

# Creating enduring worth

Investec Limited  
(excluding results of  
Investec plc)

Unaudited condensed financial information  
for the year ended March 2023



## 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 [23](#).

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

Key financial statistics	31 March 2023	31 March 2022	% change
Total operating income before expected credit loss impairment charges (R'million)	19 621	17 907	9.6%
Operating costs (R'million)	10 212	9 282	10.0%
Operating profit before goodwill and acquired intangibles (R'million)	9 115	8 562	6.5%
Headline earnings attributable to ordinary shareholders (R'million)	6 581	5 373	22.5%
Cost to income ratio	52.6%	54.3%	
Total capital resources (including subordinated liabilities) (R'million)	69 254	73 251	(5.5%)
Total equity (R'million)	61 506	62 529	(1.6%)
Total assets (R'million)	638 051	599 981 <sup>^</sup>	6.3%
Net core loans and advances (R'million)	320 711	298 411	7.5%
Customer accounts (deposits) (R'million)	448 513	419 948	6.8%
Loans and advances to customers as a % of customer accounts (deposits)	70.2%	69.3%	
Cash and near cash balances (R'million)	171 400	159 454	7.5%
Funds under management (R'million)	406 752	372 804	9.1%
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.3x	9.6x	
Total capital ratio	18.3%	17.5%	
Tier 1 ratio	15.9%	15.0%	
Common Equity Tier 1 ratio	14.7%	14.0%	
Leverage ratio	6.5%	7.4%	
Stage 3 as a % of gross core loans subject to ECL	2.8%	1.9%	
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	1.5%	
Credit loss ratio	0.08%*	0.00%	
Net Stable Funding Ratio % (NSFR)	116.4%	112.6%	
Liquidity Coverage Ratio % (LCR)**	153.6%	138.9%	

<sup>^</sup> Restated as detailed on page [16](#)

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Year to 31 March 2023	Year to 31 March 2022
Interest income	37 431	26 087
Interest expense	(25 999)	(16 709)
<b>Net interest income</b>	<b>11 432</b>	<b>9 378</b>
Fee and commission income	7 714	7 166
Fee and commission expense	(800)	(624)
Investment (loss)/income	(808)	590
Share of post-taxation profit of associates and joint venture holdings	321	287
Trading income/(loss) arising from		
– customer flow	893	1 369
– balance sheet management and other trading income	913	(276)
Other operating (loss)/income	(44)	17
<b>Total operating income before expected credit loss impairment charges</b>	<b>19 621</b>	<b>17 907</b>
Expected credit loss impairment charges	(294)	(63)
<b>Operating income</b>	<b>19 327</b>	<b>17 844</b>
Operating costs	(10 212)	(9 282)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>9 115</b>	<b>8 562</b>
Impairment of goodwill	(2)	(39)
Amortisation of acquired intangibles	(51)	(51)
<b>Operating profit</b>	<b>9 062</b>	<b>8 472</b>
Implementation costs on distribution of investment to shareholders	(6)	(28)
<b>Profit before taxation</b>	<b>9 056</b>	<b>8 444</b>
Taxation on operating profit before acquired intangibles	(2 101)	(2 140)
Taxation on acquired intangibles and strategic actions	301	15
<b>Profit after taxation</b>	<b>7 256</b>	<b>6 319</b>
Profit attributable to non-controlling interests	(202)	(812)
<b>Earnings attributable to shareholders</b>	<b>7 054</b>	<b>5 507</b>
Earnings attributable to ordinary shareholders	6 583	5 030
Earnings attributable to perpetual preferred securities and Other Additional Tier 1 securities	471	477

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

R'million	Year to 31 March 2023	Year to 31 March 2022
Profit after taxation	7 256	6 319
<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*	271	(82)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	121	49
Gain on realisation of debt instruments at FVOCI recycled to the income statement*	(59)	(35)
Foreign currency adjustments on translating foreign operations	1 486	(92)
<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*	(219)	151
Net gain attributable to own credit risk*	2	1
<b>Total comprehensive income</b>	<b>8 858</b>	<b>6 311</b>
Total comprehensive income attributable to ordinary shareholders	8 185	5 022
Total comprehensive income attributable to non-controlling interests	202	812
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	471	477
<b>Total comprehensive income</b>	<b>8 858</b>	<b>6 311</b>

\* These amounts are net of taxation expense of R152.4 million (2022: R27.0 million).

## HEADLINE EARNINGS

R'million	Year to 31 March 2023	Year to 31 March 2022
Earnings attributable to shareholders	7 054	5 507
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(471)	(477)
Gain on repurchase of perpetual preference shares	15	26
<b>Earnings attributable to ordinary shareholders</b>	<b>6 598</b>	<b>5 056</b>
Headline adjustments	(17)	317
Revaluation of investment properties*	(32)	108
Headline adjustments of equity accounted associates	13	170
Impairment of goodwill	2	39
<b>Headline earnings attributable to ordinary shareholders</b>	<b>6 581</b>	<b>5 373</b>

\* These amounts are net of taxation of R19.9 million (2022: R69.3million) and R84.3 million (2022: R283.2 million) of non-controlling interests.



