

Creating enduring worth

Investec plc
(excluding results of
Investec Limited)

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 [24](#).

→ All other definitions can be found on page [25](#).

Key financial statistics	31 March 2023	31 March 2022	% change
Total operating income before expected credit loss impairment charges (£'000)	1 308 801	1 087 969	20.3%
Operating costs (£'000)	854 875	775 866	10.2%
Adjusted operating profit (£'000)	387 174	286 944	34.9%
Earnings attributable to ordinary shareholders (£'000)	293 131	235 854	24.3%
Cost to income ratio (%)	65.3%	71.3%	
Total capital resources (including subordinated liabilities) (£'000)	3 450 449	3 438 905	0.3%
Total equity (£'000)	2 718 966	2 680 166	1.4%
Total assets (£'000)	28 386 323	27 946 313	1.6%
Net core loans (£'000)	15 562 502	14 423 199	7.9%
Customer accounts (deposits) (£'000)	19 121 921	18 293 891	4.5%
Loans and advances to customers as a % of customer deposits	81.4%	78.9%	
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)	10.4x	10.4x	
Total capital ratio	17.2%	16.5%	
Tier 1 ratio	13.1%	12.8%	
Common Equity Tier 1 ratio	11.7%	11.4%	
Leverage ratio	9.2%	9.0%	
Leverage ratio (fully loaded)	9.0%	8.7%	
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

For the year to 31 March £'000	2023	2022
Interest income	1 435 214	718 446
Interest expense	(698 226)	(235 727)
Net interest income	736 988	482 719
Fee and commission income	456 703	510 228
Fee and commission expense	(15 442)	(14 913)
Investment income	18 223	31 255
Share of post-taxation profit of associates and joint venture holdings	4 950	13 878
Trading income/(loss) arising from		
– customer flow	87 366	60 372
– balance sheet management and other trading activities	13 134	(7 103)
Other operating income	6 879	11 533
Total operating income before expected credit loss impairment charges	1 308 801	1 087 969
Expected credit loss impairment charges	(66 752)	(25 159)
Operating income	1 242 049	1 062 810
Operating costs	(854 875)	(775 866)
Operating profit before goodwill, acquired intangibles and strategic actions	387 174	286 944
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)
Operating profit	373 264	272 805
Financial impact of group restructures	(5 340)	(1 017)
Profit before taxation	367 924	271 788
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(76 824)	(37 612)
Taxation on goodwill, acquired intangibles and strategic actions	2 031	1 678
Profit after taxation	293 131	235 854
Loss attributable to other non-controlling interests	—	—
Earnings attributable to shareholders	293 131	235 854

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March £'000	2023	2022
Profit after taxation	293 131	235 854
Other comprehensive income/(loss):		
Items that may be reclassified to the income statement:		
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*	(314)	(307)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	218	(2 276)
Foreign currency adjustments on translating foreign operations	5 738	5 450
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(7)	617
Items that will not be reclassified to the income statement:		
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(76 400)	22 864
Gains attributable to own credit risk*	—	11 059
Movement in post-retirement benefit liabilities	75	40
Total comprehensive income	250 076	273 301
Total comprehensive loss attributable to non-controlling interests	—	—
Total comprehensive income attributable to ordinary shareholders	233 196	256 421
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	16 880	16 880
Total comprehensive income	250 076	273 301

* 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

At 31 March £'000	2023	2022
Assets		
Cash and balances at central banks	5 400 401	5 379 994
Loans and advances to banks	893 297	1 467 770
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	427 761
Derivative financial instruments	634 123	693 133
Securities arising from trading activities	127 537	163 165
Investment portfolio	489 204	694 324
Loans and advances to customers	15 567 809	14 426 475
Other loans and advances	142 626	122 717
Other securitised assets	78 231	93 087
Interests in associated undertakings and joint venture holdings	52 320	66 895
Deferred taxation assets	112 347	110 377
Current taxation assets	34 324	33 448
Other assets	965 449	1 139 439
Property and equipment	121 014	155 055
Goodwill	255 267	249 836
Software	9 415	7 066
Other acquired intangible assets	40 550	40 807
	28 386 323	27 946 313
Liabilities		
Deposits by banks	2 172 171	2 026 601
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)	19 121 921	18 293 891
Debt securities in issue	1 449 545	1 648 177
Liabilities arising on securitisation of other assets	81 609	95 885
Current taxation liabilities	5 370	2 460
Other liabilities	1 232 729	1 379 327
	24 935 874	24 507 408
Subordinated liabilities	731 483	758 739
	25 667 357	25 266 147
Equity		
Ordinary share capital	202	202
Ordinary share premium	555 812	806 812
Treasury shares	(181 797)	(161 522)
Other reserves	(109 679)	(23 914)
Retained income	2 178 683	1 782 961
Ordinary shareholders' equity	2 443 221	2 404 539
Perpetual preference share capital and premium	24 794	24 794
Shareholders' equity excluding non-controlling interests	2 468 015	2 429 333
Other Additional Tier 1 securities in issue	250 000	250 000
Non-controlling interests in partially held subsidiaries	951	833
Total equity	2 718 966	2 680 166
Total liabilities and equity	28 386 323	27 946 313

