OUT OF THE ORDINARY

Investec

Disclosure Report 2021

Investec Limited group and Investec Bank Limited group
Pillar III annual disclosure report

Cross reference tools

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ABOUT THIS REPORT

The 2021 combined Investec Limited group and Investec Bank Limited group Pillar III report covers the period 1 April 2020 to 31 March 2021

Scope and framework of Pillar III disclosures
This document and tables encompass the Investec Limited group (the group), including both regulated and unregulated entities, which is equivalent to the scope of the group controlling company as defined by the South African Reserve Bank for consolidated regulatory reporting purposes. Comparative tables related to the Investec Bank Limited group (the bank) are also presented in this report, where these disclosures are considered to be meaningful to the user and materially different from the group. References to Investec in this report encompass both the bank and group.

In terms of Regulation 43(1) of the Regulations, Investec is required to disclose in its Annual Financial Statements (AFS) and other disclosures to the public, reliable, relevant and timely qualitative and quantitative information that enable users of that information, among other things, to make an accurate assessment of the group's financial condition, including, but not limited to, its capital adequacy position, liquidity position, financial performance, leverage ratio, ownership, governance, business activities, risk profile and risk-management practices.

In this regard the Basel Committee on Banking Supervision (BCBS) issued a revised Pillar III framework in January 2015 and the consolidated and enhanced framework in March 2017 as well as the updated framework on Pillar III disclosure requirements in December 2018. The South African Prudential Authority (PA) also removed all disclosure requirements from the Regulations and previous Banks Act directives (related to Pillar III disclosure requirements) in Directive 1 of 2019 (the Directive), in order to create a single point of reference for the Pillar III disclosures, to ensure that the internationally agreed Pillar III framework is fully implemented in South Africa. The provisions of this Directive are not related to any disclosure requirements that may be specified by the Johannesburg Stock Exchange Limited (JSE) in respect of the Stock Exchange News Service (SENS).

In line with this Directive, retrospective disclosures (that require the disclosure of data points for the current and previous reporting periods), are not required when metrics for new standards are reported for the first time. The Pillar III reports are published on Investec's Investor Relations website in line with the required frequency of disclosures per this Directive.

Current regulatory framework
Investec apply the Basel Framework, as published in December 2019, and updated on 22 January 2021, at every tier within the banking group and also on a fully consolidated basis. Investec Limited is regulated by the PA in terms of the Banks Act, 1990 (Act No. 94 of 1990) and the Regulations relating to Banks (the Regulations), as published on 12 December 2012 with subsequent amendments in 27 March 2015 and 18 December 2020.

Investec's minimum CET1 requirement at 31 March 2021 is 7.25% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% Capital Conservation buffer (CCB), a 0.25% Domestically Significant Import (D-SIB) buffer and a 0% Countercyclical Capital buffer (CCYB), but excludes the Bank specific ICR add-on (Pillar 2B) for purposes of minimum capital disclosures in this report.

South Africa has not announced any CCYB requirements for 2021. As at 31 March 2021, Investec is holding an institution specific CCYB, held for purposes of the reciprocity requirement, of 0% of risk-weighted exposures. At 31 March 2021, the South African Pillar 2A rate has remained at 0%.

Investec Limited group is designated by the South African PA, as a Systemically Important Financial Institution as well as a Domestically Significant Important Bank (D-SIB) in South Africa. Investec has not been designated as a Financial Conglomerate in terms of the Financial Sector Regulation Act 9 of 2017 (the FSR Act).

Regulated subsidiaries of the group may be subject to additional regulations as implemented by local regulators in their respective jurisdictions. Where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Significant regulatory developments in the period
In response to pressures on banks' capital supply brought about by the COVID-19 pandemic, the PA implemented specific measures during 2020 to provide temporary capital relief to enable banks to counter economic risks to the financial system as a whole.

Most notably, the Pillar 2A capital requirement was reduced to 0% and banks were requested to conserve capital by considering the adequacy of their current and projected capital and profitability levels, internal capital targets and risk appetite, as well as current and potential future risks of the global pandemic when making distributions of dividends on ordinary shares and payments of cash bonuses to executive officers and material risk takers in 2020/2021.

Furthermore, Banks Act Directive 5 of 2021, the capital framework for South African banks based on Basel III, was issued to reinstate the full Pillar 2A requirement and also requires the D-SIB capital buffer to be fully met with CET1 capital from 1 January 2022.

The Regulations were also amended, effective 1 January 2021, to incorporate the new standards for measuring capital requirements for Counterparty Credit Risk exposures (SA-CCR), Capital Requirements for Equity Investment in Funds (CREIF), Bank Exposures to Central Clearing Counterparties (BECCP) and the calculation of the derivative exposure amount (as a result of SA-CCR) for the purposes of determining the leverage ratio.

Further amendments to the Regulations are expected in Q2/3 of 2021, related to the revised Securitisation Framework, the revised Large Exposure framework (LEX), and the Total Loss Absorption Capacity (TLAC) requirements. The Financial Sector Laws Amendment Bill (FSLAB) which is expected be enacted into law in South Africa during Q1 of 2022, will impact the way in which Investec will conduct an open-bank resolution approach. It is also expected that the FSLAB will provide clarity regarding the treatment of perpetual preference shares for purposes of regulatory capital, the Deposit Insurance Act, and the Financial Sector Levies Bill.

Investec continues to assess and monitor the impact of new regulations and regulatory reforms through participation in industry Quantitative Impact Studies (QIS) submissions to the PA, contributing to industry consultations and discussions at the Banking Association of South Africa (BASA), and quantifying the impacts of the new reforms and standards for the group.

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Pillar III assurance and disclosure policy
In accordance with the Regulations, the Board of Directors and senior management are responsible for establishing and maintaining an effective internal control structure in respect of Pillar III disclosures. In this regard, the Board and senior management have ensured that appropriate review and sign-off of the relevant Pillar III disclosures has taken place, as outlined in the Pillar III disclosure policy, prior to its release on the Investor Relations website. A summary of the disclosure policy and the board attestation of this process is provided in Section 2 of this report.

Investec's progress with the application for the conversion of certain portfolios to the Advanced Internal Ratings Based Approach (A-IRB)
Subsequent to receiving approval by the PA in March 2019 to calculate its minimum capital requirements in respect of credit risk for the retail portfolios using the Advanced Internal Ratings Based Approach (AIRB), and for wholesale portfolios using the Foundation Internal Ratings Based Approach (FIRB), Investec received approval to calculate its Corporate and SME Corporate portfolios using the AIRB approach, effective from the April 2021 reporting period.

As at 31 March 2021, the benefit of migrating the above portfolio's to AIRB from FIRB, would have resulted in a further pro-forma capital adequacy increase of 60bps at Investec Bank solo, 64bps at Investec Bank Limited group and 56bps at Investec Limited group from the reported ratios.

Investec is in the process of submitting a new application for AIRB migration of its Income Producing Real estate portfolio.

Quantitative and qualitative disclosures in the Pillar III report
The Pillar III disclosures are published in line with disclosure dates that are commensurate with the Financial Reporting disclosure timelines and are subject to the same governance framework as tabled in the Investec Market Communication and Disclosure Policy. The following regulatory risk measurement approaches are applied by Investec for purposes of capital adequacy:

- Credit risk (including securitisation risk): Combination of the Internal ratings-based approach (IRB) and the Standardised approach (TSA)
- Market risk: A combination of the standardised (TSA) and internal model method (IMM) approaches
- Operational risk: The standardised approach (TSA)
- Equity risk in the banking book: The Market-based approach – Simple Risk Weight Method (MSRM)
- Counterparty credit risk: The Standardised Approach for Counterparty Credit Risk (SA-CCR)

In this regard, all tables and disclosures may not be relevant to Investec and are excluded from this Pillar III report. These include:

- CCR7 – RWA flow statements of CCR exposures under the internal model method (IMM)
- TLAC1 –TLAC composition for G-SIBs (at resolution group level)
- TLAC2 – Material subgroup entity – creditor ranking at legal entity level
- TLAC3 – Resolution entity – creditor ranking at legal entity level
- KM2 – Key metrics – TLAC requirements (at resolution group level)
- G-SIB1 – Disclosure of G-SIB indicators
- SEC2 – Securitisation exposures in the trading book

The standardised quantitative tables, as required for Pillar III, are presented in this report. Certain relevant qualitative disclosures are made within this report, however some risk disclosures are referenced to the Investec DLC 2021 integrated annual report, as it should be viewed holistically with the overall risk disclosures made and will be more meaningful to the user in that report.

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BOARD-APPROVED DISCLOSURE POLICY

Board-approved disclosure policy

The board of directors (the board) of Investec Limited group recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to relevant stakeholders. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about Investec Limited group and its subsidiaries.

Investec endeavours to:

- present a balanced and understandable assessment of its position by addressing material matters of significant interest and concern;
- highlight the key risks to which it considers itself exposed and its responses to minimise the impact of the risks; and
- present a balanced and comprehensive account of the group's performance.

The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all the group's stakeholders and building lasting relationships with them. Investec has developed a framework to ensure that it complies with all relevant public disclosure obligations and to uphold the board's communication and disclosure philosophy. The Investor Relations division (IR) and Group Finance are responsible for working with the other divisions in the group to ensure that the group meets its various annual, interim and quarterly public reporting/disclosure requirements.

IR has a detailed log of all these various disclosure requirements in terms of the Banks Act or other public reporting requirements and due dates for when such disclosures are required to be made public. This log is reviewed on an annual basis. All public announcements and releases; annual, interim and quarterly disclosures are reviewed and approved by the board and/or appropriate senior management prior to their release. The reports go through a rigorous review and sign-off process by the board, executives, management and internal audit. On an annual basis, members of IR, company secretarial, finance, the executive, board and board sub-committees (where applicable) will assess the appropriateness of all information that is publicly disclosed.

The Pillar III disclosures provided are in line with the Basel Committee on Banking Supervision's standards on revised Pillar III disclosure requirements. These disclosures comprise certain Pillar III disclosures of Investec Limited group and its banking subsidiaries on a consolidated basis as required in terms of regulation 43 of the Regulations and/or issued Banks Act directives.

The board is satisfied that:

- the information provided in this report was subject to the same level of internal review and internal control processes as the information provided for financial reporting purposes; and
- disclosures in this report have been prepared in accordance with the board-agreed internal control processes related to public disclosures.

David Friedland
Chairman of the board risk and capital committe

30 June 2021

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

Tables LI1 and LI2 relates to the balance sheet of Investec Limited group. From a regulatory risk category perspective, the carrying values under scope of regulatory consolidation between the bank and the group are largely the same, and disclosers related to the bank has therefore been omitted for purposes of the LI1 and LI2 tables below.

A further breakdown of columns a and b for Investec Bank Limited group is provided on page 53.

LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES

	a	b	c	d	e	f	g
R'million	**Carrying values as reported in published financial statements[1][4]**	**Carrying values under scope of regulatory consolidation[4]**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework[2]**	**Subject to the securitisation framework**	**Subject to the market risk framework[2]**	**Not subject to capital requirements or subject to deduction from capital[3]**
At 31 March 2021							
Assets							
Cash and balances at central banks	9 653	9 653	9 653	–	–	60	–
Loans and advances to banks	26 983	26 538	26 538	–	–	3 425	–
Non-sovereign and non-bank cash placements	8 956	8 956	8 956	–	–	23	–
Reverse repurchase agreements and cash collateral on securities borrowed	30 756	30 756	–	30 756	–	7 140	–
Sovereign debt securities	53 009	53 009	53 009	–	–	–	–
Bank debt securities	21 862	21 862	21 264	–	52	–	546
Other debt securities	14 148	14 148	11 672	–	2 476	–	–
Derivative financial instruments	19 186	19 186	–	19 186	–	20 672	–
Securities arising from customer flows	15 202	15 202	15 202	–	–	15 616	–
Investment portfolio	15 131	10 163	9 173	–	–	404	990
Loans and advances to customers	279 131	278 065	278 065	–	–	2 180	–
Own originated loans and advances to customers securitised	8 184	8 184	5 629	–	2 555	–	–
Other loans and advances	181	181	181	–	–	42	–
Other securitised assets	578	578	578	–	–	–	–
Interests in associated undertakings	5 215	5 202	4 453	–	–	–	749
Current tax assets	44	44	44	–	–	–	–
Deferred taxation assets	2 767	2 767	2 767	–	–	258	–
Other assets	16 324	15 491	15 491	–	–	7 396	–
Property and equipment	2 942	2 942	2 942	–	–	4	–
Investment properties	16 942	5 542	5 542	–	–	–	–
Goodwill	212	212	–	–	–	–	212
Software	95	95	–	–	–	–	95
Other acquired intangible assets	118	118	–	–	–	–	118
Investments in subsidiaries	–	–	–	–	–	–	–
Loans to groups companies	–	1	1	–	–	643	–
Non-current assets held for sale	1 054	657	657	–	–	–	–
	548 673	**529 552**	**471 817**	**49 942**	**5 083**	**57 863**	**2 710**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 067	–	–	–	–	–	–
	549 740	**529 552**	**471 817**	**49 942**	**5 083**	**57 863**	**2 710**

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES
CONTINUED

LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES CONTINUED

	a	b	c	d	e	f	g
R'million	**Carrying values as reported in published financial statements[(1)(4)]**	**Carrying values under scope of regulatory consolidation[(4)]**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework[(2)]**	**Subject to the securitisation framework**	**Subject to the market risk framework[(2)]**	**Not subject to capital requirements or subject to deduction from capital[(3)]**
At 31 March 2021							
Liabilities							
Deposits by banks	22 052	18 337	–	–	–	–	–
Derivative financial instruments	26 154	26 201	–	26 201	–	36 002	–
Other trading liabilities	5 643	5 643	–	–	–	5 531	–
Repurchase agreements and cash collateral on securities lent	17 598	17 598	–	17 598	–	5 362	–
Customer accounts (deposits)	374 228	374 228	–	–	–	–	–
Debt securities in issue	6 493	3 246	–	–	–	–	–
Liabilities arising on securitisation of own originated loans and advances	3 271	3 271	–	–	–	–	–
Liabilities arising on securitisation of other assets	–	–	–	–	–	–	
Current taxation liabilities	854	849	–	–	–	–	–
Deferred taxation liabilities	743	741	–	–	–	228	–
Other liabilities	16 564	15 128	–	–	–	–	–
Loans from group companies	–	–	–	–	–	8 450	–
	473 600	**465 242**	**–**	**43 799**	**–**	**55 573**	**–**
Liabilities to customers under investment contracts	1 014	–	–	–	–	–	1 014
Insurance liabilities, including unit-linked liabilities	53	–	–	–	–	–	53
	474 667	**465 242**	**–**	**43 799**	**–**	**55 573**	**1 067**
Subordinated liabilities	14 445	14 445	–	–	–	–	–
	489 112	**479 687**	**–**	**43 799**	**–**	**55 573**	**1 067**

(1) Carrying values reported in columns (a) and (b) correspond to values reported in the financial statements net of impairments and write-offs. Values in columns (c) to (g) are based on column (b), the sum of which may not be equal as some exposures are subject to regulatory capital charges in more than one risk category.
(2) Exposures subject to the counterparty credit risk (CCR) framework in column (d) include exposures in the banking and trading books in line with regulatory requirements. CCR exposures in the trading book are also considered for market risk requirements and are included in both columns (d) and (f). All exposures in our trading book were disclosed as being subject to the market risk framework.
(3) Intangible assets, goodwill and threshold items are excluded from regulatory capital and is subject to deduction from capital.
(4) The difference between columns (a) and (b) arises mainly from our investment in Investec Property Fund that is fully consolidated for accounting purposes whereby 100% of assets and liabilities are brought onto the balance sheet and the minority portion is removed on the minority interest line. For regulatory purposes only the portion of assets and liabilities that Investec Limited holds in Investec Property Fund is brought on the regulatory balance sheet and the Investec Employee Benefits Group is also deconsolidated for regulatory purposes. There were no other differences noted between columns (a) and (b).

TABLE LIA: EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

The differences observed between accounting carrying value (as defined in LI1) and amounts considered for regulatory purposes are provided above. The risk management software is fully integrated with source trading systems, allowing valuation in risk and trading systems to be fully aligned. All valuation models are subject to independent validation by market risk ensuring models used for valuation and risk are validated independently of the front office.

For a description of our valuation principles and methodologies, refer to pages 39 and 42 and pages 78 to 86 of volume three of the Investec DLC 2021 integrated annual report for factors taken into consideration in determining fair value.

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES CONTINUED

LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES CONTINUED

	a	b	c	d	e	f	g
R'million	Carrying values as reported in published financial statements	Regulatory consolidation scope	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	Not subject to capital requirements or subject to deduction from capital
At 31 March 2020							
Assets							
Cash and balances at central banks	36 656	36 656	36 656	–	–	40	–
Loans and advances to banks	19 536	18 885	18 885	–	–	3 083	–
Non-sovereign and non-bank cash placements	14 014	14 014	14 014	–	–	–	–
Reverse repurchase agreements and cash collateral on securities borrowed	29 626	29 626	–	29 626	–	6 931	–
Sovereign debt securities	64 358	64 358	64 358	–	–	–	–
Bank debt securities	12 265	12 265	10 959	–	659	–	647
Other debt securities	17 337	17 337	13 876	–	3 461	–	–
Derivative financial instruments	17 431	17 431	–	17 431	–	19 258	–
Securities arising from customer flows	10 366	10 366	10 366	–	–	11 626	–
Investment portfolio	16 564	11 271	10 578	–	–	331	692
Loans and advances to customers	281 686	279 141	279 141	–	–	1 342	–
Own originated loans and advances to customers securitised	7 192	7 192	4 773	–	2 419	–	–
Other loans and advances	242	242	242	–	–	67	–
Other securitised assets	497	497	497	–	–	–	–
Interests in associated undertakings	6 924	6 036	3 877	–	–	–	2 159
Current taxation assets	45	45	45	–	–	–	–
Deferred taxation assets	2 996	2 996	2 616	–	–	201	380
Other assets	12 800	12 423	12 423	–	–	4 094	–
Property and equipment	3 093	3 093	3 093	–	–	5	–
Investment Properties	19 137	6 267	6 267	–	–	–	–
Goodwill	219	219	–	–	–	–	219
Software	149	149	–	–	–	–	149
Other acquired intangible assets	169	169	–	–	–	–	169
Loans to groups companies	–	–	–	–	–	9 731	–
Investments in subsidiaries	–	198	198	–	–	–	–
Non-current assets held for sale	1 305	317	317	–	–	–	–
	574 607	**551 193**	**493 181**	**47 057**	**6 539**	**56 709**	**4 415**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	–	–	–	–	–	–
	575 387	**551 193**	**493 181**	**47 057**	**6 539**	**56 709**	**4 415**

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES
CONTINUED

LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES CONTINUED

	a	b	c	d	e	f	g
R'million	Carrying values as reported in published financial statements	Regulatory consolidation scope	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework	Not subject to capital requirements or subject to deduction from capital
At 31 March 2020							
Liabilities							
Deposits by banks	46 833	39 599	–	–	–	–	–
Derivative financial instruments	22 469	22 181	–	22 181	–	35 674	–
Other trading liabilities	8 660	8 660	–	–	–	8 561	–
Repurchase agreements and cash collateral on securities lent	26 626	26 626	–	26 626	–	3 175	–
Customer accounts (deposits)	375 456	375 456	–	–	–	–	–
Debt securities in issue	7 634	4 136	–	–	–	–	–
Liabilities arising on securitisation of own originated loans and advances	1 699	1 699	–	–	–	–	–
Current taxation liabilities	541	535	–	–	–	–	–
Deferred taxation liabilities	517	510	–	–	–	226	–
Other liabilities	13 114	12 503	–	–	–	–	–
Loans from group companies	–	–	–	–	–	6 252	–
	503 549	**491 905**	**–**	**48 807**	**–**	**53 888**	**–**
Liabilities to customers under investment contracts	725	(1)	–	–	–	–	725
Insurance liabilities; including unit-linked liabilities	54	–	–	–	–	–	54
	504 329	**491 904**	**–**	**48 807**	**–**	**53 888**	**779**
Subordinated liabilities	14 383	14 383	–	–	–	–	–
	518 712	**506 287**	**–**	**48 807**	**–**	**53 888**	**779**

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES
CONTINUED

LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

The table below reports the main sources of differences between the financial statements carrying value amounts and the exposure amounts used for regulatory purposes.

		b	c	d	e
		Items subject to:(1)			
R'million		Credit risk framework(2)	Securitisation framework	Counterparty credit risk framework(5)	Market risk framework(5)
At 31 March 2021					
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	**471 817**	**5 083**	**49 942**	**57 863**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	–	–	(43 799)	(55 573)
3	**Net carrying value amount of exposures under scope of regulatory consolidation**	**471 817**	**5 083**	**6 143**	**2 290**
4	Less: Differences in valuations(2)	29 400	–	–	–
5	Less: Differences due to consideration of provisions(3)	(2 829)	–	–	–
6	**On-balance sheet amount under regulatory scope of consolidation before CCF and CRM**	**445 246**	**5 083**	**6 143**	**2 290**
7	Plus: Off-balance sheet amount before CCF and CRM(4)	106 183	–	–	–
8	**Exposure amounts considered for regulatory purposes**	**551 429**	**5 083**	**6 143**	**2 290**
At 31 March 2020					
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	**493 181**	**6 539**	**47 057**	**56 709**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	–	–	(48 807)	(53 888)
3	**Net carrying value amount of exposures under scope of regulatory consolidation**	**493 181**	**6 539**	**(1 750)**	**2 821**
4	Less: Differences in valuations	27 034	–	–	–
5	Less: Differences due to consideration of provisions	(3 420)	–	–	–
6	On-balance sheet amount under regulatory scope of consolidation before CCF and CRM	**469 566**	**6 539**	**(1 750)**	**2 821**
7	Plus: Off-balance sheet amount before CCF and CRM	97 351	–	–	–
8	**Exposure amounts considered for regulatory purposes**	**566 917**	**6 539**	**(1 750)**	**2 821**

(1) Column (a) was excluded above as it does not represent a value meaningful to the bank's assessment of its exposure to risk.
(2) Differences in valuations for credit risk exposures relate to certain exposures being calculated on a daily average balance basis compared to a closing day balance in the financial statements as well as variances in terms of accounting netting compared to the grossing up of exposures for regulatory purposes.
(3) Carrying values of exposures in the financial statements as per LI1 are reported net of impairments whereas the regulatory exposure amounts are considered gross of impairments. The provision amount of R2.8 billion consists of both the specific and portfolio impairment values.
(4) The variance between the off–balance sheet exposure in CR1 of R86.8 billion and the regulatory exposure pre CRM and CCF relate to the exclusion of revocable facilities.
(5) Columns (d) and (e) row 8 represents counterparty credit risk and market risk values net of assets and liabilities as measured under the accounting framework. The regulatory framework to measure counterparty credit risk exposures includes potential future exposure and a market risk value at risk (VaR) number and is therefore not comparable, although the accounting values form the basis for consideration into these regulatory frameworks.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA

Overview of risk management, key prudential metrics and RWA

TABLE OVA: BANK RISK MANAGEMENT APPROACH

Refer to pages 10 to 23 of volume two of the Investec DLC 2021 integrated annual report for a description of the group's strategy and how senior management and the board of directors assess and manage risks, and the risk tolerance/appetite in relation to its main activities significant risks.