## CONSOLIDATED BALANCE SHEET

At R'million	31 March 2023	31 March 2022 <sup>^</sup>	31 March 2021 <sup>^</sup>
<b>Assets</b>			
Cash and balances at central banks	22 761	11 893	9 653
Loans and advances to banks	12 323	21 014	25 723
Non-sovereign and non-bank cash placements	14 133	13 176	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	50 336	60 827	30 756
Sovereign debt securities	77 456	57 380	53 009
Bank debt securities	16 124	27 958	21 862
Other debt securities	11 676	15 417	14 148
Derivative financial instruments	16 512	17 264	18 544
Securities arising from trading activities	33 021	10 005	15 202
Investment portfolio	22 675	15 509	15 131
Loans and advances to customers	314 723	291 183	279 131
Own originated loans and advances to customers securitised	5 988	7 228	8 184
Other loans and advances	1	108	181
Other securitised assets	547	592	578
Interests in associated undertakings and joint venture holdings	30	5 480	5 215
Current taxation assets	1	4	44
Deferred taxation assets	2 749	2 866	2 767
Other assets	14 152	19 873	17 792
Property and equipment	3 457	3 469	2 942
Investment properties	15 853	15 783	16 942
Goodwill	171	173	212
Software	131	46	95
Other acquired intangible assets	13	64	118
Non-current assets classified as held for sale	785	1 524	1 054
	<b>635 618</b>	<b>598 836</b>	<b>548 239</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	2 433	1 145	1 067
	<b>638 051</b>	<b>599 981</b>	<b>549 306</b>
<b>Liabilities</b>			
Deposits by banks	31 789	22 236	22 052
Derivative financial instruments	37 802	33 112	26 980
Other trading liabilities	3 820	4 475	5 643
Repurchase agreements and cash collateral on securities lent	17 933	13 941	17 598
Customer accounts (deposits)	448 513	419 948	374 228
Debt securities in issue	7 747	7 607	6 493
Liabilities arising on securitisation of own originated loans and advances	3 594	4 585	3 271
Current taxation liabilities	941	753	854
Deferred taxation liabilities	95	714	743
Other liabilities	14 130	18 214	15 304
	<b>566 364</b>	<b>525 585</b>	<b>473 166</b>
Liabilities to customers under investment contracts	2 378	1 086	1 014
Insurance liabilities, including unit-linked liabilities	55	59	53
	<b>568 797</b>	<b>526 730</b>	<b>474 233</b>
Subordinated liabilities	7 748	10 722	14 445
	<b>576 545</b>	<b>537 452</b>	<b>488 678</b>
<b>Equity</b>			
Ordinary share capital	1	1	1
Ordinary share premium	4 885	6 076	6 112
Treasury shares	(3 854)	(3 507)	(3 020)
Other reserves	3 066	2 489	2 543
Retained income	41 831	41 173	38 656
<b>Ordinary shareholders' equity</b>	<b>45 929</b>	<b>46 232</b>	<b>44 292</b>
Perpetual preference share capital and premium	2 445	2 886	3 039
<b>Shareholders' equity excluding non-controlling interests</b>	<b>48 374</b>	<b>49 118</b>	<b>47 331</b>
Other Additional Tier 1 securities in issue	3 260	3 110	1 733
Non-controlling interests	9 872	10 301	11 564
– Perpetual preferred securities issued by subsidiaries	—	—	1 481
– Non-controlling interests in partially held subsidiaries	9 872	10 301	10 083
<b>Total equity</b>	<b>61 506</b>	<b>62 529</b>	<b>60 628</b>
<b>Total liabilities and equity</b>	<b>638 051</b>	<b>599 981</b>	<b>549 306</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

R'million	Ordinary share capital	Share premium	Treasury shares
<b>At 1 April 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 to regulatory general risk reserve	—	—	—
Share buy-back of ordinary share capital	—	(36)	—
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 2022</b>	<b>1</b>	<b>6 076</b>	<b>(3 507)</b>
<b>Movement in reserves 1 April 2022 – 31 March 2023</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	—	—	—
Redemption of Other Additional Tier 1 security instruments	—	—	—
Movement of treasury shares	—	—	(347)
Share-based payments adjustments	—	—	—
Transfer from fair value reserve to retained income	—	—	—
Transfer from regulatory general risk reserve	—	—	—
Employee benefit liability recognised	—	—	—
Repurchase of perpetual preference shares	—	—	—
Share buy-back of ordinary share capital	—	(1 191)	—
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	—	—	—
Distribution to ordinary shareholders	—	—	—
<b>At 31 March 2023</b>	<b>1</b>	<b>4 885</b>	<b>(3 854)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

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	1 164	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	—	—	—	—	—	—
—	—	—	—	—	—	(684)	(720)	—	(720)	—	—	(720)
—	—	—	—	—	—	26	26	(153)	(127)	—	(1 481)	(1 608)
—	—	—	—	—	—	(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
—	—	—	—	—	—	7 054	7 054	—	7 054	—	202	7 256
—	—	—	271	—	—	—	271	—	271	—	—	271
—	121	—	—	—	—	—	121	—	121	—	—	121
—	(59)	—	—	—	—	—	(59)	—	(59)	—	—	(59)
—	(219)	—	—	—	—	—	(219)	—	(219)	—	—	(219)
—	—	—	—	—	1 486	—	1 486	—	1 486	—	—	1 486
—	—	—	—	2	—	—	2	—	2	—	—	2
—	(157)	—	271	2	1 486	7 054	8 656	—	8 656	—	202	8 858
—	—	—	—	—	—	—	—	—	—	500	—	500
—	—	—	—	—	—	—	—	—	—	(350)	—	(350)
—	—	—	—	—	—	—	(347)	—	(347)	—	—	(347)
—	—	—	—	—	—	424	424	—	424	—	—	424
—	(1 158)	—	—	—	—	1 158	—	—	—	—	—	—
—	—	133	—	—	—	(133)	—	—	—	—	—	—
—	—	—	—	—	—	(93)	(93)	—	(93)	—	—	(93)
—	—	—	—	—	—	15	15	(441)	(426)	—	—	(426)
—	—	—	—	—	—	—	(1 191)	—	(1 191)	—	—	(1 191)
—	—	—	—	—	—	(471)	(471)	163	(308)	308	—	—
—	—	—	—	—	—	—	—	(163)	(163)	(308)	—	(471)
—	—	—	—	—	—	(3 516)	(3 516)	—	(3 516)	—	—	(3 516)
—	—	—	—	—	—	—	—	—	—	—	(631)	(631)
—	—	—	—	—	—	(3 780)	(3 780)	—	(3 780)	—	—	(3 780)
61	14	795	(1 350)	15	3 531	41 831	45 929	2 445	48 374	3 260	9 872	61 506