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 1 April 2021	202	806 812	(134 185)
Movement in reserves 1 April 2021 – 31 March 2022			
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	—	—	—
Fair value movements on equity 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	—	—	—
Total comprehensive income for the year	—	—	—
Share-based payments adjustments	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(27 337)
At 31 March 2022	202	806 812	(161 522)
Movement in reserves 1 April 2022 – 31 March 2023			
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	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments transferred to retained earnings	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	—	—	—
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Share premium reduction	—	(251 000)	—
Distribution to shareholders	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(20 275)
At 31 March 2023	202	555 812	(181 797)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

Other reserves						Retained income	Ordinary shareholders' equity	Perpetual preference share capital and premium	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
Capital reserve account	Fair value reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit reserve								
(195 383)	139 841	—	1 579	(11 723)	1 624 130	2 231 273	24 794	2 256 067	250 000	390	2 506 457	
—	—	—	—	—	235 854	235 854	—	235 854	—	—	235 854	
—	(47)	—	—	664	—	617	—	617	—	—	617	
—	(307)	—	—	—	—	(307)	—	(307)	—	—	(307)	
—	(2 276)	—	—	—	—	(2 276)	—	(2 276)	—	—	(2 276)	
—	22 864	—	—	—	—	22 864	—	22 864	—	—	22 864	
—	—	—	5 450	—	—	5 450	—	5 450	—	—	5 450	
—	—	—	—	11 059	—	11 059	—	11 059	—	—	11 059	
—	—	—	—	—	40	40	—	40	—	—	40	
—	20 234	—	5 450	11 723	235 894	273 301	—	273 301	—	—	273 301	
—	—	—	—	—	3 480	3 480	—	3 480	—	—	3 480	
—	—	—	—	—	(63 316)	(63 316)	—	(63 316)	—	—	(63 316)	
—	—	—	—	—	(347)	(347)	347	—	—	—	—	
—	—	—	—	—	—	—	(347)	(347)	—	—	(347)	
—	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—	—	
—	—	—	—	—	—	—	—	—	(16 880)	—	(16 880)	
—	—	—	—	—	—	—	—	—	—	443	443	
4 365	—	—	—	—	—	(22 972)	—	(22 972)	—	—	(22 972)	
(191 018)	160 075	—	7 029	—	1 782 961	2 404 539	24 794	2 429 333	250 000	833	2 680 166	
—	—	—	—	—	293 131	293 131	—	293 131	—	—	293 131	
—	(7)	—	—	—	—	(7)	—	(7)	—	—	(7)	
—	(314)	—	—	—	—	(314)	—	(314)	—	—	(314)	
—	—	27 635	—	—	—	27 635	—	27 635	—	—	27 635	
—	218	—	—	—	—	218	—	218	—	—	218	
—	(76 400)	—	—	—	—	(76 400)	—	(76 400)	—	—	(76 400)	
—	(48 318)	—	—	—	48 318	—	—	—	—	—	—	
—	—	—	5 738	—	—	5 738	—	5 738	—	—	5 738	
—	—	—	—	—	75	75	—	75	—	—	75	
—	(124 821)	27 635	5 738	—	341 524	250 076	—	250 076	—	—	250 076	
—	—	—	—	—	5 095	5 095	—	5 095	—	—	5 095	
—	—	—	—	—	(4 540)	(4 540)	—	(4 540)	—	—	(4 540)	
—	—	—	—	—	(88 463)	(88 463)	—	(88 463)	—	—	(88 463)	
—	—	—	—	—	(540)	(540)	540	—	—	—	—	
—	—	—	—	—	—	—	(540)	(540)	—	—	(540)	
—	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—	—	
—	—	—	—	—	—	—	—	—	(16 880)	—	(16 880)	
—	—	—	—	—	251 000	—	—	—	—	—	—	
—	—	—	—	—	(91 474)	(91 474)	—	(91 474)	—	—	(91 474)	
—	—	—	—	—	—	—	—	—	—	118	118	
5 683	—	—	—	—	—	(14 592)	—	(14 592)	—	—	(14 592)	
(185 335)	35 254	27 635	12 767	—	2 178 683	2 443 221	24 794	2 468 015	250 000	951	2 718 966	

