1 317</b>
Credit risk	14 118	13 332	1 129	1 066
Equity risk	153	57	13	5
Counterparty credit risk	487	591	39	47
Credit valuation adjustment risk	37	103	3	8
Market risk	511	608	41	49
Operational risk	2 002	1 771	160	142

### Leverage

£'million	31 March 2023*	31 March 2022*
Total exposure measure	24 945	23 874
Tier 1 capital**	2 445	2 232
<b>Leverage ratio<sup>^</sup></b>	<b>9.8%</b>	<b>9.3%</b>
Total exposure measure (fully loaded)	24 896	23 797
Tier 1 capital (fully loaded)	2 396	2 155
<b>Leverage ratio (fully loaded)<sup>^***</sup></b>	<b>9.6%</b>	<b>9.1%</b>

\* The capital adequacy disclosures for IBP include the deduction of foreseeable charges and dividends when calculating CET1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 21bps (31 March 2022: 37bps) higher, on this basis.

\*\* The CET1, Tier 1, total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the CRR II changes introduced by the 'quick fix' regulation adopted in June 2020).

\*\*\* The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assume full adoption of IFRS 9 (including the 'quick fix' regulation).

<sup>^</sup> The leverage ratios are calculated on an end-quarter basis.

## ANNEXURE 1 – 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

£'000	31 March 2023	31 March 2022
Operating profit before goodwill, acquired intangibles and strategic actions	408 776	287 683
Add: Loss attributable to non-controlling interests	—	—
<b>Adjusted operating profit</b>	<b>408 776</b>	<b>287 683</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.

£'million	31 March 2023	31 March 2022
Loans and advances to customers per the balance sheet	15 568	14 426
ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(3)
<b>Net core loans</b>	<b>15 563</b>	<b>14 423</b>
of which amortised cost and FVOCI ('subject to ECL')	15 012	13 814
of which FVPL	551	609
Add: ECL	146	134
<b>Gross core loans</b>	<b>15 709</b>	<b>14 557</b>
of which amortised cost and FVOCI ('subject to ECL')	15 158	13 948
of which FVPL	551	609

Cost to income ratio Refer to the calculation in the table below

£'000	31 March 2023	31 March 2022
Operating costs (A)	833 061	760 286
Total operating income before expected credit loss impairment charges	1 308 577	1 073 332
Add: Loss attributable to non-controlling interests	—	—
Total (B)	1 308 577	1 073 332
<b>Cost to income ratio (A/B)</b>	<b>63.7%</b>	<b>70.8%</b>


Coverage ratio ECL as a percentage of gross core loans subject to ECL

Credit loss ratio ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL

Gearing ratio Total 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 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) in the prior year

### 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, loans and advances, other debt securities, other loans and advances and finance lease receivables

→ Refer to page 8 for calculation.

### Interest-bearing liabilities

Deposits by banks, customer accounts (deposits), repurchase agreements and cash collateral on securities lent, debt securities in issue, lease liabilities and subordinated liabilities

→ Refer to page 8 for calculation.

### Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK Bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

### Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business and financial impact of Group restructures

### Subject to ECL

Includes financial assets held at amortised cost and FVOCI

### CET1 capital

Common Equity Tier 1 capital

### RWAs

Risk weighted assets

### CRR II

Capital Requirements Regulation II

### CRD IV

Capital Requirements Directive IV