## CONSOLIDATED SEGMENTAL INFORMATION

For the year to 31 March 2023 R'million	Private Client		Specialist Banking	Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other			
Net interest income/(expense)	99	6 133	5 849	(649)	—	11 432
Net fee and commission income	2 060	1 213	2 622	1 019	—	6 914
Investment income/(loss)	8	310	79	(1 205)	—	(808)
Share of post-taxation (loss)/profit of associates and joint venture holdings	—	(3)	2	322	—	321
Trading income/(loss) arising from						
– customer flow	(1)	—	1 129	(235)	—	893
– balance sheet management and other trading activities	8	1	18	886	—	913
Other operating loss	(1)	—	(43)	—	—	(44)
<b>Total operating income before expected credit loss impairment charges</b>	<b>2 173</b>	<b>7 654</b>	<b>9 656</b>	<b>138</b>	<b>—</b>	<b>19 621</b>
Expected credit loss impairment charges	—	(247)	(42)	(5)	—	(294)
<b>Operating income</b>	<b>2 173</b>	<b>7 407</b>	<b>9 614</b>	<b>133</b>	<b>—</b>	<b>19 327</b>
Operating costs	(1 501)	(3 730)	(4 606)	(61)	(314)	(10 212)
<b>Operating profit before goodwill, acquired intangibles and non-controlling interests</b>	<b>672</b>	<b>3 677</b>	<b>5 008</b>	<b>72</b>	<b>(314)</b>	<b>9 115</b>
Profit attributable to non-controlling interests	—	—	(17)	(185)	—	(202)
<b>Profit before goodwill, acquired intangibles, taxation and after non-controlling interests</b>	<b>672</b>	<b>3 677</b>	<b>4 991</b>	<b>(113)</b>	<b>(314)</b>	<b>8 913</b>
<b>Cost to income ratio</b>	69.1%	48.7%	47.8%	n/a	n/a	52.6%
<b>Total assets (R'million)</b>	5 029	229 507	369 523	33 992	—	638 051

For the year to 31 March 2022 R'million	Private Client		Specialist Banking	Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other			
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 release/(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 and 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	338 674	33 696	—	599 981

^ Restated as detailed on page 16.

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

## Net interest income

For the year to 31 March R'million		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	190 056	9 560	5.03%	169 103	5 594	3.31%
Net core loans and advances	2	310 854	27 204	8.75%	294 160	19 736	6.71%
Private Client		226 591	19 601	8.65%	219 884	14 254	6.48%
Corporate, Investment Banking and Other		84 263	7 603	9.02%	74 276	5 482	7.38%
Other debt securities and other loans and advances		12 641	661	5.23%	15 981	636	3.98%
Other	3	1 024	6	n/a	518	121	n/a
		<b>514 575</b>	<b>37 431</b>		<b>479 762</b>	<b>26 087</b>	

For the year to 31 March R'million		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	48 083	(2 162)	4.50%	42 397	(1 267)	2.99%
Customer accounts (deposits)		433 166	(22 743)	5.25%	400 082	(14 128)	3.53%
Subordinated liabilities	5	8 841	(713)	8.06%	12 828	(838)	6.53%
Other		3 441	(381)	n/a	3 629	(476)	n/a
		<b>493 531</b>	<b>(25 999)</b>		<b>458 936</b>	<b>(16 709)</b>	
<b>Net interest income</b>			<b>11 432</b>			<b>9 378</b>	
<b>Net interest margin*</b>			<b>2.22%</b>			<b>1.95%</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% (2022: 24.3%) interest. Excluding the debt funding cost, the net interest margin amounted to 2.31% (2022: 2.06%).



## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

### CONTINUED

### Net fee and commission income

For the year to 31 March R'million	2023	2022
<b>Wealth &amp; Investment net fee and commission income</b>	<b>2 060</b>	<b>2 052</b>
Fund management fees/fees for funds under management	1 223	1 130
Private Client transactional fees <sup>^</sup>	884	958
Fee and commission expense	(47)	(36)
<b>Specialist Banking net fee and commission income</b>	<b>3 835</b>	<b>3 476</b>
Specialist Banking fee and commission income <sup>^^</sup>	4 514	3 988
Specialist Banking fee and commission expense	(679)	(512)
<b>Group Investments net fee and commission income</b>	<b>1 019</b>	<b>1 014</b>
Group Investments fee and commission income <sup>^^#</sup>	1 093	1 090
Group Investments fee and commission expense	(74)	(76)
<b>Net fee and commission income</b>	<b>6 914</b>	<b>6 542</b>
Annuity fees (net of fees payable)	5 019	5 128
Deal fees	1 895	1 414

<sup>^</sup> Trust and fiduciary fees amounted to R7.9 million (2022: R7.7 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 R1.6 billion (2022: R1.7 billion) for operating lease income which is out of scope of IFRS 15 Revenue from Contracts with Customers.