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

For the year to 31 March 2023 £'000	Private Client		Specialist Banking	Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other			
Net interest income	28 150	128 945	579 893	—	—	736 988
Fee and commission income	333 192	2 120	121 391	—	—	456 703
Fee and commission expense	(691)	(174)	(14 577)	—	—	(15 442)
Investment income	7	141	4 865	13 210	—	18 223
Share of post-taxation profit of associates and joint venture holdings	—	—	4 950	—	—	4 950
Trading income/(loss) arising from						
– customer flow	1 252	4 449	81 665	—	—	87 366
– balance sheet management and other trading activities	10	13	13 111	—	—	13 134
Other operating income	—	—	6 879	—	—	6 879
Total operating income before expected credit loss impairment charges	361 920	135 494	798 177	13 210	—	1 308 801
Expected credit loss impairment charges	2	(6 344)	(60 410)	—	—	(66 752)
Operating income	361 922	129 150	737 767	13 210	—	1 242 049
Operating costs	(270 195)	(58 996)	(504 576)	—	(21 108)	(854 875)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	91 727	70 154	233 191	13 210	(21 108)	387 174
Loss attributable to other non- controlling interests	—	—	—	—	—	—
Adjusted operating profit/(loss) after non-controlling interests	91 727	70 154	233 191	13 210	(21 108)	387 174
Selected returns and key statistics						
Cost to income ratio	74.7%	43.5%	63.2%	n/a	n/a	65.3%
Total assets (£'mn)	1 061	5 202	21 951	172	n/a	28 386

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT
CONTINUED

For the year to 31 March 2022 £'000	Private Client		Specialist Banking		Group Investments	Group Costs	Total Group
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other				
Net interest income	2 268	70 692	409 759	—	—	—	482 719
Fee and commission income	344 685	1 579	163 964	—	—	—	510 228
Fee and commission expense	(656)	(23)	(14 234)	—	—	—	(14 913)
Investment income	(2)	816	10 033	20 408	—	—	31 255
Share of post-taxation profit of associates and joint venture holdings	—	—	13 878	—	—	—	13 878
Trading income/(loss) arising from							
– customer flow	1 194	2 228	56 950	—	—	—	60 372
– balance sheet management and other trading activities	(307)	2	(6 798)	—	—	—	(7 103)
Other operating income	—	—	11 533	—	—	—	11 533
Total operating income before expected credit loss impairment charges	347 182	75 294	645 085	20 408	—	—	1 087 969
Expected credit loss impairment charges	(5)	(2 432)	(22 722)	—	—	—	(25 159)
Operating income	347 177	72 862	622 363	20 408	—	—	1 062 810
Operating costs	(259 496)	(42 034)	(459 517)	—	(14 819)	—	(775 866)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	87 681	30 828	162 846	20 408	(14 819)	—	286 944
Loss attributable to other non- controlling interests	—	—	—	—	—	—	—
Adjusted operating profit/(loss) after non-controlling interests	87 681	30 828	162 846	20 408	(14 819)	—	286 944
Selected returns and key statistics							
Cost to income ratio	74.7%	55.8%	71.2%	n/a	n/a	n/a	71.3%
Total assets (£'mn)*	1 137	4 528	21 925	356	n/a	n/a	27 946

* We have changed the total assets calculation for Group Investments whereby it now reflects total assets excluding the effects of intergroup. The prior period has been re-presented in line with this new calculation.