The following section provide an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts of this report.

OV1: OVERVIEW OF RWA

		a	c	d	a	c	d
		Investec Limited group			Investec Bank Limited group		
		RWA[2]	MC[1]	RWA	RWA	MC	RWA
R'million		31 March 2021	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2020
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**258 385**	**28 422**	**244 575**	**259 979**	**28 598**	**247 671**
2	Of which standardised approach (SA)	80 332	8 836	89 295	81 926	9 012	92 391
3	Of which foundation internal rating-based (F-IRB) approach	157 942	17 374	134 424	157 942	17 374	134 424
4	Of which supervisory slotting approach	5 194	571	5 724	5 194	571	5 724
5	Of which internal rating-based (A-IRB) approach	14 917	1 641	15 132	14 917	1 641	15 132
6	**Counterparty credit risk**	**9 756**	**1 073**	**8 796**	**9 756**	**1 073**	**8 837**
7	Of which standardised approach for counterparty credit risk (SA-CCR)	9 756	1 073	8 796	9 756	1 073	8 837
10	**Credit valuation adjustment (CVA)**	**5 892**	**648**	**2 363**	**5 892**	**648**	**2 371**
11	**Equity positions in banking book under market-based approach**	**25 427**	**2 797**	**30 428**	**9 959**	**1 095**	**15 010**
16	**Securitisation exposures in banking book**	**1 739**	**191**	**2 427**	**1 739**	**191**	**2 427**
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	862	95	418	862	95	418
19	Of which: securitisation standardised approach (SEC-SA)	877	96	2 009	877	96	2 009
20	**Market risk**[6]	**4 526**	**498**	**4 701**	**3 887**	**428**	**4 158**
21	Of which standardised approach (SA)	1 002	110	1 009	363	40	466
22	Of which internal model approaches (IMA)	3 524	388	3 692	3 524	388	3 692
24	**Operational risk**[3]	**26 832**	**2 952**	**27 777**	**22 193**	**2 441**	**22 162**
25	Amounts below the thresholds for deduction (subject to 250% risk weight) [4]	18 568	2 043	16 688	15 961	1 756	16 454
26	Floor adjustment[5]	–	–	–	–	–	–
27	**Total**	**351 125**	**38 624**	**337 755**	**329 366**	**36 230**	**319 090**

(1) MC – The minimum capital requirements in column (c) are based on the SARB minimum total capital requirements for Investec of 11.0%, however excludes Investec's Pillar 2B add-on in line with the Banks Act Directive 5 of 2021.
(2) RWA – Risk-weighted assets are calculated according to the Basel framework, including the 1.06 scaling factor for credit and equity exposures subject to the internal ratings-based approach (IRB), and as reported in accordance with the subsequent parts of this standard. Where the regulatory framework does not refer to RWA but directly to capital charges (e.g. for market risk and operational risk), RWA is derived by multiplying the capital charge by 12.5.
(3) Operational risk is calculated using the standardised approach and is driven by the levels of income over a three-year average period, applying specific factors applicable to the nature of the business generating the income.
(4) The RWA in this line item relate to investments in significant financial entities and deferred tax assets below the 10% of the specified CET1 threshold.
(5) The Bank did not have any additional add-on to RWA as a result of the capital floor calculation specified in Directive 3 of 2013.
(6) Market risk RWAs for IMA are calculated using the Value at Risk (VaR) approach.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA
CONTINUED

Year under review – Investec Limited group

Risk-weighted assets (RWAs) increased by 4% from R337.8 million (March 2020) to R351.1 million (March 2021) predominantly within credit risk RWAs. Credit risk RWAs (which include equity risk, Counterparty Credit Risk (CCR), Credit Valuation Adjustment (CVA), securitisation and threshold items) increased by 4.7% or R14.5 billion. The increase is largely as a result of the book growth, credit deterioration and valuing derivatives on the new regulatory methodology across CCR and CVA offset by a net reduction in equity risk. A portion of our investment in Ninety One plc is deducted from CET1 capital and the balance included in equity risk, risk weighted at 318%.

A flow statement, explaining the variations in the credit risk RWAs determined under an IRB approach is provided in table CR8 on page 29. Investec have always held capital well in excess of regulatory requirements and continues to remain well capitalised.

Market risk RWAs decreased by 3.7% or R175 million. Initially market risk capital increased at the start of the 12 months under review due to more volatile historical data being included in the VaR scenarios since the COVID-19 pandemic hit in March 2020. A decrease was seen in the last quarter of 2021 as lower VaR figures entered the 60-day averaging period.

Operational risk for Investec Limited decreased by 3.4% or R945 million. This calculation is updated bi-annually and is based on a three-year rolling gross income before impairments average balance.

KM1: KEY METRICS

The following section provides an overview of the key prudential regulatory metrics covering Investec Limited group's available capital and ratios, risk-weighted assets, leverage ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio of the group's performance and trends over time.

		a	b	c	d	e
R'million		**31 March 2021**	31 December 2020	30 September 2020	30 June 2020	31 March 2020
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	42 935	41 698	40 166	40 007	36 867
1a	Fully loaded ECL accounting model[(3)]	42 935	41 698	40 166	40 007	36 867
2	Tier 1	45 077	43 825	42 039	41 877	38 769
2a	Fully loaded ECL accounting model Tier 1	44 641	42 956	41 155	40 997	37 866
3	Total capital	56 033	54 285	53 441	52 702	50 654
3a	Fully loaded ECL accounting model total capital	55 631	53 611	52 635	51 822	49 962
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	351 125	347 000	345 723	336 851	337 755
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 (%)[(1)]	12.2	12.0	11.6	11.9	10.9
5a	Fully loaded ECL accounting model Common Equity Tier 1	12.2	12.0	11.6	11.9	10.9
6	Tier 1 ratio (%)	12.8	12.6	12.2	12.4	11.5
6a	Fully loaded ECL accounting model Tier 1 (%)	12.7	12.4	11.9	12.2	11.2
7	Total capital ratio (%)[(1)]	16.0	15.6	15.5	15.6	15.0
7a	Fully loaded ECL accounting model total capital ratio (%)	15.8	15.4	15.2	15.4	14.8
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	–	–	–	–	–
10	Bank G-SIB and/or D_SIB additional requirements (%)	0.3	0.3	0.3	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.8	2.8	2.8	2.5	2.5
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.0	4.8	4.4	4.9	3.4
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	593 944	567 335	597 197	590 570	604 762
14	Basel III leverage ratio (%) (row 2/row 13)	7.6	7.7	7.0	7.1	6.4
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	7.5	7.6	6.9	6.9	6.3
Liquidity Coverage Ratio						
15	Total HQLA	85 691	87 717	88 808	84 633	85 606
16	Total net cash outflow	52 690	56 030	54 260	59 928	60 149
17	LCR ratio (%)[(2)]	164.0	157.6	164.1	142.6	142.6
Net Stable Funding Ratio						
18	Total available stable funding	338 356	327 291	337 615	346 751	347 926
19	Total required stable funding	298 300	291 593	296 321	292 629	296 512
20	NSFR ratio	113.4	112.2	113.9	118.5	117.3

(1) Capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited group common equity tier 1 ratio would be 39ps lower and total capital adequacy ratio would be 32bps lower.
(2) Refer to the LIQ1: Liquidity Coverage ratio template and commentary on page 15 of this report.
(3) The key difference between the 'reported' basis and the 'fully loaded' basis primarily relates to capital instruments that previously qualified as regular capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be registered on a reducing basis in the 'reported' figures until 2022. The fully loaded ratio and capital amounts throughout out the KM1 template assumes full adoption of IFRS 9 and is based on Basel III capital requirements as fully phased in by 2022.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA
CONTINUED

Year under review – Investec Limited group

At 31 March 2021, the CET1 ratio increased to 12.2% from 10.9% at 31 March 2020. CET1 capital increased by R6.1 billion to R43 billion, largely affected by:

- Positive attributable earnings post taxation and minorities of R3.9 billion
- Recovery of available for Sale Reserve of R2.9 billion, mainly as a result of the revaluation of OCI.

The increases were partially offset by:

- Total ordinary dividends paid to Ltd shareholders of R747 million
- R213 million increase in the PVA haircut due to implementation of new methodology in September 2020.

The group's leverage ratio increased to 7.6% (March 2021) from 6.4% (March 2020).

KM1: KEY METRICS CONTINUED

The following section provides an overview of the key prudential regulatory metrics covering Investec Bank Limited group's available capital and ratios, risk-weighted assets, leverage ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio of the bank's performance and trends over time.

		a	b	c	d	e
R'million		**31 March 2021**	31 December 2020	30 September 2020	30 June 2020	31 March 2020
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	43 817	42 109	41 270	41 257	38 551
1a	Fully loaded ECL accounting model	43 817	42 109	41 270	41 257	38 551
2	Tier 1	45 153	43 149	42 037	41 909	39 302
2a	Fully loaded ECL accounting model Tier 1	44 999	42 842	41 730	41 602	38 995
3	Total capital	58 523	55 520	54 902	54 591	52 207
3a	Fully loaded ECL accounting model total capital	58 370	55 213	54 595	54 284	51 900
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	329 366	320 123	320 969	316 092	319 090
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 (%)[1]	13.3	13.2	12.9	13.1	12.1
5a	Fully loaded ECL accounting model Common Equity Tier 1	13.3	13.2	12.9	13.1	12.1
6	Tier 1 ratio (%)	13.7	13.5	13.1	13.3	12.3
6a	Fully loaded ECL accounting model Tier 1 (%)	13.7	13.4	13.0	13.2	12.2
7	Total capital ratio (%)[1]	17.8	17.3	17.1	17.3	16.4
7a	Fully loaded ECL accounting model total capital ratio (%)	17.7	17.2	17.0	17.2	16.3
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	–	–	–	–	–
10	Bank G-SIB and/or D_SIB additional requirements (%)	0.3	0.3	0.3	–	–
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.8	2.8	2.8	2.5	2.5
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.1	5.9	5.6	6.1	4.6
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	555 992	544 253	563 835	562 460	571 144
14	Basel III leverage ratio (%) (row 2/row 13)	8.1	7.9	7.5	7.5	6.9
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	8.1	7.9	7.4	7.4	6.8
Liquidity Coverage Ratio						
15	Total HQLA	85 691	87 717	88 808	84 633	85 606
16	Total net cash outflow	52 690	56 030	54 260	59 928	60 149
17	LCR ratio (%)	164.0	157.6	164.1	142.6	142.6
Net Stable Funding Ratio						
18	Total available stable funding	338 356	327 291	337 615	346 751	347 926
19	Total required stable funding	298 300	291 593	296 321	292 629	296 512
20	NSFR ratio	113.4	112.2	113.9	118.5	117.3

(1) Capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Bank Limited group common equity tier 1 ratio would be 48bps lower and total capital adequacy ratio would be 48bps lower.

LEVERAGE RATIO

Leverage ratio

LR1 – SUMMARY COMPARISON OF ACCOUNTING ASSETS VS LEVERAGE RATIO EXPOSURE MEASURE

The purpose of the LR1 table below is to reconcile the total assets in the published financial statements to the leverage ratio exposure measure.

		a	a	**a**	a
		Investec Limited group		**Investec Bank Limited group**	
R'million		**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020
1	Total consolidated assets as per published financial statements[1]	551 097	577 290	510 851	537 874
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–	–	–	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(1 067)	(780)	–	–
4	Adjustments for derivative financial instruments	2 576	(6 641)	2 588	(6 651)
5	Adjustments for securities financing transactions (i.e. repos and similar secured lending)	673	(2 168)	673	1 032
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	44 816	43 453	44 831	43 537
7	Other adjustments	(4 151)	(6 392)	(2 952)	(4 648)
8	Leverage ratio exposure measure	**593 944**	**604 762**	**555 992**	**571 144**

(1) Adjusted for impairments.

LEVERAGE RATIO
CONTINUED

LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

The purpose of the LR2 table below is to provide a detailed breakdown of the components of the leverage ratio denominator.

		a	a	a	a
		Investec Limited group		Investec Bank Limited group	
R'million		31 March 2021	31 March 2020	31 March 2021	31 March 2020
On-balance sheet exposures					
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	500 088	529 453	461 456	494 014
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(4 151)	(6 392)	(2 952)	(4 648)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)**	**495 937**	**523 061**	**458 504**	**489 366**
Derivative exposures					
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	10 605	9 795	10 605	9 788
5	Add-on amounts for Potential Future Exposure (PFE) associated with all derivatives transactions	9 919	3 712	9 919	3 712
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–	–	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–	–	–	–
8	(Exempted CCP leg of client-cleared trade exposures)	(2 470)	(2 717)	(2 470)	(2 717)
9	Adjusted effective notional amount of written credit derivatives	3 707	–	3 707	–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–	–	–
11	**Total derivative exposures (sum of rows 4 to 10)**	**21 761**	**10 790**	**21 761**	**10 783**
Securities financing transaction exposures				–	–
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	30 757	24 781	30 222	24 781
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–	–	–
14	CCR exposure for SFT assets	673	2 677	673	2 677
15	Agent transaction exposures	–	–	–	–
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	**31 430**	**27 458**	**30 895**	**27 458**
Other off-balance sheet exposures					
17	Off-balance sheet exposure at gross notional amount	106 183	97 351	106 111	97 437
18	(Adjustments for conversion to credit equivalent amounts)	(61 367)	(53 898)	(61 279)	(53 900)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**44 816**	**43 453**	**44 832**	**43 537**
Capital and total exposures					
20	Tier 1 capital	45 076	38 769	45 153	39 302
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**593 944**	**604 762**	**555 992**	**571 144**
Leverage ratio					
22	**Basel III leverage ratio**	**7.6**	**6.4**	**8.1**	**6.9**

Liquidity risk

LIQA – LIQUIDITY RISK MANAGEMENT

Refer to pages 67 to 72 of volume two of the Investec DLC 2021 integrated annual report for a description of the group's liquidity risk management framework and liquidity positions.

LIQUIDITY COVERAGE RATIO (LCR)

The purpose of the LIQ1 table below is to present the breakdown of a bank's cash outflows and cash inflows, as well as its available High-Quality Liquid assets (HQLA), as measured and defined according to the LCR standard.

LIQ1: LIQUIDITY COVERAGE RATIO (LCR)

		a	b	a	b
		31 March 2021		31 March 2020	
R'million		**Total unweighted value (average)**	**Total weighted value (average)**	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets					
1	Total HQLA		85 691		85 606
Cash outflows					
2	**Retail deposits and deposits from small business customers, of which:**	**86 571**	**8 657**	**80 746**	**8 075**
3	Stable deposits	–	–	–	–
4	Less stable deposits	86 571	8 657	80 746	8 075
5	**Unsecured wholesale funding, of which:**	**115 135**	**83 863**	**111 796**	**81 128**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–	–	–
7	Non-operational deposits (all counterparties)	114 469	83 197	111 134	80 466
8	Unsecured debt	666	666	662	662
9	**Secured wholesale funding**		**343**		184
10	**Additional requirements, of which:**	**91 815**	**20 404**	**68 354**	**9 899**
11	Outflows related to derivative exposures and other collateral requirements	29 624	13 889	11 536	3 633
12	Outflows related to loss of funding on debt products	–	–	86	86
13	Credit and liquidity facilities	62 191	6 515	56 732	6 180
14	**Other contractual funding obligations**	**105**	**105**	**367**	**367**
15	**Other contingent funding obligations**	**102 240**	**6 273**	**86 265**	**4 545**
16	**TOTAL CASH OUTFLOWS**		**119 623**		**104 198**
Cash inflows					
17	Secured lending (eg reverse repos)	25 871	13 777	13 538	3 948
18	Inflows from fully performing exposures	52 559	47 630	40 517	36 367
19	Other cash inflows	5 446	5 525	3 978	3 733
20	**TOTAL CASH INFLOWS**	**83 876**	**66 932**	**58 033**	**44 048**
		Total adjusted value		Total adjusted value	
21	Total HQLA		85 691		85 606
22	Total net cash outflows		52 690		60 150
23	Liquidity Coverage Ratio (%)[(1)]		**164.0**		**142.6**

(1) The LCR ratio in row 23 is reported as the simple average of the daily LCR ratios over the quarter and is not derived as row 21 divided by row 22.

The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days. The values in the table are calculated as the simple average of the 90 calendar daily values over the period 1 January 2021 to 31 March 2021.

The minimum LCR requirement, while normally 100%, was lowered to 80% as a temporary measure during the COVID-19 pandemic.

LIQUIDITY RISK
CONTINUED

LIQ1: LIQUIDITY COVERAGE RATIO (LCR) *continued*
The main drivers of the LCR results and the evolution of the contribution of inputs to the LCR's calculation over time:

- The average LCR increased by 21.4%, due to solid increases in both HQLA and short-term secured placements. We remain fully compliant with regulatory requirements, and above the target set by the board.
- The structure and nature of deposits inside the 30 day window is the key driver of both the level and the volatility of the LCR. This weighted outflow is determined by the customer type of liabilities falling into the 30 day contractual bucket. In turn these deposit characteristics determine the targeted level of HQLA required to be held as a counterbalance to the modelled stressed outflows.
- Only banking and/or deposit-taking entities are included, and the group data represents an aggregation of the relevant individual net cash outflows and the individual HQLA portfolios.

The composition of HQLA:

- The HQLA comprises primarily South African sovereign and central bank Rand-denominated securities and debt instruments, all of which are eligible for South African Reserve Bank (SARB) repo.
- On average, Level 2 assets contributed 4% of total HQLA.
- Some foreign denominated government securities are included in the HQLA, subject to regulatory limitations.

NET STABLE FUNDING RATIO (NSFR)
The objective of the Net Stable Funding Ratio (NSFR) is to promote the resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities on an ongoing structural basis. By ensuring that banks do not embark on excessive maturity transformation that is not sustainable, the NSFR is intended to reduce the likelihood that disruptions to a bank's funding sources would erode its liquidity position, increasing its risk of failure and potentially lead to broader systemic risk. In accordance with the provisions of section 6(6) of the South African Banks Act 1990 (Act No. 94 of 1990), banks are directed to comply with the relevant NSFR disclosure requirements. This disclosure Template LIQ2 is in accordance with Pillar III of the Basel III liquidity accord, as specified by Directive 11/2015 and Directive 01/2018.