<sup>#</sup> Included within Group Investments fee and commission income is a net contribution from rental activities resulting from the consolidation of IPF of R1.1 billion (2022: R1.1 billion) comprising property revenue of R1.8 billion (2022: R1.8 billion) and property expenses of R700.8 million (2022: R650.0 million).

### Investment (loss)/income

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 and liability categories	Total
<b>2023</b>									
Realised	3	32	(228)	90	(103)	200	46	105	248
Unrealised**	(19)	(181)	(1 048)	10	(1 238)	25	(7)	(89)	(1 309)
Dividend income	39	107	—	—	146	—	—	17	163
Funding and other net related (costs)/ income	—	(42)	—	—	(42)	—	132	—	90
	<b>23</b>	<b>(84)</b>	<b>(1 276)</b>	<b>100</b>	<b>(1 237)</b>	<b>225</b>	<b>171</b>	<b>33</b>	<b>(808)</b>
<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>

\* Includes income 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 2023 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	—	22 761	—	22 761
Loans and advances to banks	—	12 323	—	12 323
Non-sovereign and non-bank cash placements	130	14 003	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	13 515	36 821	—	50 336
Sovereign debt securities	51 816	25 640	—	77 456
Bank debt securities	9 067	7 057	—	16 124
Other debt securities	6 926	4 750	—	11 676
Derivative financial instruments	16 512	—	—	16 512
Securities arising from trading activities	33 021	—	—	33 021
Investment portfolio	22 675	—	—	22 675
Loans and advances to customers	15 676	299 047	—	314 723
Own originated loans and advances to customers securitised	—	5 988	—	5 988
Other loans and advances	—	1	—	1
Other securitised assets	—	547	—	547
Interests in associated undertakings	—	—	30	30
Current taxation assets	—	—	1	1
Deferred taxation assets	—	—	2 749	2 749
Other assets	5 219	4 989	3 944	14 152
Property and equipment	—	—	3 457	3 457
Investment properties	—	—	15 853	15 853
Goodwill	—	—	171	171
Software	—	—	131	131
Other intangible assets	—	—	13	13
Non-current assets classified as held for sale	—	—	785	785
	<b>174 557</b>	<b>433 927</b>	<b>27 134</b>	<b>635 618</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	2 433	—	—	2 433
	<b>176 990</b>	<b>433 927</b>	<b>27 134</b>	<b>638 051</b>
<b>Liabilities</b>				
Deposits by banks	—	31 789	—	31 789
Derivative financial instruments	37 802	—	—	37 802
Other trading liabilities	3 820	—	—	3 820
Repurchase agreements and cash collateral on securities lent	3 710	14 223	—	17 933
Customer accounts (deposits)	69 972	378 541	—	448 513
Debt securities in issue	—	7 747	—	7 747
Liabilities arising on securitisation of own originated loans and advances	—	3 594	—	3 594
Current taxation liabilities	—	—	941	941
Deferred taxation liabilities	—	—	95	95
Other liabilities	2 049	5 950	6 131	14 130
	<b>117 353</b>	<b>441 844</b>	<b>7 167</b>	<b>566 364</b>
Liabilities to customers under investment contracts	2 378	—	—	2 378
Insurance liabilities, including unit-linked liabilities	55	—	—	55
	<b>119 786</b>	<b>441 844</b>	<b>7 167</b>	<b>568 797</b>
Subordinated liabilities	—	7 748	—	7 748
	<b>119 786</b>	<b>449 592</b>	<b>7 167</b>	<b>576 545</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).

		Fair value category		
At 31 March 2023 R'million	Total instruments at fair value	Level 1	Level 2	Level 3
<b>Assets</b>				
Non-sovereign and non-bank cash placements	130	—	130	—
Reverse repurchase agreements and cash collateral on securities borrowed	13 515	—	13 515	—
Sovereign debt securities	51 816	51 816	—	—
Bank debt securities	9 067	4 528	4 539	—
Other debt securities	6 926	2 239	4 687	—
Derivative financial instruments	16 512	—	16 512	—
Securities arising from trading activities	33 021	32 646	375	—
Investment portfolio	22 675	4 782	40	17 853
Loans and advances to customers	15 676	—	14 947	729
Other assets	5 219	5 219	—	—
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	2 433	2 433	—	—
	<b>176 990</b>	<b>103 663</b>	<b>54 745</b>	<b>18 582</b>
<b>Liabilities</b>				
Derivative financial instruments	37 802	—	37 802	—
Other trading liabilities	3 820	2 771	1 049	—
Repurchase agreements and cash collateral on securities lent	3 710	—	3 710	—
Customer accounts (deposits)	69 972	—	69 972	—
Other liabilities	2 049	—	1 038	1 011
Liabilities to customers under investment contracts	2 378	—	2 378	—
Insurance liabilities, including unit-linked liabilities	55	—	55	—
	<b>119 786</b>	<b>2 771</b>	<b>116 004</b>	<b>1 011</b>
<b>Net financial assets/(liabilities) at fair value</b>	<b>57 204</b>	<b>100 892</b>	<b>(61 259)</b>	<b>17 571</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 2022</b>	10 460	777	498	11 735
Net losses included in the income statement	(745)	(178)	—	(923)
Purchases	2 352	—	—	2 352
Sales	(46)	—	(498)	(544)
Issues	14	169	—	183
Settlements	(210)	(39)	—	(249)
Transfers from interests in associated undertakings <sup>^</sup>	4 683	—	—	4 683
Foreign exchange adjustments	1 345	—	—	1 345
<b>Balance at 31 March 2023</b>	<b>17 853</b>	<b>729</b>	<b>—</b>	<b>18 582</b>

<sup>^</sup> The IEP Group and Bud Group shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including the Investec Group, by way of a share buyback. The restructure entails the transfer of certain assets to a Newco, to facilitate the orderly disposal of those assets. As a result the nature of the holding in IEP has changed to that of a debt instrument and has been transferred to the investment portfolio line on the balance sheet, where it is measured at fair value through profit or loss.