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	9 323 076	213 554	2.29%	8 071 461	24 441	0.30%
Loans and advances	2	15 268 494	915 987	6.00%	13 435 691	624 516	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	701 619	6.89%	9 422 387	500 776	5.31%
Other debt securities and other loans and advances		731 317	38 862	5.31%	609 114	18 047	2.96%
Other [#]	3	225 900	266 811	n/a	233 801	51 442	n/a
Total interest-earning assets		25 548 787	1 435 214	5.62%	22 350 067	718 446	3.21%

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	3 788 578	50 716	1.34%	3 308 178	32 971	1.00%
Customer accounts (deposits)		19 010 904	383 198	2.02%	16 761 883	93 235	0.56%
Subordinated liabilities		737 888	33 615	4.56%	870 954	49 497	5.68%
Other [#]	5	352 681	230 697	n/a	363 193	60 024	n/a
Total interest-bearing liabilities		23 890 051	698 226	2.92%	21 304 208	235 727	1.11%
Net interest income			736 988			482 719	
Net interest margin			2.88%			2.16%	

1. 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.
 2. Comprises (as per the balance sheet) loans and advances to customers.
 3. 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.
 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 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.
- [#] 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
Wealth & Investment businesses net fee and commission income	332 501	344 029
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)
Specialist Banking net fee and commission income	108 760	151 286
Specialist Banking fee and commission income	123 511	165 543
Specialist Banking fee and commission expense	(14 751)	(14 257)
Net fee and commission income	441 261	495 315
Annuity fees (net of fees payable)	310 176	318 389
Deal fees	131 085	176 926

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
2023								
Realised	(994)	53 495	1 062	53 563	(528)	(1 118)	(38 758)	13 159
Unrealised*	1 147	(51 323)	(1 281)	(51 457)	(5 649)	(2 325)	43 874	(15 557)
Dividend income	13 210	6 313	—	19 523	—	—	233	19 756
Funding and other net related income	—	—	—	—	—	865	—	865
	13 363	8 485	(219)	21 629	(6 177)	(2 578)	5 349	18 223
2022								
Realised	2 414	18 028	552	20 994	512	(4 383)	11 865	28 988
Unrealised*	(4 169)	2 350	1 176	(643)	(457)	4 274	(29 900)	(26 726)
Dividend income	20 445	6 667	—	27 112	—	—	213	27 325
Funding and other net related income	—	—	—	—	—	1 668	—	1 668
	18 690	27 045	1 728	47 463	55	1 559	(17 822)	31 255

* 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

At 31 March 2023 £'000	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Assets				
Cash and balances at central banks	—	5 400 401	—	5 400 401
Loans and advances to banks	—	893 297	—	893 297
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	634 123	—	—	634 123
Securities arising from trading activities	127 537	—	—	127 537
Investment portfolio	489 204	—	—	489 204
Loans and advances to customers	1 393 943	14 173 866	—	15 567 809
Other loans and advances	—	142 626	—	142 626
Other securitised assets	78 231	—	—	78 231
Interests in associated undertakings and joint venture holdings	—	—	52 320	52 320
Deferred taxation assets	—	—	112 347	112 347
Current taxation assets	—	—	34 324	34 324
Other assets	19 540	612 778	333 131	965 449
Property and equipment	—	—	121 014	121 014
Goodwill	—	—	255 267	255 267
Software	—	—	9 415	9 415
Other acquired intangible assets	—	—	40 550	40 550
	4 547 998	22 879 957	958 368	28 386 323
Liabilities				
Deposits by banks	—	2 172 171	—	2 172 171
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)	—	19 121 921	—	19 121 921
Debt securities in issue	21 554	1 427 991	—	1 449 545
Liabilities arising on securitisation of other assets	81 609	—	—	81 609
Current taxation liabilities	—	—	5 370	5 370
Other liabilities	6 324	645 612	580 793	1 232 729
	842 487	23 507 224	586 163	24 935 874
Subordinated liabilities	—	731 483	—	731 483
	842 487	24 238 707	586 163	25 667 357

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
Assets				
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	634 123	—	580 939	53 184
Securities arising from trading activities	127 537	123 475	60	4 002
Investment portfolio	489 204	173 952	884	314 368
Loans and advances to customers	1 393 943	—	90 297	1 303 646
Other securitised assets	78 231	—	—	78 231
Other assets	19 540	19 540	—	—
	4 547 998	1 682 526	1 018 109	1 847 363
Liabilities				
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
	842 487	28 184	666 912	147 391
Net assets at fair value	3 705 511	1 654 342	351 197	1 699 972

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 ¹	Total
Assets					
Balance as at 1 April 2022	329 936	1 211 848	93 087	153 761	1 788 632
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
Balance as at 31 March 2023	314 368	1 303 646	78 231	151 118	1 847 363