The minimum NSFR requirement is 100%. The main drivers of the NSFR results and the evolution of the contribution of inputs to the NSFR's calculation over time:

- The asset class, customer type and residual maturity of deposits are the key drivers of available stable funding, in particular those from either retail and small business customers or with maturity longer than a year. Capital issued is also a significant contributor.
- The customer type and residual maturity of loans, as well as holdings in securities eligible as HQLA, are the key drivers of required stable funding. Lower weightings apply to mortgages, shorter-term loans and especially HQLA.
- In spite of a reduction in term wholesale funding, the NSFR remains comfortably above the minimum requirement and within the range set by the Board.
- Only banking and/or deposit-taking entities are included, and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance sheet items.

LIQUIDITY RISK
CONTINUED

The purpose of the LIQ2 table below is to provide details of a bank's NSFR and selected details of its NSFR components.

LIQ2: NET STABLE FUNDING RATIO (NSFR)

		a	b	c	d	e
		Unweighted value by residual maturity				
R'million		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted Value
At 31 March 2021						
Available stable funding (ASF) item						
1	**Capital:**	41 439	1 161	4 330	10 618	52 057
2	Regulatory capital	41 439	1 161	4 330	10 618	52 057
3	Other capital instruments	–	–	–	–	–
4	**Retail deposits and deposits from small business customers:**	**95 509**	**4 810**	**2 398**	**1 565**	**94 010**
5	Stable deposits	–	–	–	–	–
6	Less stable deposits	95 509	4 810	2 398	1 565	94 010
7	**Wholesale funding:**	**106 855**	**98 809**	**42 178**	**76 770**	**179 912**
8	Operational deposits	–	–	–	–	–
9	Other wholesale funding	106 855	98 809	42 178	76 770	179 912
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	**Other liabilities:**	**11 528**	**1 410**	**–**	**25 188**	**12 377**
12	NSFR derivative liabilities				24 479	
13	All other liabilities and equity not included in the above categories	11 528	1 410	–	709	12 377
14	**Total ASF**					**338 356**
Required stable funding (RSF) item						
15	**Total NSFR high-quality liquid assets (HQLA)**					**6 753**
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	**Performing loans and securities:**	**18 883**	**95 245**	**32 228**	**245 109**	**252 383**
18	Performing loans to financial institutions	–	14 381	4	70	1 510
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	8 270	44 521	6 452	38 133	49 284
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	4 580	32 302	23 876	123 208	135 960
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	–	–	2 000	1 300
22	Performing residential mortgages, of which:	–	423	448	68 781	45 143
23	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk	–	423	448	68 781	45 143
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	6 033	3 618	1 448	14 917	20 486
25	**Assets with matching interdependent liabilities**	**–**	**–**	**–**	**–**	**–**
26	**Other assets:**	**26 566**	**626**	**2**	**58 122**	**34 176**
27	Physical traded commodities, including gold	–				–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				3 926	3 337
29	NSFR derivative assets				19 175	–
30	NSFR derivative liabilities before deduction of variation margin posted				34 244	3 424
31	All other assets not included in the above categories	26 566	626	2	777	27 415
32	**Off-balance sheet items**		**186 791**	**–**	**–**	**5 082**
33	**Total RSF**					**298 394**
34	**Net Stable Funding Ratio (%)**					**113.4**

LIQUIDITY RISK
CONTINUED

LIQ2: NET STABLE FUNDING RATIO (NSFR) *continued*

		a	b	c	d	e
		Unweighted value by residual maturity				
R'million		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted Value
At 31 March 2020						
Available stable funding (ASF) item						
1	**Capital:**	41 214	–	–	13 841	55 055
2	Regulatory capital	41 214	–	–	13 841	55 055
3	Other capital instruments	–	–	–	–	–
4	**Retail deposits and deposits from small business customers:**	**90 854**	**7 362**	**3 527**	**1 646**	**93 214**
5	Stable deposits	–	–	–	–	–
6	Less stable deposits	90 854	7 362	3 527	1 646	93 214
7	**Wholesale funding:**	**113 444**	**114 409**	**39 679**	**90 686**	**192 702**
8	Operational deposits	–	–	–	–	–
9	Other wholesale funding	113 444	114 409	39 679	90 686	192 702
10	**Liabilities with matching interdependent assets**	**–**	**–**	**–**	**–**	**–**
11	**Other liabilities:**	**11 836**	**265**	**610**	**24 489**	**6 955**
12	NSFR derivative liabilities				24 489	
13	All other liabilities and equity not included in the above categories	11 836	265	610	–	6 955
14	**Total ASF**					**347 926**
Required stable funding (RSF) item						
15	**Total NSFR high-quality liquid assets (HQLA)**					**6 523**
16	**Deposits held at other financial institutions for operational purposes**	**–**	**–**	**–**	**–**	**–**
17	**Performing loans and securities:**	**30 790**	**88 440**	**31 543**	**243 477**	**255 939**
18	Performing loans to financial institutions	–	15 853	–	2	1 588
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	14 083	33 227	5 052	30 691	40 441
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	11 553	37 199	22 880	127 428	147 361
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	–	–	2 207	1 434
22	Performing residential mortgages, of which:	–	558	691	67 090	44 234
23	With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk	–	558	691	67 090	44 234
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	5 154	1 603	2 920	18 266	22 315
25	**Assets with matching interdependent liabilities**	**–**	**–**	**–**	**–**	**–**
26	**Other assets:**	**24 341**	**430**	**17**	**59 304**	**29 660**
27	Physical traded commodities, including gold	–				–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				2 194	1 865
29	NSFR derivative assets				18 221	–
30	NSFR derivative liabilities before deduction of variation margin posted				37 938	3 794
31	All other assets not included in the above categories	24 341	430	17	951	24 001
32	**Off-balance sheet items**		**171 010**	**–**	**–**	**4 390**
33	**Total RSF**					**296 512**
34	**Net Stable Funding Ratio (%)**					**117.3**

Credit risk

CRA: GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK

Refer to pages 24 to 27 of volume two of the Investec DLC 2021 integrated annual report for a description of the group's main characteristics and elements of credit risk management (business model and credit risk profile, organisation and functions involved in credit risk management and risk management reporting).

The purpose of the CR1 table below is to provide an overview of the credit quality of a bank's (on- and off-balance sheet) assets.

CR1: CREDIT QUALITY OF ASSETS

		a	b	c	d	e	f	g
		Gross carrying values of			of which ECL accounting provisions for credit losses on SA[7] exposures		Of which ECL accounting provisions for credit losses on IRB exposures	
R'million		Defaulted exposures[6]	Non-defaulted exposures	Allowances/ impairments[3]	Allocated in regulatory category of specific	Allocated in regulatory category of general		Net values (a+b-c)[5]
At 31 March 2021								
1	Loans[1]	7 643	282 606	(2 755)	(715)	(250)	(1 790)	287 494
2	Debt Securities[2]	12	98 027	(137)	(36)	(12)	(89)	97 902
3	Off-balance sheet exposures[4]	1 186	85 600	(74)	(19)	(7)	(48)	86 712
4	**Total**	**8 841**	**466 233**	**(2 966)**	**(770)**	**(269)**	**(1 927)**	**472 108**
At 31 March 2020								
1	Loans	4 659	287 844	(3 385)	(1 738)	(591)	(1 056)	289 118
2	Debt Securities	89	107 936	(100)	(52)	(18)	(30)	107 925
3	Off-balance sheet exposures	528	77 548	(65)	(33)	(11)	(21)	78 011
4	**Total**	**5 276**	**473 328**	**(3 550)**	**(1 823)**	**(620)**	**(1 108)**	**475 054**

(1) Loans represent core loans and advances plus own originated and other loans and advances as reported in the total gross credit and counterparty exposure in the financial statements.
(2) Debt securities are made up of non-sovereign and non-bank cash placements, sovereign debt securities, bank debt securities and other debt securities as reported in the total gross credit and counterparty exposure in the financial statements.
(3) Allowances/impairments include the total ECL for loans, debt securities and off-balance sheet items as reported in the financial statements.
(4) Off-balance sheet exposures are reported gross of credit risk mitigation (CRM) and credit conversion factors (CCF) and exclude revocable commitments.
(5) Net values reported in CR1 column (d) above are reported as the carrying accounting values per the annual financial statements whereas values in table CR3 represent the exposure at default (EAD) measured for regulatory purposes.
(6) The group applies a consistent definition to default for regulatory and accounting purposes.
(7) SA: Standardised approach for credit risk

The purpose of the CR2 table below is to identify the changes in the bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

CR2: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

		a	a
R'million		31 March 2021	31 March 2020
1	**Defaulted loans and debt securities at end of 31 March 2020**	**4 659**	**4 149**
2	Loans and debt securities that have defaulted since the last reporting period	4 101	2 395
3	Returned to non-defaulted status	312	444
4	Amounts written off	1 396	867
5	Other changes	591	(574)
6	Defaulted loans and debt securities at end of 31 March 2021 (1+2-3-4+5)	**7 643**	**4 659**

(1) The defaulted exposures line 6 column (a) of this report represents on-balance sheet defaulted loans and debt securities exposures, it therefore, differs from the total represented in the CR1 table line 4 column (a) due to off-balance sheet exposures.

CRB: Additional disclosure related to the credit quality of assets

Refer to pages 28 to 42 of volume two of the Investec DLC 2021 integrated annual report for additional information on the credit quality of a bank's assets.

CREDIT RISK
CONTINUED

Credit risk mitigation

CRC: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CREDIT RISK MITIGATION TECHNIQUES

Refer to pages 26 to 27 of volume two of the Investec DLC 2021 integrated annual report for additional information on the mitigation of credit risk.

CR3: CREDIT RISK MITIGATION TECHNIQUES[(2)]

		a	b	c	d	e	f	g
R'million		Exposures unsecured: carrying amount[(1)]	Exposures secured by collateral[(4)]	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives[(3)]	Exposures secured by credit derivatives, of which: secured amount
At 31 March 2021								
1	Loans	193 540	119 363	109 977	12 616	12 616	–	–
2	Debt Securities	82 542	1 594	1 594	4 082	4 082	–	–
	Off-balance sheet	61 180	40 622	39 617	4 775	4 775	–	–
3	**Total**	**337 262**	**161 579**	**151 188**	**21 473**	**21 473**	**–**	**–**
4	Of which defaulted	4 138	2 094	1 692	468	468	–	–
At 31 March 2020								
1	Loans	188 024	112 803	110 448	19 204	19 204	–	–
2	Debt Securities	81 784	2 000	2 000	8 605	8 605	–	–
	Off-balance sheet	52 958	37 416	37 198	8 113	8 113	–	–
3	**Total**	**322 766**	**152 219**	**149 646**	**35 922**	**35 922**	**–**	**–**
4	Of which defaulted	2 580	847	847	190	190	–	–

(1) Exposure values above represent the gross credit exposure, i.e. exposure gross of any credit conversion factors and eligible CRM, but net of allowances/specific impairments. Exposures, not secured by either collateral or financial guarantees used to reduce capital requirements, are reported as unsecured.
(2) The table above include all Credit Risk Mitigation (CRM) techniques used to reduce capital requirements and disclose all secured and unsecured exposures, irrespective of whether the TSA or IRB approach is used for risk-weighted assets calculation.
(3) The group does not make use of any unfunded credit derivative instruments for purposes of reducing capital requirements. We have credit-linked notes (CLNs) that serve as protection against credit exposures, however since these CLNs are fully funded, they function as cash collateral and are reported as such in the table.
(4) The group does not make use of any on-and off-balance sheet netting for purposes of mitigating regulatory credit risk exposures.

Credit risk under standardised approach

CRD: QUALITATIVE DISCLOSURES ON BANKS' USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK

We measure credit risk for Investec Bank Mauritius and non-bank subsidiaries using the standardised approach. Within the credit approval process, internal and external ratings are included in the assessment of client quality. A large proportion of the group's portfolio is not rated by external rating agencies. We place reliance upon internal consideration of counterparties and borrowers, and use ratings prepared externally where available to support our decision-making process.

CREDIT RISK
CONTINUED

The purpose of the CR4 table below is to Illustrate the effect of CRM (comprehensive approach) on standardised approach capital requirements' calculations.

CR4: STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS

		a	b	c	d	e	f
		Exposures before CCF and CRM[5]		Exposures post-CCF and CRM[2]		RWA and RWA density	
R'million		**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density[1]**
At 31 March 2021							
Asset classes							
1	Sovereigns and their central banks	395	–	395	–	317	80.1%
2	Non-central government public sector entities	7	50	7	25	6	20.0%
3	Multilateral development banks	298	–	298	–	–	–
4	Banks	8 883	317	8 455	264	2 813	32.3%
5	Securities firms	52	–	6	–	6	100.0%
6	Corporates	61 564	25 007	50 441	4 321	54 317	99.2%
7	Regulatory retail portfolios	373	227	164	15	134	75.0%
8	Secured by residential property	732	224	689	72	425	55.9%
9	Secured by commercial real estate	4 466	–	4 292	–	4 292	100.0%
10	Equity[4]	–	–	–	–	–	–
11	Past-due loans[3]	2 970	171	1 905	6	2 492	130.4%
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets[6]	27 213	–	27 213	–	15 530	57.1%
14	Total	**106 953**	**25 996**	**93 865**	**4 703**	**80 332**	**81.5%**
At 31 March 2020							
Asset classes							
1	Sovereigns and their central banks	520	–	520	–	404	77.5%
2	Non-central government public sector entities	–	350	–	175	35	20.0%
3	Multilateral development banks	183	–	183	–	–	–
4	Banks	11 387	565	10 395	283	5 417	50.7%
5	Securities firms	27	–	15	–	15	100.0%
6	Corporates	64 490	23 268	54 896	5 632	59 241	97.9%
7	Regulatory retail portfolios	275	250	130	30	120	75.0%
8	Secured by residential property	3 333	322	3 296	145	1 322	38.4%
9	Secured by commercial real estate	5 160	–	4 939	–	4 939	100.0%
10	Equity	–	–	–	–	–	–
11	Past-due loans	3 006	39	1 457	5	1 677	114.7%
12	Higher-risk categories	–	–	–	–	–	–
13	Other assets	54 294	–	54 294	–	16 125	29.7%
14	**Total**	**142 675**	**24 794**	**130 125**	**6 270**	**89 295**	**65.5%**

(1) RWA density provides a synthetic metric on riskiness of each portfolio and is derived by dividing RWA in column (e) with the sum of columns (c) and (d).
(2) Columns (c) and (d) represent the substituted asset class as a result of eligible guarantees. Credit exposures post-CCF and post-CRM are the amounts to which risk-weighted assets are applied to.
(3) Past due assets are disclosed separately independent of asset class. Past due loans reported follows the same definition of default as applied in table CR1 but includes revocable facilities and average balances where relevant.
(4) Equity exposures are reported in table CR10.
(5) The on-balance sheet exposures in column (a) are reported gross of impairment, CCF and CRM. Off-balance sheet exposures in column (b) includes revocable facilities.
(6) Other assets include cash placements with the central bank that are risk weighted at 0% in table CR5.

CREDIT RISK
CONTINUED

The purpose of the CR5 table below is to present the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach).

CR5: STANDARDISED APPROACH – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS[(2)]

		a	c	d	e	f	g	h	j
R'million		**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total credit exposures amount[(1)]**
At 31 March 2021									
Asset class									
1	Sovereigns and their central banks	1	–	–	156	–	238	–	395
2	Non-central government public sector entities	–	32	–	–	–	–	–	32
3	Multilateral development banks	298	–	–	–	–	–	–	298
4	Banks	53	6 738	–	926	–	1 002	–	8 719
5	Securities firms	–	–	–	–	–	6	–	6
6	Corporates	37	63	–	–	–	54 662	–	54 762
7	Regulatory retail portfolios	–	–	–	–	179	–	–	179
8	Secured by residential property	–	–	514	–	9	238	–	761
9	Secured by commercial real estate	–	–	–	–	–	4 292	–	4 292
10	Equity	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	32	–	674	1 205	1 911
12	Higher-risk categories	–	–	–	–	–	–	–	–
13	Other assets	10 404	–	–	–	–	16 809	–	27 213
14	**Total**	**10 793**	**6 833**	**514**	**1 114**	**188**	**77 921**	**1 205**	**98 568**
At 31 March 2020									
Asset class									
1	Sovereigns and their central banks	–	–	–	234	–	287	–	521
2	Non-central government public sector entities	–	175	–	–	–	–	–	175
3	Multilateral development banks	183	–	–	–	–	–	–	183
4	Banks	16	4 546	–	3 217	–	2 899	–	10 678
5	Securities firms	–	–	–	–	–	15	–	15
6	Corporates	–	1 071	–	–	–	59 456	–	60 527
7	Regulatory retail portfolios	–	–	–	–	160	–	–	160
8	Secured by residential property	–	–	3 187	–	186	67	–	3 440
9	Secured by commercial real estate	–	–	–	–	–	4 939	–	4 939
10	Equity	–	–	–	–	–	–	–	–
11	Past-due loans	–	–	–	112	–	808	542	1 462
12	Higher-risk categories	–	–	–	–	–	–	–	–
13	Other assets	36 389	–	–	–	–	17 906	–	54 295
14	**Total**	**36 588**	**5 792**	**3 187**	**3 563**	**346**	**86 377**	**542**	**136 395**

(1) Exposure values reported in table CR5 (post CCF and CRM) reconcile to the aggregate exposure of columns (c) and (d) in table CR4 allocated across specified risk weight bands
(2) Column b is excluded as the group does not have exposures risk-weighted at 10%.

CREDIT RISK
CONTINUED

Credit risk under internal risk-based approaches

The purpose of the table below is to provide the main parameters used for the calculation of capital requirements for IRB models. CCR exposures are excluded from the below table and are reported in table CCR4.

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	**Original on-balance sheet gross exposure (R'm)**	**Off-balance sheet exposures pre CCF (R'm)**	**Average CCF (%)**	**EAD post CRM and post-CCF (R'm)**	**Average PD (%)**	**Number of obligors[3]**	**Average LGD (%)**	**Average maturity (years)[1]**	**RWA (R'm)**	**RWA density (%)**	**EL (R'm)[2]**	**Provisions (R'm)[4]**
At 31 March 2021												
Banks												
0.00 to <0.15	22 890	2 409	99.8%	25 294	0.058%	55	47.0%	2.5	7 725	30.5%	7	–
0.15 to <0.25	297	–	0.0%	297	0.226%	3	45.0%	2.5	148	49.8%	–	–
0.25 to <0.50	2 421	–	0.0%	2 421	0.320%	4	45.0%	2.5	1 909	78.9%	3	–
0.50 to <0.75	5 087	–	0.0%	5 087	0.640%	10	63.9%	2.5	7 708	151.5%	21	–
0.75 to <2.50	16	–	0.0%	16	1.789%	9	45.0%	2.5	24	144.7%	–	–
2.50 to <10.00	296	1	75.0%	296	3.617%	5	44.9%	2.5	424	143.3%	5	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
Sub-total	**31 007**	**2 410**	**99.8%**	**33 411**	**0.200%**	**80**	**49.4%**	**2.5**	**17 938**	**53.7%**	**36**	**–**
Corporate												
0.00 to <0.15	12 306	13 446	54.3%	19 605	0.079%	540	40.1%	2.5	4 465	22.8%	6	–
0.15 to <0.25	12 592	6 983	48.2%	15 958	0.184%	281	40.1%	2.5	6 194	38.8%	12	–
0.25 to <0.50	13 073	4 883	44.7%	15 254	0.395%	786	38.8%	2.5	8 383	55.0%	23	–
0.50 to <0.75	6 097	1 511	55.4%	6 934	0.640%	424	41.1%	2.5	5 097	73.5%	18	–
0.75 to <2.50	16 440	3 860	39.0%	17 943	1.274%	2 773	42.4%	2.5	17 272	96.3%	98	–
2.50 to <10.00	3 373	1 185	46.2%	3 920	3.791%	3 589	41.0%	2.5	4 610	117.6%	61	–
10.00 to <100.00	283	12	73.5%	292	22.860%	98	38.7%	2.5	500	171.3%	26	–
100.00 (Default)	999	80	53.8%	1 042	100.000%	39	40.5%	2.5	3 238	310.8%	235	235
Sub-total	**65 163**	**31 960**	**49.4%**	**80 948**	**2.020%**	**8 484**	**40.5%**	**2.5**	**49 759**	**61.5%**	**479**	**235**
Public sector entities												
0.00 to <0.15	2 891	500	75.0%	3 266	0.023%	6	39.1%	2.5	355	10.9%	–	–
0.15 to <0.25	1 622	–	0.0%	1 622	0.226%	1	34.4%	2.5	616	38.0%	1	–
0.25 to <0.50	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
0.50 to <0.75	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
0.75 to <2.50	843	–	0.0%	843	1.810%	1	45.0%	2.5	998	118.3%	7	–
2.50 to <10.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
Sub-total	**5 356**	**500**	**75.0%**	**5 731**	**0.343%**	**7**	**38.7%**	**2.5**	**1 969**	**34.3%**	**8**	**–**

(1) Average maturity in table CR6 represents the obligor maturity in years, weighted by EAD, as used in the RWA calculation.
(2) EL in CR6 represents the regulatory expected losses as calculated according to the Basel framework.
(3) Represents the number of unique obligors. The total number of unique obligors will not equal the sum of the obligors in the underlying asset classes since an obligor may be present in more than one asset class.
(4) Provisions represent the specific impairment amounts for defaulted exposures.