R'million	Other liabilities	Total
<b>Balance at 1 April 2022</b>	951	951
Net losses included in the income statement	(101)	(101)
Settlements	(11)	(11)
Foreign exchange adjustments	172	172
<b>Balance at 31 March 2023</b>	<b>1 011</b>	<b>1 011</b>

There were no transfers into and out of level 3 in the current year.

The Group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change. Transfers are deemed to occur at the end of each semi-annual reporting period.

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

For the year to 31 March 2023 R'million	Total	Realised	Unrealised
<b>Total gains or (losses) included in the income statement for the year</b>			
Investment loss	(881)	(44)	(837)
Trading income arising from balance sheet management and other trading activities	59	—	59
	<b>(822)</b>	<b>(44)</b>	<b>(778)</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 following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2023	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	17 853				1 920	(2 035)
		Price earnings	EBITDA	*	242	(273)
		Price earnings	EBITDA	(10%)-10%	468	(468)
		Discounted cash flow	Cash flows	*	42	(31)
		Net asset value	Underlying asset value	^	32	(68)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	27	(27)
		Discounted cash flow	Property prices	#	1 002	(1 076)
		Other	Various	**	107	(92)
Loans and advances to customers	729				330	(214)
		Net asset value	Underlying asset value	*	2	(2)
		Underlying asset value	Property values	^	328	(212)
<b>Total level 3 assets</b>	<b>18 582</b>				<b>2 250</b>	<b>(2 249)</b>
<b>Liabilities</b>						
Other liabilities	1 011	Discounted cash flow	Property prices	#	108	(116)
<b>Total level 3 liabilities</b>	<b>1 011</b>				<b>108</b>	<b>(116)</b>
<b>Net level 3 assets</b>	<b>17 571</b>				<b>2 358</b>	<b>(2 365)</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 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-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

#### EBITDA

The Company being valued 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
Other assets	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

At 31 March 2023 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	22 761	22 761	—	—
Loans and advances to banks	12 323	12 323	—	—
Non-sovereign and non-bank cash placements	14 003	14 003	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	36 821	10 111	26 710	26 713
Sovereign debt securities	25 640	—	25 640	26 093
Bank debt securities	7 057	105	6 952	7 000
Other debt securities	4 750	2 081	2 669	2 666
Loans and advances to customers	299 047	279 169	19 878	19 866
Own originated loans and advances to customers securitised	5 988	5 988	—	—
Other loans and advances	1	1	—	—
Other securitised assets	547	547	—	—
Other assets	4 989	4 989	—	—
	<b>433 927</b>	<b>352 078</b>	<b>81 849</b>	<b>82 338</b>
<b>Liabilities</b>				
Deposits by banks	31 789	11 025	20 764	21 098
Repurchase agreements and cash collateral on securities lent	14 223	2 151	12 072	12 694
Customer accounts (deposits)	378 541	216 612	161 929	161 014
Debt securities in issue	7 747	6 502	1 245	1 245
Liabilities arising on securitisation of own originated loans and advances	3 594	3 594	—	—
Other liabilities	5 950	5 950	—	—
Subordinated liabilities	7 748	5 752	1 996	2 590
	<b>449 592</b>	<b>251 586</b>	<b>198 006</b>	<b>198 641</b>

## RESTATEMENTS AND EVENTS AFTER THE REPORTING DATE

### Balance sheet restatements

#### Derivative financial instruments and other assets

As at 31 March 2022, R1.4 billion and 31 March 2021, R1.5 billion, initial margin on collateral, which is not available as an offset to individual exposures, was recorded in derivative financial instruments liabilities instead of other assets.

In addition, certain derivative financial assets and liabilities that are managed by the Group's trading desks were previously presented on a gross basis, while the IAS 32 on-balance sheet netting requirements were met. Due to an upgrade of the internal reporting processes, the intent to net settle was evidenced. The derivative transactions, totalling R310 million at 31 March 2023 (31 March 2022: R514 million, 31 March 2021: R642 million) satisfied the legally enforceable right of set off in terms of IAS 32. These positions are also operationally net settled through the use of the Continuous Linked Settlement (CLS) system.