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 ²	Total
Liabilities			
Balance as at 1 April 2022	95 885	45 769	141 654
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
Balance as at 31 March 2023	81 609	65 782	147 391

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
Total gains or (losses) included in the income statement for the year			
Net interest income	98 169	86 175	11 994
Investment income	2 085	2 502	(417)
Trading income arising from customer flow	160	1	159
	100 414	88 678	11 736
Total gains or (losses) included in other comprehensive income for the year			
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)
	177	433	(256)

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
Assets		
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
Liabilities		
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
Assets					
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	314 368	Potential impact on income statement		33 129	(66 354)
		Price earnings multiple	5.5x-11.2x	11 718	(21 695)
		Underlying asset value	^^	9 378	(20 883)
		Other	^	12 033	(23 776)
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)
Total level 3 assets	1 847 363			78 976	(149 977)
Liabilities					
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
Total level 3 liabilities	147 391			(5 081)	5 094
Net level 3 assets	1 699 972				

* 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
Assets				
Cash and balances at central banks	5 400 401	5 400 401	—	—
Loans and advances to banks	893 297	893 297	—	—
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	142 626	69 727	72 899	72 976
Other assets	612 778	612 778	—	—
	22 879 957	8 441 841	14 438 116	14 296 009
Liabilities				
Deposits by banks	2 172 171	373 944	1 798 227	1 804 116
Repurchase agreements and cash collateral on securities lent	139 529	85 070	54 459	52 486
Customer accounts (deposits)	19 121 921	10 426 685	8 695 236	8 654 686
Debt securities in issue	1 427 991	1 183	1 426 808	1 383 613
Other liabilities	645 612	642 983	2 629	1 572
Subordinated liabilities	731 483	—	731 483	713 119
	24 238 707	11 529 865	12 708 842	12 609 592

Financial impact of strategic actions

For the year to 31 March £'000	2023	2022
Closure and rundown of the Hong Kong direct investments business*	(480)	(1 203)
Financial impact of group restructures	(5 340)	(1 017)
Implementation costs on distribution of investment to shareholders	(402)	—
New transaction costs	(4 938)	—
Financial impact of strategic actions	(5 820)	(2 220)
Taxation on financial impact of strategic actions	—	633
Net financial impact of strategic actions	(5 820)	(1 587)

* In the prior year included within the balance are fair value gains of £0.7 million.

ADDITIONAL IAS 34 DISCLOSURES

CONTINUED

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.

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
Gross core loans	15 709	14 557
Gross core loans at fair value through profit and loss (FVPL)	551	609
Gross core loans subject to ECL*	15 158	13 948
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
ECL	(146)	(134)
Stage 1	(39)	(32)
Stage 2	(32)	(35)
Stage 3	(75)	(67)
Coverage ratio		
Stage 1	0.29%	0.25%
Stage 2	2.4%	3.5%
Stage 3	21.9%	23.0%
Credit loss ratio	0.37%	0.17%
ECL impairment charges on core loans	(54)	(22)
Average gross core loans subject to ECL	14 553	12 969
An analysis of Stage 3 gross core loans subject to ECL		
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 25.

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 25.

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		
At 31 March 2023										
Commercial real estate	1 241	(6)	231	(8)	76	(16)	1 548	(30)	43	1 591
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
Residential real estate	611	(2)	112	(4)	45	(18)	768	(24)	37	805
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
Total lending collateralised by property	1 852	(8)	343	(12)	121	(34)	2 316	(54)	80	2 396
Coverage ratio		0.43%		3.5%		28.1%		2.3%		
At 31 March 2022										
Commercial real estate	1 334	(3)	152	(6)	105	(21)	1 591	(30)	46	1 637
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
Residential real estate	676	(2)	3	—	34	(16)	713	(18)	29	742
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
Total lending collateralised by property	2 010	(5)	155	(6)	139	(37)	2 304	(48)	75	2 379
Coverage ratio		0.25%		3.9%		26.6%		2.1%		

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		
At 31 March 2023										
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
Total high net worth and other private client lending	5 343	(4)	164	(1)	84	(13)	5 591	(18)	28	5 619
Coverage ratio		0.07%		0.6%		15.5%		0.3%		
At 31 March 2022										
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
Total high net worth and other private client lending	4 933	(3)	128	(1)	63	(6)	5 124	(10)	28	5 152
Coverage ratio		0.06%		0.8%		9.5%		0.2%		