CREDIT RISK
CONTINUED

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE *continued*

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	**Original on-balance sheet gross exposure (R'm)**	**Off-balance sheet exposures pre CCF (R'm)**	**Average CCF (%)**	**EAD post CRM and post-CCF (R'm)**	**Average PD (%)**	**Number of obligors**	**Average LGD (%)**	**Average maturity (years)**	**RWA (R'm)**	**RWA density (%)**	**EL (R'm)**	**Provisions (R'm)**
At 31 March 2021												
Retail – mortgages												
0.00 to <0.15	26 351	14 502	94.2%	40 008	0.055%	17 599	11.3%	4.9	716	1.8%	2	–
0.15 to <0.25	8 721	4 151	94.6%	12 647	0.193%	4 973	11.3%	4.8	614	4.9%	3	–
0.25 to <0.50	6 960	2 667	95.0%	9 493	0.386%	3 652	11.3%	4.7	787	8.3%	4	–
0.50 to <0.75	7 058	2 200	94.6%	9 139	0.640%	3 568	11.3%	4.8	1 052	11.5%	7	–
0.75 to <2.50	13 288	3 586	96.0%	16 732	1.320%	7 029	11.3%	4.8	3 065	18.3%	25	–
2.50 to <10.00	10 222	2 888	96.8%	13 017	4.025%	5 881	11.3%	4.7	4 447	34.2%	59	–
10.00 to <100.00	2 267	204	105.1%	2 481	15.450%	1 113	11.3%	4.6	1 489	60.0%	43	–
100.00 (Default)	1 124	31	288.5%	1 214	100.000%	531	11.3%	4.5	331	27.2%	231	231
Sub-total	**75 991**	**30 229**	**95.1%**	**104 731**	**2.371%**	**44 195**	**11.3%**	**4.8**	**12 501**	**11.9%**	**374**	**231**
Retail – other												
0.00 to <0.15	1 108	249	88.4%	1 328	0.062%	2 825	28.4%	3.2	67	5.1%	–	–
0.15 to <0.25	349	104	86.2%	439	0.187%	706	26.1%	2.7	47	10.6%	–	–
0.25 to <0.50	315	115	83.4%	411	0.373%	579	25.2%	2.7	67	16.4%	–	–
0.50 to <0.75	220	40	88.1%	255	0.640%	508	30.3%	3.1	67	26.4%	–	–
0.75 to <2.50	435	64	93.8%	495	1.344%	1 058	29.1%	3.0	172	34.7%	2	–
2.50 to <10.00	361	36	91.1%	393	4.233%	767	25.3%	2.7	152	38.5%	4	–
10.00 to <100.00	43	2	117.1%	45	13.889%	149	26.7%	2.6	24	53.3%	2	–
100.00 (Default)	38	–	0.0%	39	100.000%	320	24.9%	2.5	12	31.2%	24	24
Sub-total	**2 869**	**610**	**88.1%**	**3 405**	**2.163%**	**6 900**	**27.6%**	**3.0**	**608**	**17.9%**	**32**	**24**
Retail – revolving credit												
0.00 to <0.15	87	2 700	92.7%	2 590	0.066%	38 039	33.1%	1.0	38	1.5%	1	–
0.15 to <0.25	70	603	92.2%	626	0.192%	11 447	33.1%	1.0	23	3.6%	–	–
0.25 to <0.50	73	468	91.9%	503	0.379%	11 095	33.1%	1.0	31	6.3%	1	–
0.50 to <0.75	181	305	89.0%	452	0.640%	6 415	33.1%	1.0	43	9.5%	1	–
0.75 to <2.50	652	794	88.0%	1 351	1.361%	17 741	33.1%	1.0	228	16.8%	6	–
2.50 to <10.00	362	321	88.0%	644	3.180%	9 467	33.1%	1.0	199	30.9%	7	–
10.00 to <100.00	29	5	87.2%	33	12.931%	816	33.1%	1.0	24	73.3%	1	–
100.00 (Default)	43	2	158.2%	47	100.000%	758	33.1%	1.0	15	33.1%	31	31
Sub-total	**1 497**	**5 198**	**91.4%**	**6 246**	**1.561%**	**95 079**	**33.1%**	**1.0**	**601**	**9.6%**	**48**	**31**

CREDIT RISK
CONTINUED

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE *continued*

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure (R'm)	Off-balance sheet exposures pre CCF (R'm)	Average CCF (%)	EAD post CRM and post-CCF (R'm)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (R'm)	RWA density (%)	EL (R'm)	Provisions (R'm)
At 31 March 2021												
SME – retail												
0.00 to <0.15	224	42	91.8%	262	0.057%	1 110	31.5%	3.5	9	3.4%	–	–
0.15 to <0.25	223	61	89.3%	278	0.192%	2 226	23.3%	2.7	27	9.7%	–	–
0.25 to <0.50	415	170	90.1%	568	0.401%	1 704	22.4%	2.6	85	14.9%	1	–
0.50 to <0.75	357	107	89.6%	453	0.640%	1 097	22.4%	2.4	88	19.5%	1	–
0.75 to <2.50	1 088	441	90.7%	1 488	1.387%	5 001	22.2%	2.5	396	26.6%	5	–
2.50 to <10.00	1 056	304	91.6%	1 335	4.245%	5 501	21.4%	2.4	436	32.7%	12	–
10.00 to <100.00	277	46	94.5%	321	15.821%	460	19.9%	2.3	134	41.7%	10	–
100.00 (Default)	63	–	0.0%	65	100.000%	105	20.8%	1.5	33	50.3%	17	17
Sub-total	**3 703**	**1 171**	**91.0%**	**4 770**	**4.166%**	**17 063**	**22.4%**	**2.5**	**1 208**	**25.3%**	**46**	**17**
Sovereign												
0.00 to <0.15	53 561	–	0.0%	53 561	0.014%	6	45.0%	2.5	5 175	9.7%	3	–
0.15 to <0.25	998	–	0.0%	998	0.226%	1	45.0%	2.5	496	49.7%	1	–
0.25 to <0.50	4 892	–	0.0%	4 892	0.327%	2	43.6%	2.5	2 835	57.9%	7	–
0.50 to <0.75	1 003	–	0.0%	1 003	0.640%	1	45.0%	2.5	825	82.2%	3	–
0.75 to <2.50	96	–	0.0%	96	1.280%	1	45.0%	2.5	103	106.5%	1	–
2.50 to <10.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	3	–	0.0%	3	100.000%	1	45.0%	2.5	–	0.0%	2	2
Sub-total	**60 553**	**–**	**0.0%**	**60 553**	**0.061%**	**10**	**44.9%**	**2.5**	**9 434**	**15.6%**	**17**	**2**
Specialised lending												
0.00 to <0.15	3 519	724	72.1%	4 041	0.096%	266	45.0%	2.5	1 008	24.9%	2	–
0.15 to <0.25	6 312	1 159	72.9%	7 158	0.192%	309	42.6%	2.5	2 494	34.8%	6	–
0.25 to <0.50	9 767	1 732	74.5%	11 057	0.395%	386	45.0%	2.5	5 978	54.1%	20	–
0.50 to <0.75	7 917	739	74.8%	8 470	0.640%	207	45.0%	2.5	5 886	69.5%	24	–
0.75 to <2.50	26 471	2 004	74.1%	27 956	1.338%	483	44.8%	2.5	24 208	86.6%	168	–
2.50 to <10.00	20 584	1 191	74.0%	21 465	3.868%	268	44.9%	2.5	24 375	113.6%	373	–
10.00 to <100.00	2 312	198	73.8%	2 458	18.230%	48	45.0%	2.5	4 557	185.4%	202	–
100.00 (Default)	2 190	–	0.0%	2 190	100.000%	14	45.0%	2.5	10 335	472.2%	213	213
Sub-total	**79 072**	**7 747**	**73.9%**	**84 793**	**4.667%**	**1 760**	**44.7%**	**2.5**	**78 841**	**93.0%**	**1 008**	**213**
Slotting exposure												
Sub-total	**6 217**	**362**	**75.0%**	**6 489**	**0.000%**	**27**	**0.0%**	**–**	**5 194**	**80.0%**	**34**	**–**
Total (all portfolios)	**331 428**	**80 187**	**74.0%**	**391 077**	**2.191%**	**132 415**	**33.9%**	**3.1**	**178 053**	**45.5%**	**2 082**	**753**

CREDIT RISK
CONTINUED

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE *continued*

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure (R'm)	Off-balance sheet exposures pre CCF (R'm)	Average CCF (%)	EAD post CRM and post-CCF (R'm)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (R'm)	RWA density (%)	EL (R'm)	Provisions (R'm)
At 31 March 2020												
Banks												
0.00 to <0.15	7 825	2 711	100.0%	10 536	0.051%	49	45.5%	2.5	2 877	27.3%	3	–
0.15 to <0.25	313	–	0.0%	313	0.226%	5	45.0%	2.5	156	49.7%	–	–
0.25 to <0.50	4 982	–	0.0%	4 982	0.453%	6	70.4%	2.5	7 210	144.7%	16	–
0.50 to <0.75	10	–	0.0%	10	0.640%	8	45.0%	2.5	10	106.7%	–	–
0.75 to <2.50	2	–	0.0%	2	1.082%	10	45.0%	2.5	2	101.4%	–	–
2.50 to <10.00	360	536	66.7%	717	2.560%	4	45.0%	2.5	1 042	145.3%	8	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
Sub-total	**13 492**	**3 247**	**94.5%**	**16 560**	**0.284%**	**82**	**53.0%**	**2.5**	**11 297**	**68.2%**	**27**	**–**
Corporate												
0.00 to <0.15	16 838	14 583	52.3%	24 462	0.074%	138	39.1%	2.5	5 321	21.8%	7	–
0.15 to <0.25	9 576	4 533	65.2%	12 530	0.200%	173	38.5%	2.5	4 819	38.5%	10	–
0.25 to <0.50	19 885	3 392	36.1%	21 109	0.417%	600	37.9%	2.5	11 835	56.1%	33	–
0.50 to <0.75	4 344	1 652	26.2%	4 776	0.640%	324	36.6%	2.5	3 127	65.5%	11	–
0.75 to <2.50	7 059	2 145	42.3%	7 966	1.350%	2 623	42.6%	2.5	7 580	95.2%	46	–
2.50 to <10.00	8 944	1 181	50.9%	9 545	3.508%	3 357	40.6%	2.5	11 481	120.3%	135	–
10.00 to <100.00	312	19	31.0%	318	24.622%	75	42.6%	2.5	620	195.2%	34	–
100.00 (Default)	657	118	70.5%	741	100.000%	26	34.1%	2.5	3 221	434.8%	15	15
Sub-total	**67 615**	**27 623**	**50.1%**	**81 447**	**1.748%**	**7 316**	**39.0%**	**2.5**	**48 004**	**58.9%**	**291**	**15**
Public sector entities												
0.00 to <0.15	3 880	700	75.0%	4 405	0.040%	6	40.8%	2.5	713	16.2%	1	–
0.15 to <0.25	2 371	–	0.0%	2 371	0.226%	1	37.7%	2.5	987	41.7%	2	–
0.25 to <0.50	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
0.50 to <0.75	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
0.75 to <2.50	855	–	0.0%	855	0.905%	1	44.5%	2.5	798	93.3%	3	–
2.50 to <10.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
Sub-total	**7 106**	**700**	**75.0%**	**7 631**	**0.195%**	**8**	**40.3%**	**2.5**	**2 498**	**32.7%**	**6**	**–**

CREDIT RISK
CONTINUED

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE *continued*

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure (R'm)	Off-balance sheet exposures pre CCF (R'm)	Average CCF (%)	EAD post CRM and post-CCF (R'm)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (R'm)	RWA density (%)	EL (R'm)	Provisions (R'm)
At 31 March 2020												
Retail – mortgages												
0.00 to <0.15	24 684	12 293	95.7%	36 453	0.055%	16 244	11.3%	4.9	633	1.7%	2	–
0.15 to <0.25	8 090	3 620	95.5%	11 550	0.195%	4 601	11.4%	4.8	557	4.8%	3	–
0.25 to <0.50	5 582	2 235	96.9%	7 747	0.382%	3 030	11.4%	4.8	618	8.0%	3	–
0.50 to <0.75	6 598	1 803	97.0%	8 346	0.640%	3 481	11.3%	4.9	944	11.3%	6	–
0.75 to <2.50	13 364	2 973	99.2%	16 315	1.330%	6 770	11.3%	4.7	3 007	18.4%	25	–
2.50 to <10.00	11 349	2 895	100.4%	14 255	3.995%	6 259	11.3%	4.7	4 871	34.2%	64	–
10.00 to <100.00	2 207	168	110.9%	2 393	15.965%	1 048	11.3%	4.5	1 448	60.5%	43	–
100.00 (Default)	931	85	122.4%	1 035	100.000%	487	12.1%	4.7	203	19.6%	226	226
Sub-total	**72 805**	**26 072**	**97.0%**	**98 094**	**2.375%**	**41 920**	**11.3%**	**4.8**	**12 281**	**12.5%**	**372**	**226**
Retail – other												
0.00 to <0.15	1 943	391	60.0%	2 178	0.058%	6 265	30.5%	3.3	112	5.1%	–	–
0.15 to <0.25	436	74	69.1%	487	0.186%	1 217	28.2%	3.0	56	11.5%	–	–
0.25 to <0.50	343	88	61.7%	397	0.375%	942	28.0%	3.2	72	18.0%	–	–
0.50 to <0.75	394	55	51.8%	423	0.640%	1 329	31.6%	3.4	116	27.5%	1	–
0.75 to <2.50	680	85	58.2%	729	1.325%	2 279	29.9%	3.3	259	35.5%	3	–
2.50 to <10.00	526	43	75.4%	558	4.194%	1 471	27.0%	2.8	230	41.2%	6	–
10.00 to <100.00	66	5	114.9%	72	13.019%	186	25.6%	2.4	36	50.3%	2	–
100.00 (Default)	30	1	128.6%	31	100.000%	298	25.1%	2.6	7	22.6%	22	22
Sub-total	**4 418**	**742**	**61.6%**	**4 875**	**1.644%**	**13 987**	**29.6%**	**3.2**	**888**	**18.2%**	**34**	**22**
Retail – revolving credit												
0.00 to <0.15	98	2 569	92.7%	2 480	0.066%	34 608	33.1%	1.0	36	1.5%	1	–
0.15 to <0.25	114	624	91.5%	686	0.189%	9 520	33.1%	1.0	25	3.6%	–	–
0.25 to <0.50	102	525	91.7%	583	0.381%	9 006	33.1%	1.0	37	6.3%	1	–
0.50 to <0.75	201	329	89.0%	494	0.640%	5 748	33.1%	1.0	47	9.5%	1	–
0.75 to <2.50	694	769	87.7%	1 368	1.388%	16 047	33.1%	1.0	234	17.1%	6	–
2.50 to <10.00	409	329	87.7%	697	3.201%	9 067	33.1%	1.0	216	31.0%	7	–
10.00 to <100.00	31	7	86.5%	38	13.981%	705	33.1%	1.0	28	75.7%	2	–
100.00 (Default)	45	1	151.2%	47	100.000%	770	33.1%	1.0	7	15.2%	34	34
Sub-total	**1 694**	**5 153**	**91.2%**	**6 393**	**1.597%**	**85 471**	**33.1%**	**1.0**	**630**	**9.9%**	**52**	**34**

CREDIT RISK
CONTINUED

CR6: IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PROBABILITY OF DEFAULT (PD) RANGE *continued*

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure (R'm)	Off-balance sheet exposures pre CCF (R'm)	Average CCF (%)	EAD post CRM and post-CCF (R'm)	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (R'm)	RWA density (%)	EL (R'm)	Provisions (R'm)
At 31 March 2020												
SME – retail												
0.00 to <0.15	114	43	64.0%	142	0.094%	927	23.0%	2.9	8	5.7%	–	–
0.15 to <0.25	218	76	87.0%	284	0.195%	1 990	21.8%	2.6	26	9.2%	–	–
0.25 to <0.50	388	142	85.9%	510	0.402%	1 453	24.0%	2.6	82	16.0%	–	–
0.50 to <0.75	269	63	93.4%	328	0.640%	968	24.1%	2.7	69	21.0%	1	–
0.75 to <2.50	1 175	416	90.0%	1 550	1.351%	4 361	22.3%	2.5	411	26.5%	5	–
2.50 to <10.00	1 484	373	89.9%	1 819	4.158%	4 681	21.4%	2.6	591	32.5%	16	–
10.00 to <100.00	294	39	97.5%	332	15.551%	436	19.9%	2.6	137	41.3%	10	–
100.00 (Default)	25	4	109.2%	29	100.000%	113	20.9%	1.8	7	24.4%	10	10
Sub-total	**3 967**	**1 156**	**88.8%**	**4 994**	**3.644%**	**14 929**	**22.1%**	**2.6**	**1 331**	**26.7%**	**42**	**10**
Sovereign												
0.00 to <0.15	61 256	–	0.0%	61 256	0.010%	4	45.0%	2.5	4 911	8.0%	3	–
0.15 to <0.25	5 873	–	0.0%	5 873	0.160%	1	45.0%	2.5	2 416	41.1%	4	–
0.25 to <0.50	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
0.50 to <0.75	403	–	0.0%	403	0.640%	3	37.0%	2.5	273	67.6%	1	–
0.75 to <2.50	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
2.50 to <10.00	154	–	0.0%	154	5.120%	1	45.0%	2.5	247	160.1%	4	–
10.00 to <100.00	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
100.00 (Default)	–	–	0.0%	–	0.000%	–	0.0%	–	–	0.0%	–	–
Sub-total	**67 686**	**–**	**0.0%**	**67 686**	**0.038%**	**9**	**44.9%**	**2.5**	**7 847**	**11.6%**	**12**	**–**
Specialised lending												
0.00 to <0.15	4 196	830	72.6%	4 798	0.095%	298	44.8%	2.5	1 176	24.5%	2	–
0.15 to <0.25	7 422	1 176	74.6%	8 299	0.199%	339	45.0%	2.5	3 048	36.7%	7	–
0.25 to <0.50	10 702	1 127	74.1%	11 538	0.395%	360	44.9%	2.5	6 062	52.5%	20	–
0.50 to <0.75	5 836	621	73.1%	6 290	0.640%	211	45.0%	2.5	4 183	66.5%	18	–
0.75 to <2.50	24 966	2 197	74.4%	26 600	1.261%	421	44.8%	2.5	22 870	86.0%	150	–
2.50 to <10.00	18 028	920	73.0%	18 700	3.919%	246	44.9%	2.5	21 456	114.7%	329	–
10.00 to <100.00	1 894	161	73.4%	2 013	17.614%	51	45.0%	2.5	3 753	186.5%	160	–
100.00 (Default)	562	55	0.0%	562	100.000%	14	45.0%	2.5	2 232	397.1%	98	98
Sub-total	**73 606**	**7 087**	**73.3%**	**78 800**	**2.654%**	**1 940**	**44.9%**	**2.5**	**64 780**	**82.2%**	**784**	**98**
Slotting exposure												
Sub-total	**6 341**	**777**	**75.0%**	**6 924**	**0.000%**	**28**	**0.0%**	**–**	**5 724**	**82.7%**	**40**	**–**
Total (all portfolios)	**318 730**	**72 557**	**75.3%**	**373 404**	**1.686%**	**118 699**	**33.5%**	**3.0**	**155 280**	**41.6%**	**1 660**	**405**

CREDIT RISK
CONTINUED

The purpose of the below table is to Illustrate the effect of credit derivatives on the IRB approach capital requirements' calculations.