The comparative balance sheets have been restated for the reclassifications above. This change has no impact on the comparative income statements. The impact of these changes on the 31 March 2022 and 31 March 2021 balance sheets and 31 March 2022 cash flows are:

R'million	At 31 March 2022 as previously reported	Restatement	At 31 March 2022 restated
<b>Assets</b>			
Derivative financial instruments	17 778	(514)	17 264
Other assets	18 512	1 361	19 873
<b>Total assets</b>	<b>599 134</b>	<b>847</b>	<b>599 981</b>
<b>Liabilities</b>			
Derivative financial instruments	32 265	847	33 112
<b>Total liabilities</b>	<b>536 605</b>	<b>847</b>	<b>537 452</b>

R'million	At 31 March 2021 as previously reported	Restatement	At 31 March 2021 restated
<b>Assets</b>			
Derivative financial instruments	19 186	(642)	18 544
Other assets	16 324	1 468	17 792
<b>Total assets</b>	<b>548 480</b>	<b>826</b>	<b>549 306</b>
<b>Liabilities</b>			
Derivative financial instruments	26 154	826	26 980
<b>Total liabilities</b>	<b>487 852</b>	<b>826</b>	<b>488 678</b>

R'million	Year to 31 March 2022 As previously reported	Restatement	Year to 31 March 2022 restated
Operating profit adjusted for non-cash and non-operating items	9 200	—	9 200
Taxation paid	(2 102)	—	(2 102)
Increase in operating assets	(50 964)	(21)	(50 985)
Increase/(decrease) in operating liabilities	52 834	21	52 855
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8 968</b>	<b>—</b>	<b>8 968</b>

## EVENTS AFTER THE REPORTING DATE

### Events after the reporting date

#### **Proposed sale of the Investec Property Fund Limited (IPF) asset management function in South Africa and Europe**

Investec entered into an agreement with IPF on 1 March 2023 to sell its real estate asset management function across South Africa and Europe, for a maximum purchase consideration of R975 million.

Investec has carved out R125 million of the consideration in the form of an earn-out provision, linked to the growth in the existing IPF assets under management as at 31 March 2023, in excess of a minimum annual growth threshold over three years.

The IPF circular relating to the proposed transaction was posted to IPF shareholders on 17 April 2023, with the transaction being approved at a general meeting held on 17 May 2023. The transaction is further subject to the approval of the Competition Commission.

At the completion date of the sale, Investec will deconsolidate its c.24.3% investment in IPF. Going forward the investment in IPF will be equity accounted. At the date of this report, the transaction has not yet become effective. The financial effect of the deconsolidation will be dependent on the net asset value and fair value of the IPF share on the date of deconsolidation, a reliable estimate cannot be made at this point.

## ASSET QUALITY



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

R'million	31 March 2023	31 March 2022
<b>Gross core loans</b>	<b>323 954</b>	<b>301 106</b>
of which subject to ECL*	322 313	299 576
of which FVPL (excluding fixed rate loans above)	1 641	1 530
<b>Gross core loans subject to ECL</b>	<b>322 313</b>	<b>299 576</b>
Stage 1	297 504	276 362
Stage 2	15 953	17 589
of which past due greater than 30 days	747	328
Stage 3	8 856	5 625
<b>ECL</b>	<b>(3 243)</b>	<b>(2 695)</b>
Stage 1	(742)	(869)
Stage 2	(618)	(620)
Stage 3	(1 883)	(1 206)
<b>Coverage ratio</b>		
Stage 1	0.25%	0.31%
Stage 2	3.9%	3.5%
Stage 3	21.3%	21.4%
<b>Credit loss ratio ^</b>	<b>0.08%</b>	<b>0.00%</b>
ECL impairment charges on core loans	(259)	(6)
Average gross core loans subject to ECL	310 945	294 022
<b>An analysis of Stage 3 gross core loans subject to ECL</b>		
Stage 3 net of ECL	6 973	4 419
Aggregate collateral and other credit enhancements on Stage 3	8 340	5 734
Stage 3 as a % of gross core loans subject to ECL	2.8%	1.9%
Total ECL as a % of Stage 3 exposure	36.6%	47.9%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	1.5%

\* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the Solely Payments of Principal and Interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R13.3 billion of the drawn exposure falls into Stage 1 (31 March 2022: R17.0 billion), R27.5 million falls in Stage 2 (31 March 2022: R1.4 billion) and the remaining R1.0 billion falls into Stage 3 (31 March 2022: R907 million). The ECL on the Stage 1 portfolio is R37.4 million (31 March 2022: R57.8 million), ECL on Stage 2 is R0.1 million (31 March 2022: R17.9 million) and the ECL on the Stage 3 portfolio is R248.6 million (31 March 2022: R196.0 million).

^ Excluding reversals of prior year specific provisions, post write-off recoveries and the release in management ECL overlay, the reported credit loss ratio would be 0.26% (31 March 2022: 0.12%).



# ASSET QUALITY

## CONTINUED

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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
R'million										
At 31 March 2023										
Commercial real estate	44 020	(140)	6 265	(136)	3 142	(524)	53 427	(800)	—	53 427
Commercial real estate – investment	41 890	(134)	5 661	(135)	3 111	(521)	50 662	(790)	—	50 662
Commercial real estate – development	1 534	(4)	598	(1)	—	—	2 132	(5)	—	2 132
Commercial vacant land and planning	596	(2)	6	—	31	(3)	633	(5)	—	633
Residential real estate	4 743	(17)	265	(4)	215	(5)	5 223	(26)	—	5 223
Residential real estate – investment	2 098	(5)	140	(3)	36	—	2 274	(8)	—	2 274
Residential real estate – development	1 869	(8)	110	(1)	—	—	1 979	(9)	—	1 979
Residential vacant land and planning	776	(4)	15	—	179	(5)	970	(9)	—	970
Total lending collateralised by property*	48 763	(157)	6 530	(140)	3 357	(529)	58 650	(826)	—	58 650
Coverage ratio	0.32%		2.1%		15.8%		1.4%			
At 31 March 2022										
Commercial real estate	47 228	(200)	4 374	(116)	1 356	(309)	52 958	(625)	—	52 958
Commercial real estate – investment	44 645	(193)	4 305	(115)	1 351	(308)	50 301	(616)	—	50 301
Commercial real estate – development	1 997	(6)	52	—	—	—	2 049	(6)	—	2 049
Commercial vacant land and planning	586	(1)	17	(1)	5	(1)	608	(3)	—	608
Residential real estate	5 647	(25)	1 581	(10)	234	(2)	7 462	(37)	—	7 462
Residential real estate – investment	2 393	(5)	564	(9)	—	—	2 957	(14)	—	2 957
Residential real estate – development	2 451	(14)	1 003	(1)	—	—	3 454	(15)	—	3 454
Residential vacant land and planning	803	(6)	14	—	234	(2)	1 051	(8)	—	1 051
Total lending collateralised by property*	52 875	(225)	5 955	(126)	1 590	(311)	60 420	(662)	—	60 420
Coverage ratio	0.43%		2.1%		19.6%		1.1%			