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		
At 31 March 2023										
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
Total corporate and other lending	6 299	(27)	814	(19)	138	(28)	7 251	(74)	443	7 694
Coverage ratio		0.43%		2.3%		20.3%		1.0%		
At 31 March 2022										
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
Total corporate and other lending	5 722	(24)	709	(28)	89	(24)	6 520	(76)	506	7 026
Coverage ratio		0.42%		3.9%		27.0%		1.2%		

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	31 March 2023*	31 March 2022*
Common Equity Tier 1 ratio**	11.7%	11.4%
Common Equity Tier 1 ratio (fully loaded)***	11.4%	11.0%
Tier 1 ratio**	13.1%	12.8%
Total capital ratio**	17.2%	16.5%
Risk weighted assets (£'million)**	17 767	16 980
Leverage exposure measure (£'million)^	25 216	24 181
Leverage ratio^	9.2%	9.0%
Leverage ratio (fully loaded)^****	9.0%	8.7%

Capital structure and capital adequacy

£'million	31 March 2023*	31 March 2022*
Shareholders' equity	2 373	2 340
Shareholders' equity excluding non-controlling interests	2 468	2 429
Foreseeable charges and dividends	(55)	(44)
Perpetual preference share capital and share premium	(25)	(25)
Deconsolidation of special purpose entities	(15)	(20)
Non-controlling interests	—	—
Non-controlling interests per balance sheet	1	1
Non-controlling interests excluded for regulatory purposes	(1)	(1)
Regulatory adjustments to the accounting basis	16	71
Additional value adjustments	(5)	(6)
Cash flow hedging reserve	(28)	—
Adjustment under IFRS 9 transitional arrangements	49	77
Deductions	(318)	(480)
Goodwill and intangible assets net of deferred taxation	(312)	(303)
Investment in capital of financial entities above 10% threshold	—	(164)
Deferred taxation assets that rely on future profitability excluding those arising from temporary difference	(2)	(8)
Securitisation positions which can alternatively be subject to a 1 250%	(4)	(5)
Common Equity Tier 1 capital	2 071	1 931
Additional Tier 1 instruments	250	250
Tier 1 capital	2 321	2 181
Tier 2 capital	739	628
Tier 2 instruments	764	766
Non-qualifying surplus capital attributable to non-controlling interests	(25)	(138)
Total regulatory capital	3 060	2 809
Risk weighted assets**	17 767	16 980

* The capital adequacy disclosures for Investec plc 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. Investec plc CET1 ratio would be 31bps (31 March 2022: 28bps) higher, on this basis.

** The CET1, Tier 1 and 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
	17 767	16 980	1 421	1 358
Credit risk	14 122	13 366	1 130	1 069
Equity risk	594	562	47	45
Counterparty credit risk	477	555	38	44
Credit valuation adjustment risk	37	103	3	8
Market risk	513	608	41	49
Operational risk	2 024	1 786	162	143

Leverage

£'million	31 March 2023*	31 March 2022*
Total exposure measure^	25 216	24 181
Tier 1 capital (as reported)**	2 321	2 181
Leverage ratio^	9.2%	9.0%
Total exposure measure (fully loaded)^ ***	25 168	24 104
Tier 1 capital (fully loaded)***	2 273	2 104
Leverage ratio (fully loaded)^ ***	9.0%	8.7%

* The capital adequacy disclosures for Investec plc 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 2022 interim report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. Investec plc CET1 ratio would be 31bps (31 March 2022: 28bps) higher, on this basis.

** The CET1, Tier 1 and 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 and Tier 1 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.


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	387 174	286 944
Add: Loss attributable to other non-controlling interests	—	—
Adjusted operating profit	387 174	286 944

Annuity income  Net interest income (refer to page 9) plus net annuity fees and commissions (refer to page 10).

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)
Net core loans	15 563	14 423
of which amortised cost and FVOCI ('subject to ECL')	15 012	13 814
of which FVPL	551	609
Add: ECL	146	134
Gross core loans	15 709	14 557
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)	854 875	775 866
Total operating income before expected credit loss impairment charges	1 308 801	1 087 969
Add: Loss attributable to other non-controlling interests	—	—
Total (B)	1 308 801	1 087 969
Cost to income ratio (A/B)	65.3%	71.3%


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 9.

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 9 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 9 for calculation.

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

Legacy, as separately disclosed from 2013 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