CR7: IRB – EFFECT ON RWA OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES

		a	**b**	a	b
		31 March 2021		31 March 2020	
R'million		**pre-credit derivatives RWA(2)**	**Actual RWA(3)**	pre-credit derivatives RWA	Actual RWA
1	Sovereign – FIRB(1)	11 402	11 402	10 345	10 345
3	Banks – FIRB	17 938	17 938	11 297	11 297
5	Corporate – FIRB	128 603	128 603	112 784	112 784
9	Retail – qualifying revolving (QRRE)	601	601	630	630
10	Retail – residential mortgage exposures	12 500	12 500	12 281	12 281
11	Retail –SME	1 207	1 207	1 331	1 331
12	Other retail exposures	608	608	888	888
17	**Total**	**172 859**	**172 859**	**149 556**	**149 556**
	Slotting exposure	5 194	5 194	5 724	5 724
	Total including slotting exposure	**178 053**	**178 053**	**155 280**	**155 280**

(1) The wholesale portfolios were measured under F-IRB for the period under review and rows related to the A-IRB has therefore been excluded from the table.
(2) The pre-credit derivatives RWA, before taking account of credit derivatives mitigation effect, has been selected to assess the impact of credit derivatives on RWA. This is irrespective of how the CRM technique feeds into the RWA calculation.
(3) RWA excludes risk weighted assets related to CCR exposures, equity exposures and securitisation exposures.

The purpose of this table is to present a flow statement explaining variations in the credit risk-weighted assets (RWA) determined under the IRB approach.

CR8: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER IRB

		a	a	a	a	a
R'million		**31 March 2021**	31 December 2020	30 September 2020	30 June 2020	31 March 2020
1	RWA as at end of previous reporting period(1)	**165 935**	**165 108**	**156 673**	**155 280**	**156 769**
2	Asset size	2 231	(4 054)	(1 186)	591	(3 409)
3	Asset quality	6 305	758	6 289	1 568	(3 631)
4	Model updates	–	–	–	–	–
5	Methodology and policy	–	–	–	–	–
6	Acquisitions and disposals	2 512	6 373	4 775	(948)	3 134
7	Foreign exchange movements	1 070	(2 250)	(1 443)	182	2 417
8	Other	–	–	–	–	–
9	RWA as at end of reporting period	**178 053**	**165 935**	**165 108**	**156 673**	**155 280**

(1) The table above excludes risk weighted asset movements related to CCR exposures.

CREDIT RISK
CONTINUED

CRE: Qualitative disclosures related to IRB models

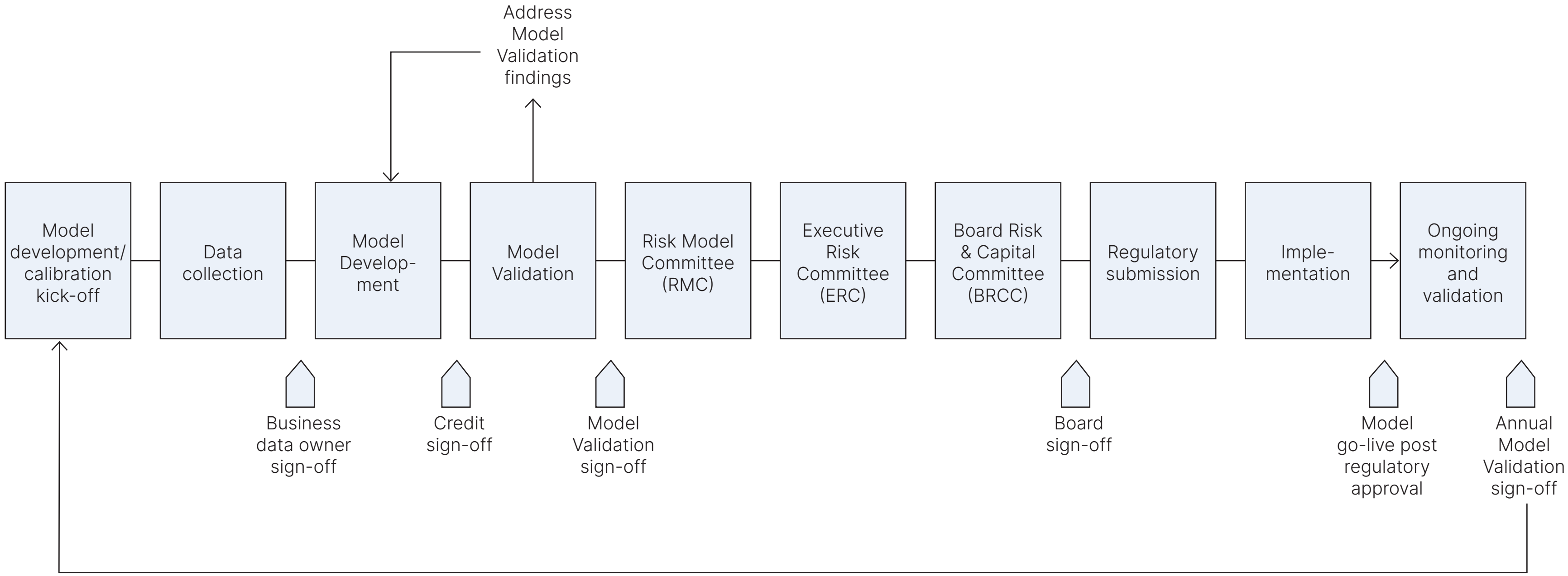
Credit risk approaches across Investec Bank

Credit systems are in place for the AIRB, FIRB and TSA approaches, to calculate credit RWA under Basel III, together with sound governance processes to ensure that credit ratings are applied consistently across the bank. Investec Bank, make up circa 98% of the total credit extended by the group and are on the AIRB, FIRB approach. The risk estimates generated from internal models are used across the credit process in the business. Conservative AIRB variables are used to estimate internal economic capital for deals on TSA. The bank use ratings from eligible External Credit Assessment Institutions (ECAIs) or Export Credit Agencies (ECA) where applicable for deals on the TSA approach.

Credit risk assessment

The bank's approach to capital management utilises both regulatory capital and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate given the level of risk taken at an individual transaction or business unit level.

The diagram shows the internal model development lifecycle: controls and changes, role functions involved in development, approvals and subsequent enhancements required to credit risk models.



CREDIT RISK
CONTINUED

Investec's Credit Rating Policy governs all the credit rating models utilised in Investec Bank Limited group as part of the credit risk management and decision-making process. The objective of this policy is to set out the basic governance around how the credit model outputs are derived, updated, used and monitored. The following are part of the credit rating model governance process:

- **Credit:** The Credit function ensures that all relevant risk drivers are taken into account during the model development process, and that the inherent model assumptions and model limitations are understood and considered acceptable. The Credit function confirms that the model will produce outputs that will inform credit decisions at origination and throughout ongoing credit risk monitoring.
- **Risk Model Committee (RMC)** is mandated by the IBL Board Risk and Capital Committee (IBL BRCC) to ensure the soundness of models used in risk management processes, including the calculation of impairments, regulatory and internal capital.
- **IBL Executive Risk Committee (IBL ERC):** IBL ERC is mandated by the Board of Directors of IBL to be the Executive Risk Committee of the Bank. IBL ERC reviews credit rating models and makes the necessary recommendation to the IBL BRCC with regard to the approval thereof.
- **IBL Board Risk and Capital Committee (IBL BRCC):** The Board of IBL has delegated risk management oversight of the Bank to the IBL BRCC. This is the most senior Risk Management Committee of the Bank and comprises both executive and non-executive membership. IBL BRCC approves all material aspects of the Bank's rating and risk estimation processes as set out in the Banks Act Regulations.

Group Risk Management is responsible for the independent validation and second line monitoring of credit rating models. The model validation unit forms part of the Group Risk function with reporting lines up to the CRO. The model development team, responsible for the development of the AIRB models, reports to the Finance Director. Therefore, for credit risk models, the development and validation teams have independent reporting lines up to an executive level.

Members of the validation unit are restricted from having any direct involvement with the development of models. Indirect involvement, such as advising on regulatory requirements or limitations of a certain methodology or approach, is encouraged to avoid rejection of models based on faulty methodology or non-compliance with the minimum standards.

All models are subjected to initial validation prior to acceptance and implementation. Once implemented, the implementation is reviewed to ensure that the model has been implemented as built and that it is processing data correctly.

Models may be implemented for internal risk assessment prior to being used in the calculation of regulatory capital. The performance of all implemented models are monitored on an ongoing basis. Finally, any re-calibration or re-build of a model will require a separate validation process.

Credit risk measurement and methodology
The bank's AIRB, FIRB credit methodology is materially implemented across all major credit portfolios. Under this methodology credit risk is essentially measured by several components:

Probability of Default (PD): measures the likelihood of a client defaulting on credit obligations within the next 12 months. Basel III requires that banks use a through the cycle (TTC) PD which will limit volatility.

Loss Given Default (LGD): is the economic loss the bank expects to incur on a facility should the client default. Basel III requires that banks use downturn LGD (LGD) estimates in regulatory capital calculations, as PD and LGD may be correlated. LGD measures the losses expected during economic downturn conditions.

Exposure at Default (EAD): quantifies the expected exposure on a facility at the time of default. EAD models consider the likelihood that a client would draw down against available facilities in the period leading up to default.

Expected loss (EL) is a 12-month estimate based on the long-run annual average level of credit losses through a full credit cycle based on historical data. LGD is calculated using data during the downturn period, whereas the PD is determined using TTC data.

The credit risk parameters, together with the relevant Basel III capital requirement formulas per asset class and the effective maturity calculation where required, culminate in the minimum regulatory capital requirements for credit risk.

Retail models are developed using a statistical scorecard-based methodology, primarily driven by the client's account behaviour characteristics and credit bureau information. Wholesale models on the other hand use a combination of statistical regression-based scorecards, external data (where available and deemed representative) and expert judgement. Model inputs are typically a combination of quantitative financial information and qualitative inputs.

Whenever possible, PD and downturn LGD models are calibrated to long run observed default and loss rates, ensuring that capital estimates meet regulatory requirements. For low-default portfolios where internal default and loss data is scarce or non-existent, representative external benchmarks and specific low-default portfolio calibration techniques are included to ensure appropriate calibration points.

CREDIT RISK
CONTINUED

The table below provides an overview of the rating approaches adopted across the various portfolios:

Portfolios	Number of models	Type of model	Modelling Framework
Corporate & SME Corporate	2	PD	Regression based scorecard model developed on a combination of internal data, external data (where available and representative) and expert judgment. Model inputs are a combination of quantitative financial information and qualitative inputs.
Specialised Lending	1	PD	Simulation based cashflow model that measures debt service of interest and capital relative to the available income.
Bank & Sovereigns	2	PD	Regression based scorecard model developed on a combination of internal data, external data (where available and representative) and expert judgment. Model inputs are a combination of quantitative financial information and qualitative inputs.
Insurance	1	PD	Regression based scorecard model developed on a combination of internal data, external data (where available and representative) and expert judgment. Model inputs are a combination of quantitative financial information and qualitative inputs.
Retail	5	PD	Statistical scorecard models that use internal account behaviour characteristics of the client as well as credit bureau characteristics (where available) to determine a client specific PD which is calibrated to the observed long-run default rates.
		LGD	LGDs are derived by discounting the amount recovered on secured and unsecured claims across different resolution. The economic loss as a percentage of the exposure at default is measured as the LGD.
		EAD	EADs are derived by considering the facilities current credit limit and applying a credit conversion factor to estimate the likelihood of further drawdowns prior to default. Credit conversion factors are based on a combination of internal data, external data (where available and representative) and expert judgment.

CREDIT RISK
CONTINUED

CR9: IRB – BACKTESTING OF PD PER PORTFOLIO

The purpose of the table below is to provide backtesting data to validate the reliability of PD calculations. In particular, the template compares the PD used in IRB capital calculations with the effective default rates of bank obligors.

At 31 March 2021

a	b	c	d	e	f		g	h	i
					Number of obligors(3)				
portfolio	PD Range	External rating equivalent	Weighted average PD(1)	Arithmetic average PD by obligors(2)	End of previous year	End of the year	Defaulted obligors in the year(4)	of which: new defaulted obligors in the year(5)	Average historical annual default rate(6)
Banks	0.00 to <0.15	AAA+,AA+	0.058%	0.056%	49	55	–	–	0.000%
	0.15 to <0.25	AA	0.226%	0.226%	5	3	–	–	0.000%
	0.25 to <0.50	AA-/A+	0.320%	0.320%	6	4	–	–	0.000%
	0.50 to <0.75	A	0.640%	0.640%	8	10	–	–	0.000%
	0.75 to <2.50	A-/BBB+	1.789%	1.432%	10	9	–	–	0.000%
	2.50 to <10.00	BBB to BB	3.617%	3.196%	4	5	–	–	0.000%
	10.00 to <100.00	BB- and below	0.000%	0.000%	–	–	–	–	0.000%
	100.00 (Default)	Default	0.000%	0.000%	–	–			
Sub-total			**0.200%**	**0.504%**	**82**	**80**	**–**	**–**	**0.000%**
Corporate	0.00 to <0.15	AAA+,AA+	0.079%	0.065%	138	540	1	–	0.060%
	0.15 to <0.25	AA	0.184%	0.197%	173	281	1	–	0.580%
	0.25 to <0.50	AA-/A+	0.395%	0.409%	600	786	–	–	0.000%
	0.50 to <0.75	A	0.640%	0.640%	324	424	1	–	0.049%
	0.75 to <2.50	A-/BBB+	1.274%	1.329%	2 623	2 773	9	1	0.189%
	2.50 to <10.00	BBB to BB	3.791%	3.832%	3 357	3 589	21	3	0.557%
	10.00 to <100.00	BB- and below	22.860%	15.819%	75	98	7	–	6.259%
	100.00 (Default)	Default	100.000%	100.000%	26	39			
Sub-total			**2.020%**	**2.779%**	**7 316**	**8 484**	**40**	**4**	**0.362%**
Public sector entities	0.00 to <0.15	AAA+,AA+	0.023%	0.042%	6	6	–	–	0.000%
	0.15 to <0.25	AA	0.226%	0.226%	1	1	–	–	0.000%
	0.25 to <0.50	AA-/A+	0.000%	0.000%	–	–	–	–	0.000%
	0.50 to <0.75	A	0.640%	0.640%	–	1	–	–	0.000%
	0.75 to <2.50	A-/BBB+	1.810%	1.810%	1	1	–	–	0.000%
	2.50 to <10.00	BBB to BB	0.000%	0.000%	–	–	–	–	0.000%
	10.00 to <100.00	BB- and below	0.000%	0.000%	–	–	–	–	0.000%
	100.00 (Default)	Default	0.000%	0.000%	–	–			
Sub-total			**0.343%**	**0.418%**	**8**	**7**	**–**	**–**	**0.000%**

(1) Weighted average PD – the EAD weighted PD as reported in template CR6
(2) Arithmetic average PD by obligors – PD within range divided by number of obligors within the range;
(3) Number of obligors – the number of obligors within the PD range at the beginning and end of the observation period.
(4) Defaulted obligors in the year – the total number of obligors in default at any point within the observation period.
(5) New obligors defaulted in the year – the number of obligors that were new during the observation period and went into default within the observation period.
(6) Average historical annual default rate – an average of the previous 2 years' annual default rates since the inception of reporting on the IRB approach.

CREDIT RISK
CONTINUED

CR9: IRB – BACKTESTING OF PD PER PORTFOLIO *continued*

At 31 March 2021

a	b	c	d	e	f		g	h	i
					Number of obligors				
portfolio	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate
Retail – mortgages	0.00 to <0.15	AAA+,AA+	0.055%	0.054%	16 244	17 599	–	–	0.003%
	0.15 to <0.25	AA	0.193%	0.193%	4 601	4 973	–	–	0.020%
	0.25 to <0.50	AA-/A+	0.386%	0.384%	3 030	3 652	3	–	0.070%
	0.50 to <0.75	A	0.640%	0.640%	3 481	3 568	2	1	0.026%
	0.75 to <2.50	A-/BBB+	1.320%	1.328%	6 770	7 029	13	2	0.142%
	2.50 to <10.00	BBB to BB	4.025%	3.991%	6 259	5 881	39	–	0.770%
	10.00 to <100.00	BB- and below	15.450%	15.992%	1 048	1 113	325	5	23.741%
	100.00 (Default)	Default	100.000%	100.000%	487	531			
Sub-total			**2.371%**	**2.473%**	**41 920**	**44 195**	**382**	**8**	**0.810%**
Retail – other	0.00 to <0.15	AAA+,AA+	0.062%	0.060%	6 265	2 825	–	–	0.013%
	0.15 to <0.25	AA	0.187%	0.188%	1 217	706	–	–	0.000%
	0.25 to <0.50	AA-/A+	0.373%	0.376%	942	579	1	–	0.214%
	0.50 to <0.75	A	0.640%	0.640%	1 329	508	5	1	0.161%
	0.75 to <2.50	A-/BBB+	1.344%	1.316%	2 279	1 058	2	–	0.128%
	2.50 to <10.00	BBB to BB	4.233%	4.119%	1 471	767	8	–	0.771%
	10.00 to <100.00	BB- and below	13.889%	14.666%	186	149	96	3	31.057%
	100.00 (Default)	Default	100.000%	100.000%	298	320			
Sub-total			**2.163%**	**5.737%**	**13 987**	**6 900**	**112**	**4**	**0.649%**
Retail – revolving credit	0.00 to <0.15	AAA+,AA+	0.066%	0.065%	34 608	38 039	–	–	0.011%
	0.15 to <0.25	AA	0.192%	0.201%	9 520	11 447	2	–	0.039%
	0.25 to <0.50	AA-/A+	0.379%	0.377%	9 006	11 095	5	–	0.074%
	0.50 to <0.75	A	0.640%	0.640%	5 748	6 415	6	–	0.053%
	0.75 to <2.50	A-/BBB+	1.361%	1.317%	16 047	17 741	19	2	0.137%
	2.50 to <10.00	BBB to BB	3.180%	3.603%	9 067	9 467	564	36	5.855%
	10.00 to <100.00	BB- and below	12.931%	12.954%	705	816	421	18	34.457%
	100.00 (Default)	Default	100.000%	100.000%	770	758			
Sub-total			**1.561%**	**1.650%**	**85 471**	**95 079**	**1 017**	**56**	**1.141%**

CREDIT RISK
CONTINUED

CR9: IRB – BACKTESTING OF PD PER PORTFOLIO *continued*
At 31 March 2021

a	b	c	d	e	f		g	h	i
					Number of obligors				
Portfolio	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate
SME – retail	0.00 to <0.15	AAA+,AA+	0.057%	0.083%	927	1 110	–	–	0.000%
	0.15 to <0.25	AA	0.192%	0.181%	1 990	2 226	–	–	0.000%
	0.25 to <0.50	AA-/A+	0.401%	0.399%	1 453	1 704	–	–	0.000%
	0.50 to <0.75	A	0.640%	0.640%	968	1 097	–	–	0.067%
	0.75 to <2.50	A-/BBB+	1.387%	1.340%	4 361	5 001	10	–	0.236%
	2.50 to <10.00	BBB to BB	4.245%	3.912%	4 681	5 501	87	7	1.692%
	10.00 to <100.00	BB- and below	15.821%	15.986%	436	460	30	2	6.002%
	100.00 (Default)	Default	100.000%	100.000%	113	105			
Sub-total			**4.166%**	**2.810%**	**14 929**	**17 063**	**127**	**9**	**0.919%**
Sovereign	0.00 to <0.15	AAA+,AA+	0.014%	0.014%	4	6	2	1	14.286%
	0.15 to <0.25	AA	0.226%	0.226%	1	1	–	–	0.000%
	0.25 to <0.50	AA-/A+	0.327%	0.387%	–	2	–	–	0.000%
	0.50 to <0.75	A	0.640%	0.640%	3	1	–	–	0.000%
	0.75 to <2.50	A-/BBB+	1.280%	1.280%	–	1	–	–	0.000%
	2.50 to <10.00	BBB to BB	0.000%	0.000%	1	–	–	–	0.000%
	10.00 to <100.00	BB- and below	0.000%	0.000%	–	–	–	–	0.000%
	100.00 (Default)	Default	100.000%	100.000%	–	1			
Sub-total			**0.061%**	**10.300%**	**9**	**10**	**2**	**1**	**9.091%**
Specialised lending	0.00 to <0.15	AAA+,AA+	0.096%	0.095%	298	266	–	–	0.430%
	0.15 to <0.25	AA	0.192%	0.192%	339	309	1	–	0.287%
	0.25 to <0.50	AA-/A+	0.395%	0.390%	360	386	–	–	0.134%
	0.50 to <0.75	A	0.640%	0.640%	211	207	3	–	0.798%
	0.75 to <2.50	A-/BBB+	1.338%	1.304%	421	483	2	–	0.694%
	2.50 to <10.00	BBB to BB	3.868%	3.981%	246	268	2	–	0.391%
	10.00 to <100.00	BB- and below	18.230%	18.698%	51	48	–	–	0.000%
	100.00 (Default)	Default	100.000%	100.000%	14	14	–	–	0.000%
Sub-total			**4.667%**	**2.478%**	**1 940**	**1 760**	**8**	**–**	**0.423%**

CREDIT RISK
CONTINUED

CR10: IRB (SPECIALISED LENDING AND EQUITIES UNDER THE SLOTTING APPROACH)

The purpose of the table below is to provide quantitative disclosures of the group's specialised lending – slotting approach and equity exposures using the simple risk-weight approach.