\* In addition, 57% of other high net worth lending (31 March 2022: 58%) shown on the next page relates to lending collateralised by property which is supported by high net worth clients.

# ASSET QUALITY

## CONTINUED

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

	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 2023										
Mortgages	84 511	(99)	4 744	(256)	1 469	(244)	90 724	(599)	—	90 724
Other high net worth lending*	72 954	(197)	589	(32)	1 219	(287)	74 762	(516)	—	74 762
Total high net worth and other private client lending	157 465	(296)	5 333	(288)	2 688	(531)	165 486	(1 115)	—	165 486
Coverage ratio		0.19%		5.4%		19.8%		0.7%		
At 31 March 2022										
Mortgages	80 125	(64)	4 337	(172)	1 169	(204)	85 631	(440)	—	85 631
Other high net worth 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%		

\* 57% of other high net worth lending (31 March 2022: 58%) relates to lending collateralised by property which is supported by high net worth clients.

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

R'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2023										
Corporate and acquisition finance	64 800	(212)	2 779	(184)	2 347	(710)	69 926	(1 106)	1 641	71 567
Fund finance	13 097	(24)	—	—	—	—	13 097	(24)	—	13 097
Financial institutions and governments	2 897	(6)	755	(4)	—	—	3 652	(10)	—	3 652
Small ticket asset finance	2 670	(5)	87	—	109	(58)	2 866	(63)	—	2 866
Aviation finance*	2 544	(16)	154	—	—	—	2 698	(16)	—	2 698
Power and infrastructure finance	5 268	(26)	315	(2)	355	(55)	5 938	(83)	—	5 938
Total corporate and other lending	91 276	(289)	4 090	(190)	2 811	(823)	98 177	(1 302)	1 641	99 818
Coverage ratio	0.32%		4.6%		29.3%		1.3%			
At 31 March 2022										
Corporate and acquisition finance	51 172	(275)	6 312	(291)	1 227	(440)	58 711	(1 006)	1 530	60 241
Fund finance	7 461	(12)	—	—	—	—	7 461	(12)	—	7 461
Financial institutions and governments	3 195	(6)	—	—	19	(2)	3 214	(8)	—	3 214
Small ticket asset finance	4 120	(17)	103	(1)	153	(91)	4 376	(109)	—	4 376
Aviation finance*	1 494	(25)	131	(9)	1	(1)	1 626	(35)	—	1 626
Power and infrastructure finance	5 780	(17)	89	(2)	—	—	5 869	(19)	—	5 869
Total corporate and other lending	73 222	(352)	6 635	(303)	1 400	(534)	81 257	(1 189)	1 530	82 787
Coverage ratio	0.48%		4.6%		38.1%		1.5%			

\* There are additional aviation exposures of R1.4 billion (31 March 2022: R640 million) in Corporate and acquisition finance and nil (31 March 2022: R213 million) in Financial institutions and governments.

## CAPITAL ADEQUACY

## A summary of capital adequacy and leverage ratios

R'million	IRB Scope*	
	31 March 2023 <sup>^</sup>	31 March 2022 <sup>^</sup>
Common Equity Tier 1	14.7%	14.0%
Tier 1 ratio	15.9%	15.0%
Total capital ratio	18.3%	17.5%
Risk-weighted assets (R'million)	283 600	319 048
Leverage exposure measure (R'million)	696 319	649 828
Leverage ratio**	6.5%	7.4%

## Capital structure and capital adequacy

R'million	IRB Scope*	
	31 March 2023 <sup>^</sup>	31 March 2022 <sup>^</sup>
<b>Shareholders' equity</b>	<b>45 929</b>	<b>46 232</b>
Shareholders' equity per balance sheet	48 374	49 118
Perpetual preference share capital and share premium	(2 445)	(2 886)
<b>Non-controlling interests</b>	<b>—</b>	<b>—</b>
Non-controlling interests per balance sheet	9 872	10 301
Non-controlling interests excluded for regulatory purposes	(9 872)	(10 301)
<b>Regulatory adjustments to the accounting basis</b>	<b>1 054</b>	<b>1 348</b>
Prudent valuation adjustment	(280)	(261)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(15)	(12)
Cash flow hedging reserve	1 349	1 621
<b>Deductions</b>	<b>(5 173)</b>	<b>(2 790)</b>
Goodwill and intangible assets net of deferred tax	(315)	(283)
Investment in financial entity	(456)	(871)
Shortfall of eligible provisions compared to expected loss	(18)	(170)
Investment in capital of financial entities above 10% threshold	—	(1 291)
Other regulatory adjustments <sup>^^</sup>	(4 384)	(175)
<b>Common equity tier 1 capital</b>	<b>41 810</b>	<b>44 790</b>
<b>Additional Tier 1 capital</b>	<b>3 212</b>	<b>3 064</b>
Additional tier 1 instruments	5 705	5 996
Phase out of non-qualifying additional tier 1 instruments	(2 445)	(2 886)
Non-qualifying surplus capital attributable to non-controlling interest	(48)	(46)
<b>Tier 1 capital</b>	<b>45 022</b>	<b>47 854</b>
<b>Tier 2 capital</b>	<b>6 963</b>	<b>8 091</b>
Collective impairment allowances	365	425
Tier 2 instruments	7 563	10 722
Investment in capital of financial entities above 10% threshold	(114)	(621)
Non-qualifying surplus capital attributable to non-controlling interests	(851)	(2 435)
<b>Total regulatory capital</b>	<b>51 985</b>	<b>55 945</b>
<b>Risk-weighted assets</b>	<b>283 600</b>	<b>319 048</b>