R'million		Specialised lending – slotting approach							
		Other than HVCRE[3]							
					Exposure amount				
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	PF[1]	OF[2]	Total	RWA	Expected losses
At 31 March 2021									
Strong	Less than 2.5 years	623	56	70%	653	12	665	494	3
	Equal to or more than 2.5 years	3 880	289	70%	4 096	–	4 096	3 040	16
Good	Less than 2.5 years	–	–	90%	–	–	–	–	–
	Equal to or more than 2.5 years	1 666	18	90%	1 604	76	1 680	1 602	13
Satisfactory		48	–	115%	–	48	48	58	1
Weak		–	–	250%	–	–	–	–	–
Default		–	–	–	–	–	–	–	–
Total		6 217	363		6 353	136	6 489	5 194	33
At 31 March 2020									
Strong	Less than 2.5 years	646	65	70%	678	17	695	515	3
	Equal to or more than 2.5 years	3 168	492	70%	3 476	62	3 538	2 625	14
Good	Less than 2.5 years	–	17	90%	13	–	13	12	–
	Equal to or more than 2.5 years	2 467	203	90%	2 620	–	2 620	2 499	21
Satisfactory		59	–	115%	–	59	59	73	2
Weak		–	–	250%	–	–	–	–	–
Default		–	–	–	–	–	–	–	–
Total		**6 340**	**777**		**6 787**	**138**	**6 925**	**5 724**	**40**

(1) PF: Specialised lending – Project finance asset class
(2) OF: Specialised lending – Object finance asset class
(3) High-volatility commercial real estate (HVCRE) exposures are measured under the Standardised approach for credit risk and are therefore excluded from table CR10.

R'million	Investec Limited group			Investec Bank Limited group		
	Exposure amount	RW%	RWA	Exposure amount	RW%	RWA
At 31 March 2021						
Listed	3 479	318%	11 063	426	318%	1 355
Unlisted	3 387	424%	14 363	2 029	424%	8 604
Total	**6 866**		**25 426**	**2 455**		**9 959**
At 31 March 2020						
Listed	3 921	318%	12 469	1 487	318%	4 729
Unlisted	4 236	424%	17 959	2 425	424%	10 281
Total	**8 157**		**30 428**	**3 912**		**15 010**

COUNTERPARTY CREDIT RISK

Counterparty credit risk

CCRA: QUALITATIVE DISCLOSURE RELATED TO COUNTERPARTY CREDIT RISK

Refer to page 24 of volume two of the Investec DLC 2021 integrated annual report for additional information on the main characteristics of counterparty credit risk management.

The relevant credit committees considers wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction, or guarantor, is positively correlated with the probability of default of the borrower or counterparty. For counterparty credit risk resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together. SA-CCR replaced the CEM-CCR methodology to calculate capital requirements for derivatives from 1 January 2021.

The purpose of the table below is to provide a view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH

		a	b	d	e	f
R'million		**Replacement cost[(1)]**	**Potential future exposure**	**Alpha used for computing regulatory EAD[(3)]**	**EAD post-CRM**	**RWA**
At 31 March 2021[(4)]						
1	SA-CCR (for derivatives)[(2)]	5 020	4 510	1.4	13 341	7 380
4	Comprehensive Approach for credit risk mitigation (for SFTs)[(5)]				673	155
6	**Total**					**7 535**
At 31 March 2020						
1	CEM (for derivatives)	13 006	3 712	1	13 594	7 539
4	Comprehensive Approach for credit risk mitigation (for SFTs)				2 677	1 202
6	**Total**					**8 741**

(1) Replacement cost in column (a) is reported as the net replacement cost where ISDA agreements exist.
(2) Counterparty credit risk exposures reported above include OTC derivative exposures but exclude CVA charges or exposures cleared through a CCP.
(3) Alpha change related to regulatory EAD is in line with SA-CCR requirements.
(4) Rows 3 and 4 are excluded as the bank does not apply the IMM for derivatives nor the simple approach for SFTs.
(5) SFT exposures are mainly as a result of repurchase and resale agreements.

Credit valuation adjustment (CVA) in the regulatory context is a capital charge to take into account possible volatility in the value of derivative instruments due to changes in the credit quality of the bank's counterparty. Exchange traded and centrally cleared derivatives are exempt from the CVA capital charge due to the fact that the exchange or clearing house takes on the credit risk of the transaction and as such there should be no volatility. We currently apply the standardised approach to the calculation of the CVA capital requirement. The Investec Bank Limited group's exposure to unexpected changes to the CVA reserve is generally expected to be low, as the trading of OTC derivatives is predominantly for hedging purposes and transacted with high credit quality financial counterparties largely on a collateralised basis.

COUNTERPARTY CREDIT RISK
CONTINUED

The purpose of this table below is to provide the CVA regulatory calculations.

CCR2: CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE

		a	b	a	b
		31 March 2021		31 March 2020	
R'million		**EAD post-CRM**	**RWA**	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge					
3	All portfolios subject to the Standardised CVA capital charge	12 637	5 892	7 605	2 363
4	**Total subject to the CVA capital charge**	**12 637**	**5 892**	**7 605**	**2 363**

(1) Rows 1 and 2 are excluded from the above table as the group does not apply the Advanced Approach for the CVA charge.
(2) The increase in EAD for the CVA capital charge is mainly due to the new SA-CCR methodology.

The purpose of this table below is to provide a breakdown of counterparty credit risk exposures calculated according to the standardised approach: by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardised approach).

CCR3: STANDARDISED APPROACH OF CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS(1)

	a	c	d	f	g	i
R'million	**0%**	**20%**	**50%**	**100%**	**150%**	**Total credit exposure**
At 31 March 2021						
Regulatory portfolio						
Banks	–	937	441	26	–	1 404
Securities firms	–	–	123	–	–	123
Corporates	–	97	–	2 451	–	2 548
Total	**–**	**1 034**	**564**	**2 477**	**–**	**4 075**
31 March 2020						
Regulatory portfolio						
Banks	388	32	291	148	20	879
Securities firms	–	–	6	2	–	8
Corporates	51	4	380	3 087	7	3 529
Total	**439**	**36**	**677**	**3 237**	**27**	**4 416**

(1) Column b is excluded as the group does not have exposures risk-weighted at 10%.

COUNTERPARTY CREDIT RISK
CONTINUED

The purpose of the table below is to provide all relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB models.

CCR4: IRB – CCR EXPOSURES BY PORTFOLIO AND PD SCALE

		a	b	c	d	e	f	g
R'million	**PD Scale**	**EAD post-CRM (R'm)**	**average PD (%)**	**Number of obligors[2]**	**Average LGD (%)**	**Average maturity (years)[1]**	**RWA (R'm)**	**RWA density (%)**
At 31 March 2021								
Banks	0.00 to <0.15	3 472	0.053%	35	45.0%	2.2	825	23.8%
	0.15 to <0.25	13	0.226%	2	45.0%	2.5	8	58.0%
	0.25 to <0.50	59	0.320%	2	18.0%	2.5	19	31.5%
	0.50 to <0.75	98	0.640%	8	19.6%	2.5	46	46.6%
	0.75 to <2.50	15	1.693%	2	45.0%	2.5	17	115.2%
	2.50 to <10.00	–	7.241%	1	45.0%	2.5	1	181.3%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**3 657**	**0.081%**	**50**	**43.9%**	**2.2**	**916**	**25.0%**
Corporate	0.00 to <0.15	906	0.061%	29	45.0%	2.4	195	21.5%
	0.15 to <0.25	1 483	0.196%	32	45.0%	2.5	680	45.8%
	0.25 to <0.50	1 211	0.362%	39	45.0%	2.5	763	63.0%
	0.50 to <0.75	2 457	0.640%	24	37.0%	2.5	1 658	67.5%
	0.75 to <2.50	541	1.352%	29	45.0%	2.5	566	104.5%
	2.50 to <10.00	27	2.764%	18	45.0%	2.5	34	124.2%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**6 625**	**0.478%**	**171**	**42.0%**	**2.5**	**3 896**	**58.8%**
Public sector entities	0.00 to <0.15	133	0.080%	1	45.0%	2.5	37	27.6%
	0.15 to <0.25	13	0.226%	1	45.0%	2.5	7	49.7%
	0.25 to <0.50	–	0.000%	–	0.0%	–	–	0.0%
	0.50 to <0.75	–	0.000%	–	0.0%	–	–	0.0%
	0.75 to <2.50	–	0.000%	–	0.0%	–	–	0.0%
	2.50 to <10.00	862	3.617%	2	45.0%	2.5	1 238	143.6%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**1 008**	**3.107%**	**4**	**45.0%**	**2.5**	**1 282**	**127.1%**
Sovereign	0.00 to <0.15	1 175	0.014%	1	45.0%	2.5	114	9.7%
	0.15 to <0.25	–	0.000%	–	0.0%	–	–	0.0%
	0.25 to <0.50	1 181	0.320%	1	29.5%	2.5	460	39.0%
	0.50 to <0.75	–	0.000%	–	0.0%	–	–	0.0%
	0.75 to <2.50	–	0.000%	–	0.0%	–	–	0.0%
	2.50 to <10.00	–	0.000%	–	0.0%	–	–	0.0%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**2 356**	**0.167%**	**2**	**37.2%**	**2.5**	**574**	**24.4%**
Total (all portfolios)		**13 646**	**0.512%**	**214**	**41.9%**	**2.4**	**6 668**	**48.8%**

(1) Average maturity represents the obligor maturity in years, weighted by EAD, as used in the RWA calculation.
(2) Represents the number of unique obligors. The total number of unique obligors will not equal the sum of the obligors in the underlying asset classes since an obligor may be present in more than one asset class

COUNTERPARTY CREDIT RISK
CONTINUED

CCR4: IRB – CCR EXPOSURES BY PORTFOLIO AND PD SCALE *continued*

		a	b	c	d	e	f	g
R'million	PD Scale	EAD post-CRM (R'm)	average PD (%)	Number of obligors	Average LGD (%)	Average maturity (years)	RWA (R'm)	RWA density (%)
At 31 March 2020								
Banks	0.00 to <0.15	3 915	0.047%	32	29.2%	1.8	706	18.0%
	0.15 to <0.25	185	0.161%	5	27.7%	2.5	63	34.1%
	0.25 to <0.50	53	0.453%	2	12.3%	2.5	34	63.3%
	0.50 to <0.75	1	0.640%	1	0.0%	2.5	–	0.0%
	0.75 to <2.50	–	1.280%	1	18.0%	2.5	–	106.5%
	2.50 to <10.00	–	0.000%	–	0.0%	–	–	0.0%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**4 154**	**0.058%**	**41**	**28.9%**	**1.8**	**803**	**19.3%**
Corporate	0.00 to <0.15	1 241	0.073%	25	40.7%	2.5	316	25.4%
	0.15 to <0.25	1 820	0.205%	28	31.2%	2.5	677	37.2%
	0.25 to <0.50	3 502	0.447%	53	39.9%	2.5	2 198	62.8%
	0.50 to <0.75	431	0.640%	17	38.0%	2.5	323	74.9%
	0.75 to <2.50	209	1.045%	19	34.5%	2.5	189	90.6%
	2.50 to <10.00	61	2.588%	9	38.7%	2.5	80	131.4%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**7 264**	**0.369%**	**151**	**37.6%**	**2.5**	**3 783**	**52.1%**
Public sector entities	0.00 to <0.15	118	0.098%	2	41.5%	1.6	29	24.2%
	0.15 to <0.25	4	0.226%	1	25.1%	2.5	2	50.6%
	0.25 to <0.50	–	0.000%	–	0.0%	–	–	0.0%
	0.50 to <0.75	–	0.000%	–	0.0%	–	–	0.0%
	0.75 to <2.50	64	1.810%	1	16.7%	2.5	76	118.3%
	2.50 to <10.00	5	2.560%	1	16.3%	2.5	6	130.3%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**191**	**0.737%**	**5**	**32.2%**	**2.0**	**113**	**59.0%**
Sovereign	0.00 to <0.15	4	0.030%	1	18.0%	2.5	1	15.3%
	0.15 to <0.25	1 428	0.160%	1	32.2%	2.5	420	29.4%
	0.25 to <0.50	–	0.000%	–	0.0%	–	–	0.0%
	0.50 to <0.75	–	0.000%	–	0.0%	–	–	0.0%
	0.75 to <2.50	–	0.000%	–	0.0%	–	–	0.0%
	2.50 to <10.00	–	0.000%	–	0.0%	–	–	0.0%
	10.00 to <100.00	–	0.000%	–	0.0%	–	–	0.0%
	100.00 (Default)	–	0.000%	–	0.0%	–	–	0.0%
Sub-total		**1 432**	**0.160%**	**2**	**32.1%**	**2.5**	**421**	**29.3%**
Total (all portfolios)		**13 041**	**0.252%**	**191**	**34.1%**	**2.3**	**5 120**	**39.3%**

COUNTERPARTY CREDIT RISK
CONTINUED

The purpose of the table below is to provide a breakdown of all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

CCR5: COMPOSITION OF COLLATERAL FOR CCR EXPOSURE

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
R'million	**Segregated[1]**	**Unsegregated**	**Segregated**	**Unsegregated**		
At 31 March 2021						
Cash – domestic currency	629	–	1 861	–	–	9 532
Cash – other currencies	81	–	4 157	–	–	18 061
Domestic sovereign debt	–	–	–	–	–	–
Corporate bonds	832	–	–	–	6 314	–
Equity securities	1 125	–	–	–	–	–
Other collateral	–	–	–	–	22 480	–
Total	**2 667**	**–**	**6 018**	**–**	**28 794**	**27 593**
At 31 March 2020						
Cash – domestic currency	2 235	–	1 113	–	–	16 191
Cash – other currencies	29	–	16 209	–	–	8 590
Domestic sovereign debt	604	–	–	–	–	–
Other sovereign debt	–	–	–	–	–	–
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	9 687	–
Equity securities	457	–	–	–	–	–
Other collateral	580	–	–	–	14 756	–
Total	**3 905**	**–**	**17 322**	**–**	**24 443**	**24 781**

(1) Segregated refers to collateral which is held in a bankruptcy-remote manner that will be returned upon any default.

The purpose of the table below is to illustrate the extent of a bank's exposures to credit derivative transactions broken down between derivatives bought or sold.

CCR6: CREDIT DERIVATIVES EXPOSURES

The group does not make use of any unfunded credit derivative instruments for purposes of reducing capital requirements. We have credit-linked notes (CLNs) that serve as protection against credit exposures, however since these CLNs are fully funded, they function as cash collateral and are reported as such. Credit derivative instruments are mainly concluded in the banking book and within single name structures.

	a	b	a	b
	31 March 2021		31 March 2020	
R'million	**Protection bought**	**Protection sold**	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	655	3 521	–	4 791
Total notionals	**655**	**3 521**	**–**	**4 791**
Fair values				
Positive fair value (asset)	–	2	–	4 801
Negative fair value (liability)	–	(47)	–	(123)

COUNTERPARTY CREDIT RISK
CONTINUED

The purpose of the table below is to provide a comprehensive picture of the bank's exposures to central counterparties. In particular, the template includes all types of exposures (due to operations, margins, contributions to default funds) and related capital requirements.

CCR8: EXPOSURES TO CENTRAL COUNTERPARTIES

		a	b	a	b
		31 March 2021		31 March 2020	
R'million		EAD post-CRM	RWA	EAD post-CRM	RWA
1	**Exposures to QCCPs (total)**[(1) (2)]	**6 216**	**125**	**4 364**	**54**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2 885	58	2 717	54
4	(ii) Exchange-traded derivatives	2 885	58	2 717	54
7	Segregated initial margin	3 308		1 634	
8	Non-segregated initial margin	–	–	–	–
9	Pre-funded default fund contributions	23	67	13	0.3
10	Unfunded default fund contributions	–	–	–	–

(1) QCCPs – Qualifying Central Clearing Party's
(2) Rows 11 to 20 are excluded as there were no exposures to non-QCCP's for the period under review

Securitisation risk

SECA: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO SECURITISATION EXPOSURES

Refer to pages 59 to 60 of volume two of the Investec DLC 2021 integrated annual report for additional information on the group's strategy and risk management with respect to its securitisation activities.

Exposures where the bank has acted as the originator relate to retained positions of issued notes and first loss positions provided to the securitisation structures. Securitisation exposures where the bank has acted as an investor are the investment positions purchased in third party deals. The purpose of the table below is to present a bank's securitisation exposures in its banking book.

SEC1: SECURITISATION EXPOSURES IN THE BANKING BOOK

		a	c	i	k
		Bank acts as originator		Banks acts as investor	
R'million		Traditional	Sub-total	Traditional	Sub-total
At 31 March 2021					
1	**Retail (total) – of which**	**2 555**	**2 555**	**2 505**	**2 505**
2	residential mortgage	2 555	2 555	2 430	2 430
4	other retail exposures	–	–	75	75
6	**Wholesale (total) – of which**	**–**	**–**	**23**	**23**
7	loans to corporates	–	–	23	23
At 31 March 2020					
1	**Retail (total) – of which**	**2 419**	**2 419**	**4 043**	**4 043**
2	residential mortgage	2 419	2 419	3 802	3 802
4	other retail exposures	–	–	241	241
6	**Wholesale (total) – of which**	**–**	**–**	**78**	**78**
7	loans to corporates	–	–	78	78

(1) Asset classes/rows reported above are classified based on the underlying exposure pool.
(2) Certain rows above were excluded as the group only transacts in traditional securitisation schemes and none of the underlying assets or exposures relate to re-securitised assets. In addition, the group does not make use of the Internal Assessment Approach for capital purposes.

SECURITISATION RISK
CONTINUED

The purpose of the table below is to present securitisation exposures in the banking book where the Bank acted as originator and the associated capital requirements.

SEC3: SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS – BANK ACTING AS ORIGINATOR

		a	b	c	d	f	j	n
		Exposure values (by RW bands)				Exposure values	RWA	Capital charge after cap
R'million		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	IRB (LTA)	IRB (LTA)	IRB (LTA)
At 31 March 2021								
1	**Total exposures**	**1 606**	**362**	**189**	**399**	**2 555**	**862**	**99**
2	**Traditional securitisation**	**1 606**	**362**	**189**	**399**	**2 555**	**862**	**99**
3	Of which securitisation	1 606	362	189	399	2 555	862	99
4	Of which retail underlying	1 606	362	189	399	2 555	862	99
7	Of which senior	1 606	362	189	399	2 555	862	99
9	**Synthetic securitisation**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2020								
1	**Total exposures**	**1 728**	**690**	**–**	**–**	**2 419**	**418**	**48**
2	**Traditional securitisation**	**1 728**	**690**	**–**	**–**	**2 419**	**418**	**48**
3	Of which securitisation	1 728	690	–	–	2 419	418	48
4	Of which retail underlying	1 728	690	–	–	2 419	418	48
7	Of which senior	1 728	690	–	–	2 419	418	48
9	**Synthetic securitisation**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

(1) Columns (a) to (e) are defined in relation to regulatory risk weights applied to retained exposures. The bank applied the look-through approach by applying capital requirements to the underlying assets in the scheme.
(2) IRB LTA – Internal ratings based approach using the look-through approach

The purpose of the table below is to present securitisation exposures in the banking book where the bank acts as investor and the associated capital requirements.

SEC4: SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS INVESTOR

		a	b	c	d	h	l	p
		Exposure values (by RW bands)				Exposure values	RWA	Capital charge after cap
R'million		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	SA and RBA[1]	SA and RBA	SA and RBA
At 31 March 2021								
1	**Total exposures**	**1 194**	**1 184**	**127**	**23**	**2 528**	**877**	**96**
2	**Traditional securitisation**	**1 194**	**1 184**	**127**	**23**	**2 528**	**877**	**96**
3	Of which securitisation	1 194	1 184	127	23	2 528	877	96
4	Of which retail underlying	1 194	1 184	127	–	2 505	778	85
5	Of which wholesale	–	–	–	23	23	99	11
7	Of which senior	1 194	1 184	127	23	2 528	877	96
9	**Synthetic securitisation**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2020								
1	**Total exposures**	**1 744**	**1 399**	**900**	**78**	**4 121**	**2 009**	**231**
2	**Traditional securitisation**	**1 744**	**1 399**	**900**	**78**	**4 121**	**2 009**	**231**
3	Of which securitisation	1 744	1 399	900	78	4 121	2 009	231
4	Of which retail underlying	1 744	1 399	900	–	4 043	1 678	193
5	Of which wholesale	–	–	–	78	78	331	38
7	Of which senior	1 744	1 399	900	78	4 121	2 009	231
9	**Synthetic securitisation**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

(1) SA and RBA – Standardised approach and Ratings Based Approach
(2) Columns (a) to (d) include the investments positions purchased in third party Special Purpose Institution exposures. The bank applied the look-through approach to calculate RWA for senior investment exposures and the RBA where securitisation exposures are rated

MARKET RISK

Market risk

MRA: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO MARKET RISK

Traded market risk is the risk of potential changes in the value of the trading book as a result of changes in market risk factors such as interest rates, equity prices, exchange rates, commodity prices, credit spreads and their underlying volatilities where derivatives are traded. The trading book is defined as positions in financial instruments and commodities, including derivative products and other off-balance sheet instruments that are held within the trading businesses. The focus of our trading activities is primarily on supporting our clients. Our strategic intent is that proprietary trading should be limited, and that trading should be conducted largely to facilitate client flow.

Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets. Only market risk approved products are permissible to be traded. Each desk's market risk is detailed and reported daily, capturing both spot exposures and stressed exposures. In line with the bank's strategic intent, conservative risk limits are approved, ensuring that the majority of the trading activity is hedged.

Both the VaR and sVaR calculations stress all risk factors individually rather than using one asset class, market, industry sector or index as proxy. Therefore, any basis risk, for example bond/swap basis, relative value single stock trades or index vs. single stock hedges and any imperfect hedges, will be captured in both VaR and sVaR. VaR limits are implemented on an overall and trading desk level. The policies governing traded market risks are the Market Risk Policy, the Trading Book Policy Statement and the Market Risk Model Validation and Control Policy.

A number of quantitative measures are used to monitor and limit exposure to traded market risk. These measures include:

- Value at Risk (VaR) and Expected Shortfall (ES) as portfolio measures of market risk exposure.
- Scenario analysis, stress tests and tools based on extreme value theory (EVT) that measure the potential impact on portfolio values of extreme moves in markets.
- Sensitivity analysis that measures the impact of individual market risk factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices. We use sensitivity measures to monitor and limit exposure across portfolios, products, and risk types.

Stress and scenario analysis are used to add insight into the possible outcomes under severe market disruptions. The stress-testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk. Stress scenarios based on historical experience as well as hypothetical scenarios are considered and are reviewed regularly for relevance in ever-changing market environments. Stress scenarios are run daily with analysis presented to IBL Review ERRF weekly and IBL BRCC when the committee meets or more often should market conditions require this.

MRB: QUALITATIVE DISCLOSURES FOR BANKS USING THE INTERNAL MODELS APPROACH (IMA)

VaR is a technique that estimates the potential losses as a result of movements in market rates and prices over a specified time horizon at a given level of confidence. The VaR model derives future scenarios from past time series of market rates and prices, taking into account inter-relationships between the different markets such as interest rates and foreign exchange rates.

The following types of market risks are covered by the VaR/SVaR models:

- Equity price risk
- Interest rate risk
- Foreign exchange risk
- Commodity risk

We have internal model approval from the South African Prudential Authority for general market risk for the majority of the trading desks, with the other desks capitalised under the standardised approach. Issuer risk on the trading book is calculated under the standardised specific risk methodology. Risks not in VaR are immaterial relative to the current capital requirements.

The VaR model used is based on full revaluation historical simulation and incorporates the following features:

- Two-year historical period based on an unweighted time series.
- Daily movements in each risk factor e.g. foreign exchange rates, interest rates, equity prices, credit spreads and associated volatilities are simulated with reference to historical market rates and prices, with proxies only used when no or limited historical market data is available, and the resultant one-day VaR is scaled up using the square root of time for regulatory purposes.
- Risk factor movements are based on both absolute and relative returns as appropriate for the different types of risk factors.
- VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels as is the worst case loss in the VaR distribution.

Stressed VaR (sVaR) is calculated using the VaR model but based on a one-year period through which the relevant market factors experienced stress. This is calculated for a continuous 250 day historical period within the period starting 1 Jan 2007 to the current. The time series data used in the historical simulation is regularly updated on a daily basis. A two-year historical period is used for the VaR calculation and a continuous 250 day historical period within the period starting 1 Jan 2007 to the current is used for the sVaR period. No weighting scheme is used as all risk factor changes are applied on an equal basis.

The bank follows common practice and scales the one-day VaR using the square root of time rule. The bank uses the standardised approach to calculate the specific risk as a standalone charge and the total capital charge is a simple sum of general market risk and specific market risk. The bank uses a full revaluation approach in the calculation of VaR.

MARKET RISK
CONTINUED

A mixed approach is used when simulating potential movements in risk factors which incorporates both absolute and relative returns. The bank follows common practice and scales the one-day sVaR using the square root of time rule. As directed by the Prudential Authority, the bank kept the sVaR period constant throughout the year. The historical period used for sVaR is determined using the one-year period with the greatest negative deviation. This is calculated for a continuous one-year historical period within the period starting 1 Jan 2007 to the current. The bank uses a full revaluation approach in the calculation of sVaR. Stress testing is used in conjunction with the VaR measures to gain a better understanding of extreme tail risks. While VaR and sVaR is limited to the historical period used, stress testing highlights event risk that may be not be captured in these measures. Generally, two types of stress tests are performed, namely scenario-based (historical disaster scenario and hypothetical scenarios) and asset class scenario analysis.

The performance of the VaR model is regularly monitored through backtesting. This is done by comparing daily actual profit and loss and clean profit and loss against one-day VaR based on a 99% confidence level. Clean profit and loss excludes items such as intra-day transactions, valuation adjustments, provisions, recoveries, commission, fees and hedge costs included in the new trade revenue. If a loss exceeds the one-day VaR, a backtesting exception is considered to have occurred. Over time we expect the average rate of observed backtesting exceptions to be consistent with the percentile of the VaR statistic being tested. This is conducted at an aggregate and desk level on a daily basis.

The purpose of the MR1 table below is to provide the components of the capital charge under the SA for market risk.

MR1: MARKET RISK UNDER SA

		a	a
		Capital charge in SA	
R'million		31 March 2021	31 March 2020
Outright products(1)			
1	Interest rate risk (general and specific)	107	258
2	Equity risk (general and specific)	895	751
9	**Total**	**1 002**	**1 009**

(1) The Standardised Approach for market risk is only applied to outright products and therefore rows related to RWA for options are excluded from the table.

The table below presents a flow statement explaining variations in the market RWA determined under an internal model approach.

MR2: RWA FLOW STATEMENTS OF MARKET RISK EXPOSURES UNDER AN IMA

		a	b	f
R'million		VaR	Stressed VaR	Total RWA(1) (2)
At 31 March 2021				
1	**RWA at previous quarter end**	**2 343**	**2 243**	**4 586**
2	Movement in risk levels	(693)	(369)	(1 062)
8	**RWA at end of reporting period**	**1 650**	**1 874**	**3 524**
At 31 March 2020				
1	**RWA at previous quarter end**	**1 088**	**1 703**	**2 791**
2	Movement in risk levels	44	857	901
8	**RWA at end of reporting period**	**1 132**	**2 560**	**3 692**

(1) RWA in this table is derived by multiplying the capital required by 12.5.
(2) There were no incremental and comprehensive risk capital charges under IMA and columns c to e are therefore excluded from the above table

MARKET RISK
CONTINUED

The table below displays the values (maximum, minimum, average, and period ending for the reporting period) resulting from the different types of models used for computing the regulatory capital charge at the group level, before any additional capital charge is applied by the jurisdiction. Summary statistics were calculated on the 10-day VaR and sVaR figures for the year ended 31 March 2020. The 10-day figures were obtained by multiplying the one-day figures by SQRT(10).

MR3: IMA VALUES FOR TRADING PORTFOLIOS[1]

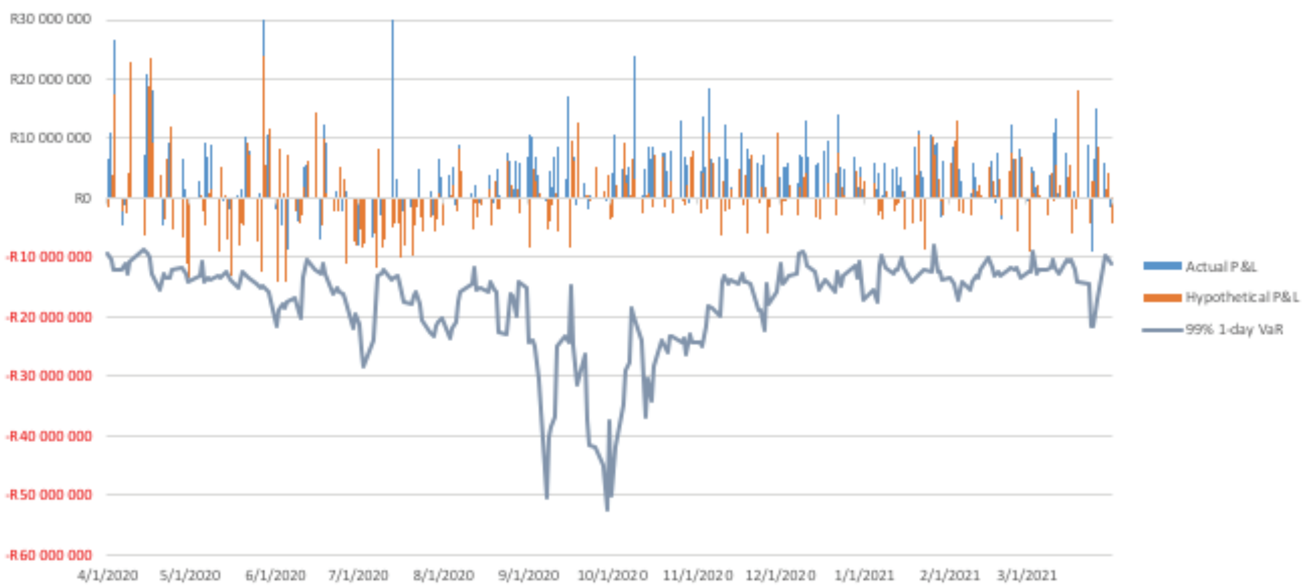
		a	a
R'million		**31 March 2021**	31 March 2020
VaR (10 day 99%)			
1	Maximum value	69	40
2	Average value	40	27
3	Minimum value	25	20
4	Period end	35	30
Stressed VaR (10 day 99%)			
5	Maximum value	85	98
6	Average value	45	62
7	Minimum value	28	39
8	Period end	39	67

(1) There were no incremental and comprehensive risk capital charges under IMA and rows are therefore excluded from the above table.

TABLE MR4: COMPARISON OF VAR ESTIMATES WITH GAINS/LOSSES
Backtesting

The performance of the VaR model is regularly monitored through backtesting. This is done by comparing daily clean profit and loss against one-day VaR based on a 99% confidence level. Clean profit and loss excludes items such as intra-day transactions, valuation adjustments, provisions, recoveries, commission, fees and hedge costs included in the new trade revenue. If a loss exceeds the one-day VaR, a backtesting exception is considered to have occurred. Over time we expect the average rate of observed backtesting exceptions to be consistent with the percentile of the VaR statistic being tested. This is conducted at an aggregate and desk level on a daily basis. The graphs that follow show the result of backtesting the total daily 99% one-day VaR against the clean profit and loss data for our trading activities over the reporting period. Based on these graphs, we can gauge the accuracy of the VaR figures i.e. 99% of the time, losses are not expected to exceed the 99% one-day VaR.

99% one-day VaR backtesting (Rand)



The average VaR for the year ended 31 March 2021 in the trading book was higher than for the year ended 31 March 2020. Using clean profit and loss data for backtesting resulted in no exceptions over the year (as shown in the graph above), which is below the expected number of exceptions of two to three exceptions per annum that a 99% VaR model implies.

CAPITAL MANAGEMENT AND ALLOCATION

Capital management and allocation

Investec Limited group (and its subsidiaries) and Investec plc (and its subsidiaries) are managed independently and have their respective capital bases ring-fenced, however, the governance of capital management is consistent across the two groups. The DLC structure requires the two groups to independently manage each group's balance sheet and capital is managed on this basis.

This approach is overseen by the DLC BRCC (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital adequacy of both Investec Limited and Investec plc.

A summary of capital adequacy and leverage ratios

	FIRB		Increased AIRB scope(1)		FIRB	
	Investec Limited group	Investec Bank Limited group	**Investec Limited group**	Investec Bank Limited group	**Investec Limited group**	Investec Bank Limited group
R'million	**31 March 2021(2)**				31 March 2020(3)	
Common equity tier 1 ratio	12.2%	13.3%	12.8%	14.0%	10.9%	12.1%
Common equity tier 1 ratio (fully loaded)	12.2%	13.3%	12.8%	14.0%	10.9%	12.1%
Tier 1 ratio	12.8%	13.7%	13.4%	14.4%	11.5%	12.3%
Total capital ratio	16.0%	17.8%	16.6%	18.6%	15.0%	16.4%
Risk-weighted assets (million)	351 125	329 366	336 629	314 843	337 755	319 090
Leverage exposure measure (million)	593 944	555 992	594 059	556 110	604 762	571 144
Leverage ratio(3)	7.6%	8.1%	7.6%	8.1%	6.4%	6.9%
Leverage ratio (fully loaded)	7.5%	8.1%	7.5%	8.1%	6.3%	6.8%

(1) Investec Limited received approval to adopt the AIRB approach for the SME and Corporate models, effective 1 April 2021. We present numbers on a proforma basis for 31 March 2021.
(2) Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET 1 ratio would be 39bps (31 March 2020: 24bps) and 48bps (31 March 2020 15bps) lower.
(3) The leverage ratios are calculated on an end-quarter basis.

Capital philosophy and approach
Investec's approach to capital management utilises both regulatory capital as appropriate to that jurisdiction and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate given the level of risk taken at an individual transaction or business unit level.

We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a total capital adequacy ratio range of between 14% and 17%, and we target a minimum tier 1 ratio of 11% and a CET 1 ratio above 10%.

The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the group. At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the group's risk profile and optimisation of shareholder returns.

Our internal capital framework is designed to manage and achieve this balance.

The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group;
- Provide protection to depositors against losses arising from risks inherent in the business;
- Provide sufficient capital surplus to ensure that the group is able to retain its going concern basis under relatively severe operating conditions; and
- Inform the setting of minimum regulatory capital through the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP documents the approach to capital management, including the assessment of the regulatory and internal capital position of each group. The ICAAP is reviewed and approved by the board.

The framework has been approved by the board and is managed by the Investec Limited group Capital Committee (LTD Capital Committee), which is responsible for oversight of the management of capital on a regulatory and an internal capital basis.

Capital planning and stress/scenario testing
A capital plan is prepared for Investec and maintained to facilitate discussion of the impact of business strategy and market conditions on capital adequacy. This plan is designed to assess capital adequacy under a range of economic and internal conditions over the medium term (three years), with the impact on earnings, asset growth, risk appetite and liquidity considered. The plan provides the board with an input into strategy and the setting of risk appetite by considering business risks and potential vulnerabilities, capital usage and funding requirements given constraints where these exist. Three-month capital plans are prepared monthly, with regulatory capital being the key driver of decision making.

The goal of capital planning is to provide insight into potential sources of vulnerability of capital adequacy by way of market, economic or internal events.

As such, the three-year capital plans are stressed based on conditions most likely to cause Investec duress. The conditions are agreed by the LTD Capital Committee after the key vulnerabilities have been determined through the stress testing workshops.

Such plans are used by management to formulate balance sheet strategy and agree management actions, trigger points and influence the determination of our risk appetite. At a minimum level, each capital plan assesses the impact on our capital adequacy in an expected case and in downturn scenarios.

On the basis of the results of this analysis, the LTD Capital Committee are presented with the potential variability in capital adequacy, and are responsible in consultation with the board, for considering the appropriate response.

CAPITAL STRUCTURE AND CAPITAL ADEQUACY

CAPITAL STRUCTURE AND CAPITAL ADEQUACY

	FIRB		Increased AIRB scope		FIRB	
	Investec Limited group	Investec Bank Limited group	**Investec Limited group**	Investec Bank Limited group	**Investec Limited group**	Investec Bank Limited group
R'million	**31 March 2021[1]**				31 March 2020	
At 31 March 2021						
Shareholders' equity	**44 292**	**43 881**	**44 292**	**43 881**	**39 903**	**39 754**
Shareholders' equity excluding non-controlling interests	47 331	45 362	47 331	45 362	43 086	41 288
Perpetual preference share capital and share premium	(3 039)	(1 481)	(3 039)	(1 481)	(3 183)	(1 534)
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**
Non-controlling interests per balance sheet	10 083	–	10 083	–	11 045	–
Non-controlling interests excluded for regulatory purposes	(10 083)	–	(10 083)	–	(11 045)	–
Regulatory adjustments to the accounting basis	**1 308**	**1 337**	**1 308**	**1 337**	**1 518**	**1 518**
Additional value adjustments	(219)	(190)	(219)	(190)	(6)	(6)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(12)	(12)	(12)	(12)	(26)	(26)
Cash flow hedging reserve	1 539	1 539	1 539	1 539	1 550	1 550
Adjustment under IFRS 9 transitional	–	–	–	–	–	–
Deductions	**(2 665)**	**(1 401)**	**(2 539)**	**(1 283)**	**(4 554)**	**(2 721)**
Goodwill and intangible assets net of deferred tax	(425)	(388)	(425)	(388)	(537)	(496)
Investment in financial entity	(749)	(667)	(737)	(656)	(1 662)	(1 596)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	–	–	–	–	–	–
Shortfall of eligible provisions compared to expected loss	(346)	(346)	(239)	(239)	(629)	(629)
Investment in capital of financial entities above 10% threshold	(990)	–	(983)	–	(692)	–
Amount of deductions exceeding 15% threshold	–	–	–	–	(961)	–
Other regulatory adjustments	(155)	–	(155)	–	(73)	–
Common equity tier 1 capital	**42 935**	**43 817**	**43 061**	**43 935**	**36 867**	**38 551**
Additional tier 1 capital	**2 142**	**1 336**	**2 131**	**1 336**	**1 902**	**751**
Additional tier 1 instruments	6 253	2 664	6 253	2 664	5 727	1 994
Phase out of non-qualifying additional tier 1	(4 048)	(1 328)	(4 048)	(1 328)	(3 774)	(1 227)
Non-qualifying surplus capital attributable to noncontrolling interest	(63)	–	(74)	–	(51)	–
Non-controlling interest in non-banking entities	–	–	–	–	–	(16)
Tier 1 capital	**45 077**	**45 153**	**45 192**	**45 271**	**38 769**	**39 302**
Tier 2 capital	**10 956**	**13 370**	**10 559**	**13 370**	**11 885**	**12 905**
Collective impairment allowances	435	434	435	434	896	895
Tier 2 instruments	14 445	12 936	14 445	12 936	14 383	12 037
Non-qualifying surplus capital attributable to noncontrolling Interests	(3 378)	–	(3 779)	–	(2 747)	–
Investment in capital of financial entities above 10% threshold	(546)	–	(542)	–	(647)	(27)
Total regulatory capital	**56 033**	**58 523**	**55 751**	**58 641**	**50 654**	**52 207**
Risk-weighted assets	**351 125**	**329 366**	**336 629**	**314 843**	**337 755**	**319 090**

(1) Investec Limited's and IBL's capital information includes unappropriated profits.

TOTAL REGULATORY CAPITAL FLOW STATEMENT

TOTAL REGULATORY CAPITAL FLOW STATEMENT

	FIRB			
	Investec Limited group	Investec Bank Limited group	**Investec Limited group**	Investec Bank Limited group
R'million	**31 March 2021**		31 March 2020	
Opening common equity tier 1 capital	**36 687**	**38 551**	**38 150**	**38 151**
New capital issues	–	–	–	899
Dividends paid to ordinary shareholders and additional tier 1 security holders	(1 142)	(645)	(3 257)	(1 236)
Profit after taxation	3 859	3 997	9 710	3 090
Treasury shares	(50)	–	(1 460)	–
Distribution to shareholders			(4 280)	–
Share-based payment adjustments	436	–	436	–
Net equity movement in interests in associated undertakings	(406)	(406)	–	–
Movement in other comprehensive income	1 636	1 194	(1 077)	(2 502)
Investment in financial entity	913	927	476	557
Investment in capital of financial entities above 10% threshold	(298)	–	(692)	–
15% limit deduction	961	–	(789)	–
Shortfall of eligible provisions compared to expected loss	283	283	(629)	(629)
Goodwill and intangible assets (deduction net of related taxation liability)	112	107	92	92
Gains or losses on liabilities at fair value resulting from changes in own credit standing	(14)	(14)	(1)	(1)
IFRS 9 transitional arrangements	–	–	(225)	(225)
Other, including regulatory adjustments and other transitional arrangements	(222)	(177)	413	355
Closing common equity tier 1 capital	**42 935**	**43 817**	**38 867**	**38 551**
Opening Additional Tier 1 capital	**1 902**	**751**	**2 432**	**920**
Issued capital	723	723	–	–
Redeemed capital	(198)	(54)	–	–
Other, including regulatory adjustments and transitional arrangements	(285)	(100)	(445)	(153)
Investment in capital of financial entities above 10% threshold	–	16		(16)
Movement in minority interest in non-banking entities	–	–	(85)	–
Closing Additional Tier 1 capital	**2 142**	**1 336**	**1 902**	**751**
Closing tier 1 capital	**45 077**	**45 153**	**38 769**	**39 302**
Opening tier 2 capital	**11 885**	**12 905**	**13 165**	**14 795**
Redeemed capital	(885)	(260)	(3 175)	(3 175)
Issued capital	1 636	1 636	–	–
Collective impairment allowances	(461)	(461)	20	18
Investment in capital of financial entities above 10% threshold	101	28	(647)	(27)
Other, including regulatory adjustments and other transitional arrangements	(1 320)	(478)	2 522	1 294
Closing tier 2 capital	**10 956**	**13 370**	**11 885**	**12 905**
Closing total regulatory capital	**56 033**	**58 523**	**50 654**	**52 207**

CC1 – COMPOSITION OF REGULATORY CAPITAL

COMPOSITION OF CAPITAL

The purpose of the CC1 table below is to provide a breakdown of the constituent elements of the group's capital.