\* Investec Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 31 March 2023, 55% (31 March 2022: 39%) of the portfolio applies the AIRB approach, 28% (31 March 2022: 44%) applies the FIRB approach, with the remaining balance of 17% (31 March 2022: 17%) remaining on the standardised approach.

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

<sup>^</sup> Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 117bps lower (31 March 2022: 134bps lower).

<sup>^^</sup> Approval was obtained from the South African Prudential Authority effective 31 March 2023, to deduct the full Plc investment against CET1 capital.

## CAPITAL ADEQUACY

### CONTINUED

### Capital requirements

R'million	AIRB Scope*	
	31 March 2023	31 March 2022
<b>Capital requirements</b>	<b>34 067</b>	<b>38 285</b>
Credit risk	26 292	29 410
Equity risk	1 716	3 182
Counterparty credit risk	953	1 045
Credit valuation adjustment risk	418	649
Market risk	826	546
Operational risk	3 862	3 453
<b>Risk-weighted assets</b>	<b>283 600</b>	<b>319 048</b>
Credit risk	218 883	245 092
Equity risk	14 283	26 513
Counterparty credit risk	7 930	8 712
Credit valuation adjustment risk	3 477	5 410
Market risk	6 875	4 547
Operational risk	32 152	28 774

### Leverage

R'million	AIRB Scope*	
	31 March 2023 <sup>^</sup>	31 March 2022 <sup>^</sup>
Tier 1 capital	45 022	47 854
Total exposure measure	696 319	649 828
<b>Leverage ratio**</b>	<b>6.5%</b>	<b>7.4%</b>

\* Investec Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 31 March 2023, 55% (31 March 2022: 39%) of the portfolio applies the AIRB approach, 28% (31 March 2022: 44%) applies the FIRB approach, with the remaining balance of 17% (31 March 2022: 17%) remaining on the standardised approach.

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

<sup>^</sup> Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 117bps lower (31 March 2022: 134bps lower).

## ALTERNATIVE PERFORMANCE MEASURES

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers. These measures are used to align internal and external reporting, identify items management believes are not representative of the underlying performance of the business and provide insight into how management assesses period-on-period performance. A description of the Group's alternative performance measures and their calculation, where relevant, is set out below.

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro-forma financial information. The pro-forma financial information is the responsibility of the Board of Directors and is presented for illustrative purposes only and because of its nature may not fairly present the Group's financial position, changes in equity, and results in operations or cash flows.

### Adjusted operating profit

Refer to the calculation in the table below

R'million	Year to 31 March 2023	Year to 31 March 2022
Operating profit before goodwill and acquired intangibles	9 115	8 562
Add: Profit attributable to non-controlling interests	(202)	(812)
<b>Adjusted operating profit</b>	<b>8 913</b>	<b>7 750</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 2023	31 March 2022
Loans and to customers per the balance sheet	314 723	291 183
Add: Own originated loans and advances to customers per the balance sheet	5 988	7 228
<b>Net core loans</b>	<b>320 711</b>	<b>298 411</b>
of which subject to ECL <sup>*</sup>	319 070	296 881
Net core loans at amortised cost	305 035	277 637
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes) <sup>^</sup>	14 035	19 244
of which FVPL (excluding fixed rate loans above)	1 641	1 530
Add: ECL	3 243	2 695
<b>Gross core loans</b>	<b>323 954</b>	<b>301 106</b>
of which subject to ECL <sup>*</sup>	322 313	299 576
of which FVPL (excluding fixed rate loans above)	1 641	1 530

<sup>^</sup> These are fixed rate loans which have passed the Solely Payments of Principal and Interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R13.3 billion of the drawn exposure falls into Stage 1 (31 March 2022: R17.0 billion), R27.5 million falls in Stage 2 (31 March 2022: R1.4 billion) and the remaining R1.0 billion falls into Stage 3 (31 March 2022: R907 million). The ECL on the Stage 1 portfolio is R37.4 million (31 March 2022: R57.8 million), ECL on Stage 2 is R0.1 million (31 March 2022: R17.9 million) and the ECL on Stage 3 portfolio is R248.6 million (31 March 2022: R196.0 million).

<sup>\*</sup> 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 2023	Year to 31 March 2022
<b>Operating costs (A)</b>	<b>10 212</b>	<b>9 282</b>
Total operating income before expected credit loss impairment charges	19 621	17 907
Less: Profit attributable to non-controlling interests	(202)	(812)
<b>Total (B)</b>	<b>19 419</b>	<b>17 095</b>
<b>Cost to income ratio (A/B)</b>	<b>52.6%</b>	<b>54.3%</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.

### EBITDA

The Company being valued earnings before interest, taxes, depreciation and amortisation.

### 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.

### WACC

Weighted average cost of capital.