CC1: COMPOSITION OF REGULATORY CAPITAL

		a	a	a	a
		Investec Limited group		**Investec Bank Limited group**	
R'million		**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020
Common Equity Tier 1 capital: instruments and reserves					
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2 936	3 048	14 281	14 281
2	Retained earnings	39 288	36 491	29 897	26 947
3	Accumulated other comprehensive income (and other reserves)	1 913	291	(296)	(1 474)
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	–	–	–	–
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	–	–	–
6	**Common Equity Tier 1 capital before regulatory adjustments**	**44 137**	**39 830**	**43 882**	**39 754**
Common Equity Tier 1 capital: regulatory adjustments					
7	Prudent valuation adjustments	219	6	190	6
8	Goodwill (net of related tax liability)	212	219	175	178
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	213	318	213	318
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	–	–	–	–
11	Cash flow hedge reserve	(1 539)	(1 550)	(1 539)	(1 550)
12	Shortfall of provisions to expected losses	346	629	346	629
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	–	–	–	–
14	Gains and losses due to changes in own credit risk on fair valued liabilities	12	26	12	26
15	Defined benefit pension fund net assets	–	–	–	–
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	–	–	–	–
17	Reciprocal cross-holdings in common equity	–	–	–	–
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	990	692	–	–
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	749	1 662	668	1 596
20	Mortgage servicing rights (amount above 10% threshold)	–	–	–	–
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	–	–	–
22	Amount exceeding the 15% threshold	–	961	–	–
23	Of which: significant investments in the common stock of financials	–	–	–	–
24	Of which: mortgage servicing rights	–	–	–	–
25	Of which: deferred tax assets arising from temporary differences	–	–	–	–
26	National specific regulatory adjustments	–	–	–	–
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–	–	–	–
28	**Total regulatory adjustments to Common Equity Tier 1**	**1 202**	**2 963**	**64**	**1 203**
29	**Common Equity Tier 1 capital (CET1) (row 6 minus row 28)**	**42 935**	**36 867**	**43 817**	**38 551**

CC1: COMPOSITION OF REGULATORY CAPITAL
CONTINUED

		a	a	a	a
		Investec Limited group		Investec Bank Limited group	
R'million		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Additional Tier 1 capital: instruments		**1 733**	**1 010**	**1 183**	**460**
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus				
31	Of which: classified as equity under applicable accounting standards	1 733	1 010	1 183	460
32	Of which: classified as liabilities under applicable accounting standards	–	–	–	–
33	Directly issued capital instruments subject to phase-out from additional Tier 1	318	637	153	307
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	91	255	–	–
35	Of which: instruments issued by subsidiaries subject to phase-out	91	255	–	–
36	**Additional Tier 1 capital before regulatory adjustments**	**2 142**	**1 902**	**1 336**	**767**
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own additional Tier 1 instruments	–	–	–	–
38	Reciprocal cross-holdings in additional Tier 1 instruments	–	–	–	–
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	–	–	16
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	–	–	–
41	National specific regulatory adjustments	–	–	–	–
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	–	–	–	–
43	**Total regulatory adjustments to additional Tier 1 capital**	**–**	**–**	**–**	**16**
44	**Additional Tier 1 capital (AT1)**	**2 142**	**1 902**	**1 336**	**751**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**45 077**	**38 769**	**45 153**	**39 302**
Tier 2 capital: instruments and provisions					
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	3 145	2 346	12 936	12 037
47	Directly issued capital instruments subject to phase-out from Tier 2	–	–	–	–
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	7 921	9 290	–	–
49	Of which: instruments issued by subsidiaries subject to phase-out	–	–	–	–
50	Provisions	435	896	434	895
51	**Tier 2 capital before regulatory adjustments**	**11 501**	**12 532**	**13 370**	**12 932**
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	–	–	–	–
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	544	647	–	27
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	–	–	–	–
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	–	–	–
56	National specific regulatory adjustments	–	–	–	–
57	**Total regulatory adjustments to Tier 2 capital**	**544**	**647**	**–**	**27**
58	**Tier 2 capital (T2)**	**10 956**	**11 885**	**13 370**	**12 905**
59	**Total regulatory capital (TC = T1 + T2)**	**56 033**	**50 654**	**58 523**	**52 207**

CC1: COMPOSITION OF REGULATORY CAPITAL
CONTINUED

		a	a	a	a
		Investec Limited group		**Investec Bank Limited group**	
R'million		**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020
60	**Total risk-weighted assets**	**351 125**	**337 755**	**329 366**	**319 090**
Capital ratios and buffers					
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**12.2%**	**10.9%**	**13.3%**	**12.1%**
62	**Tier 1 (as a percentage of risk-weighted assets)**	**12.8%**	**11.5%**	**13.7%**	**12.3%**
63	**Total capital (as a percentage of risk-weighted assets)**	**16.0%**	**15.0%**	**17.8%**	**16.4%**
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	7.3%	7.5%	7.3%	7.5%
65	Of which: capital conservation buffer requirement	2.5%	2.5%	2.5%	2.5%
66	Of which: bank-specific countercyclical buffer requirement	0.0%	0.0%	0.0%	0.0%
67	Of which: higher loss absorbency requirement	0.3%	0.0%	0.3%	0.0%
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**4.9%**	**3.4%**	**6.0%**	**4.6%**
National minima (if different from Basel III)					
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.0%	7.5%	7.0%	7.5%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	8.5%	9.3%	8.5%	9.3%
71	National total capital minimum ratio (if different from Basel III minimum)	10.5%	11.5%	10.5%	11.5%
Amounts below the thresholds for deduction (before risk weighting)					
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	–	–	–	–
73	Significant investments in the common stock of financial entities	4 992	4 037	4 449	4 015
74	Mortgage servicing rights (net of related tax liability)	–	–	–	–
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2 436	2 638	1 936	2 568
Applicable caps on the inclusion of provisions in Tier 2					
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	435	896	434	895
77	Cap on inclusion of provisions in Tier 2 under standardised approach	829	1 018	902	1 095
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	–	–	–
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	–	–	–
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase-out arrangements	–	–	–	–
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–	–	–
82	Current cap on AT1 instruments subject to phase-out arrangements	–	–	–	–
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–	–
84	Current cap on T2 instruments subject to phase-out arrangements	–	–	–	–
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	–	–	–

CC2 – RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET

The purpose of the CC2 table is to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

CC2 – RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET

	a	b	a	b
	Investec Limited group		Investec Bank Limited group	
R'million	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation
At 31 March 2021				
Assets				
Cash and balances at central banks	9 653	9 653	9 653	9 653
Loans and advances to banks	26 983	26 538	24 666	24 668
Non-sovereign and non-bank cash placements	8 956	8 956	8 956	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	30 756	30 756	30 221	30 221
Sovereign debt securities	53 009	53 009	53 009	53 009
Bank debt securities	21 862	21 862	21 862	21 862
Other debt securities	14 148	14 148	14 170	14 170
Derivative financial instruments	19 186	19 186	19 173	19 173
Securities arising from trading activities	15 202	15 202	2 869	2 869
Investment portfolio	15 131	10 163	4 923	6 357
Loans and advances to customers	279 131	278 065	275 056	275 364
Own originated loans and advances to customers securitised	8 184	8 184	8 184	8 184
Other loans and advances	181	181	181	181
Other securitised assets	578	578	578	578
Interests in associated undertakings	5 212	5 202	5 149	5 152
Current tax asset	44	44	35	35
Deferred taxation assets	2 767	2 767	2 412	2 412
Other assets	16 324	15 491	7 382	7 624
Property and equipment	2 942	2 942	2 740	2 740
Investment properties	16 942	5 542	1	3 295
Goodwill	212	212	175	175
Software	95	95	95	95
Other acquired intangible assets	118	118	118	118
Investment in subsidiaries	–	–	–	–
Loans to group companies	–	1	17 410	17 315
Non-current assets held for sale	1 054	657	474	589
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 067	–	–	–
Total assets	**549 740**	**529 552**	**509 492**	**514 795**
Liabilities				
Deposits by banks	22 052	18 337	17 144	18 217
Derivative financial instruments	26 154	26 201	23 011	22 997
Other trading liabilities	5 643	5 643	3 388	3 388
Repurchase agreements and cash collateral on securities lent	17 598	17 598	16 593	16 593
Customer accounts (deposits)	374 228	374 228	374 369	374 369
Debt securities in issue	6 493	3 246	2 126	3 064
Liabilities arising on securitisation of own originated loans and advances	3 271	3 271	3 271	3 271
Current taxation liabilities	854	849	684	685
Deferred taxation liabilities	743	741	32	32
Other liabilities	16 564	15 128	7 421	7 794
Loans from group companies and subsidiaries	–	–	1 972	1 972
Liabilities to customers under investment contracts	1 014	–	–	–
Insurance liabilities, including unit-linked liabilities	53	–	–	–
Subordinated liabilities	14 445	14 445	12 936	12 936
Total liabilities	**489 112**	**479 687**	**462 947**	**465 318**
Shareholders' equity				
Ordinary share capital	1	(8 427)	32	2 467
Share premium	6 112	2 854	14 250	14 250
Treasury shares	(3 020)	(3 020)	–	–
Other reserves	2 543	2 543	411	411
Retained income	38 656	39 579	29 188	29 685
Additional Tier 1 Capital issued	1 733	1 733	1 183	1 183
Preference shareholders	4 520	4 520	1 481	1 481
Minority shareholders	10 083	10 083	–	–
Total shareholders' equity	**60 628**	**49 865**	**46 545**	**49 477**

CC2 – RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET
CONTINUED

	a	b	a	b
	Investec Limited group		Investec Bank Limited group	
R'million	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation
At 31 March 2020				
Assets				
Cash and balances at central banks	36 656	36 656	36 656	36 656
Loans and advances to banks	19 536	18 885	18 050	18 053
Non-sovereign and non-bank cash placements	14 014	14 014	14 014	14 014
Reverse repurchase agreements and cash collateral on securities borrowed	29 626	29 626	26 426	26 426
Sovereign debt securities	64 358	64 358	64 358	64 358
Bank debt securities	12 265	12 265	12 265	12 265
Other debt securities	17 337	17 337	17 416	17 416
Derivative financial instruments	17 431	17 431	17 434	17 434
Securities arising from trading activities	10 366	10 366	3 178	3 178
Investment portfolio	16 564	11 271	5 801	7 328
Loans and advances to customers	281 686	279 141	276 754	277 489
Own originated loans and advances to customers securitised	7 192	7 192	7 192	7 192
Other loans and advances	242	242	242	242
Other securitised assets	497	497	416	416
Interests in associated undertakings	6 924	6 036	5 662	5 919
Current taxation assets	45	45	42	42
Deferred taxation assets	2 996	2 996	2 903	2 903
Other assets	12 800	12 423	6 114	6 217
Property and equipment	3 093	3 093	3 008	3 008
Investment properties	19 137	6 267	1	3 720
Goodwill	219	219	178	178
Software	149	149	149	149
Other acquired intangible assets	169	169	169	169
Investment in subsidiaries	–	–	–	–
Loans to group companies	–	198	17 542	17 444
Non-current assets held for sale	1 305	317	–	285
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	–	–	–
Total assets	**575 387**	**551 193**	**535 970**	**542 501**
Liabilities				
Deposits by banks	46 833	39 599	37 277	39 367
Derivative financial instruments	22 469	22 181	22 097	22 180
Other trading liabilities	8 660	8 660	4 521	4 521
Repurchase agreements and cash collateral on securities lent	26 626	26 626	26 626	26 626
Customer accounts (deposits)	375 456	375 456	375 948	375 948
Debt securities in issue	7 634	4 136	3 258	4 268
Liabilities arising on securitisation of own originated loans and advances	1 699	1 699	1 699	1 699
Current taxation liabilities	541	535	315	317
Deferred taxation liabilities	517	510	47	49
Other liabilities	13 114	12 503	7 590	7 727
Loans from group companies and subsidiaries	–	–	2 807	2 807
Liabilities to customers under investment contracts	727	(1)	–	–
Insurance liabilities, including unit-linked liabilities	54	–	–	–
Subordinated liabilities	14 383	14 383	12 037	12 037
Total liabilities	**518 712**	**506 287**	**494 222**	**497 546**
Shareholders' equity				
Ordinary share capital	1	1	32	2 467
Share premium	6 112	6 037	14 250	14 250
Treasury shares	(2 992)	(2 992)	–	–
Other reserves	903	900	(787)	(786)
Profit and loss account	35 878	35 796	26 259	27 030
Additional Tier 1 Capital issued	1 010	1 010	460	460
Preference shareholders	4 718	1 534	1 534	1 534
Minority shareholders	11 045	2 620	–	–
Total shareholders' equity	**56 675**	**44 906**	**41 748**	**44 955**

CCYB1 – GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL BUFFER

CCA – MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS AND OF OTHER TLAC-ELIGIBLE INSTRUMENTS
The main features of the group's regulatory capital instruments are disclosed on our Investor relations website.

The purpose of the CCYB1 table below is to provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer (CCYB).

CCYB1 – GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL CAPITAL BUFFER

	a	b	c	d	e
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer			
R'million	Countercyclical capital buffer rate	Exposure values	Risk-weighted assets	Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount[1]
At 31 March 2021					
Total adjustment	**0.0%**	**–**	**–**	**0.0000%**	**–**
At 31 March 2020					
Total adjustment	**0.0%**	**–**	**–**	**0.0000%**	**–**

(1) The countercyclical buffer amount is the bank-specific countercyclical capital buffer rate multiplied by total risk-weighted assets.

The CCYB add-on for South Africa is 0% and is subject to a one-year pre-announced date before implementation. CCYB's are incorporated into a weighted average calculation based on jurisdictional reciprocity. Reciprocity ensures that the application of the CCYB in each jurisdiction does not distort the level playing field between domestic banks and foreign banks with exposures to counterparties in the same jurisdiction. As at 31 March 2021, Investec did not have any jurisdictional reciprocity CCYB add-on.

CCA – MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS AND OF OTHER TLAC-ELIGIBLE INSTRUMENTS
The main features of the group's regulatory capital instruments are disclosed on our Investor relations website.

Operational risk

Refer to pages 79 to 82 of volume two of the Investec DLC 2021 integrated annual report for qualitative disclosure requirements related to operational risk.

Interest rate risk in the banking book (IRRBB)

Refer to pages 73 to 76 of volume two of the Investec DLC 2021 integrated annual report for qualitative disclosure requirements related to IRRBB.

Pillar 3 remuneration disclosures – 2021

Investec Bank Limited group

Investec Bank Limited group is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Prudential Authority's Basel Pillar III disclosure requirements.

The bank's qualitative remuneration disclosures are provided below and on pages 153 to 192 of volume one of the Investec DLC 2021 integrated annual report and on pages 26 to 27 of the Investec Bank Limited annual report.

Remuneration principles

The Group's remuneration policies, procedures and practices, collectively referred to as the 'remuneration policy', are designed, in normal market conditions, to:

- Be in line with the business strategy, objectives, values and long-term interests of the bank;
- Be consistent with and promote sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of the bank;
- Ensure that payment of variable remuneration does not limit the bank's ability to maintain or strengthen its capital base; Target gross fixed remuneration (base salary and benefits including pension) at median market levels to contain fixed costs;
- Ensure that variable remuneration is largely economic value added (EVA) based and underpinned by our predetermined risk appetite and capital allocation;
- Facilitate alignment with shareholders through deferral of a portion of short-term incentives into shares and long-term incentive share awards; and
- Target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards. The fixed cost component of remuneration is, however, designed to be sufficient so that employees do not become dependent on their variable compensation as we are not contractually (and do not consider ourselves morally) bound to make variable remuneration awards.

Qualitative and quantitative considerations form an integral part of the determination of overall levels of remuneration and total compensation for each individual.

Factors considered for overall levels of remuneration at the level of the Investec group include:

- Financial measures of performance
  - Risk-adjusted EVA model
  - Affordability
- Non-financial measures of performance
  - Market context
  - Specific input from the risk and compliance functions

Factors considered to determine total compensation for each individual include:

- Financial measures of performance
  - Achievement of individual targets and objectives
  - Scope of responsibility and individual contributions
- Non-financial measures of performance
  - Alignment and adherence to our culture and values
  - The level of cooperation and collaboration fostered
  - Development of self and others
  - Attitude displayed towards risk consciousness and effective risk management
  - Adherence to internal controls procedures
  - Compliance with the bank's regulatory requirements and relevant policies and procedures, including treating customers fairly
  - The ability to grow and develop markets and client relationships
  - Multi-year contribution to performance and brand building
  - Long-term sustained performance
  - Specific input from the risk and compliance functions
  - Attitude and contribution to sustainability principles and initiatives

Summary of the remuneration elements:

Gross remuneration: base salary and benefits

Salaries and benefits are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the bank's policy to seek to set base salaries and benefits (together known as gross remuneration) with reference to the median market levels when compared like for like with peer group companies. Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries, not annual bonuses, are pensionable.

Variable short-term incentive: annual bonus

All employees are eligible to be considered for a discretionary annual bonus, subject inter alia to the factors set out above in the section dealing with the determination of remuneration levels. All annual bonus awards exceeding a predetermined hurdle level are subject to 60% deferral in respect of that portion that exceeds the hurdle level. The deferred amount is awarded in the form of forfeitable share awards vesting in three equal tranches at the end of 12 months, 24 months and 36 months; or cash released in three equal tranches at the end of 12 months, 24 months and 36 months.

Long-term incentive: share awards

We have a number of share option and long-term share incentive plans that are designed to align the interests of employees with those of shareholders and long-term organisational interests, and to build material share ownership over the long term through share awards. These share option and incentive plans are also used in appropriate circumstances as a mechanism for retaining the skills of key talent.

Awards are made in the form of forfeitable share awards. Forfeitable shares are subject to one third vesting after approximately three, four and five years, which we believe is appropriate for our business requirements. The awards are forfeited on termination, but 'good leaver' discretion is applied in exceptional circumstances.

All proposed long-term incentive awards are recommended by business unit management, approved by the staff share executive committee and then the IBL and DLC Remuneration Committees before being awarded.

PILLAR 3 REMUNERATION DISCLOSURES – 2021
CONTINUED

Risk and remuneration
Risk Management is independent from the business units and monitors, manages and reports on the bank's risk to ensure it is within the stated risk appetite as mandated by the board of directors through the Board Risk and Capital Committee ("BRCC"). The bank monitors and controls risk exposure through credit, market, liquidity, operational and legal risk divisions/forums/committees.

Risk consciousness and management is embedded in the organisational culture from the initiation of transactional activity through to the monitoring of adherence to mandates and limits and throughout everything we do. The BRCC (comprising both executive and non-executive directors) sets the overall risk appetite for the bank and determines the categories of risk, the specific types of risks and the extent of such risks which the bank should undertake, as well as the mitigation of risks and overall capital management and allocation process.

The Investec Bank Limited group Remuneration Committee specifically reviews and approves the individual remuneration packages of the executive directors and persons discharging managerial responsibilities. The committee also reviews the salaries and performance bonuses awarded to a number of other senior and higher paid employees across the bank. In addition, the committee specifically reviews and approves the salaries and performance bonuses awarded to each employee within the internal audit, compliance and risk functions, both in the business units and in the central functions, ensuring that such packages are competitive and are determined independently of the other business areas. In making these decisions the committee relies on a combination of external advice and supporting information prepared internally by the bank.

In the tables below senior management are defined as members of our South African general management forum, excluding executive directors. Material risk takers are defined as anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.

Furthermore, financial and risk control staff are defined as everyone in central group finance and central group risk as well as employees responsible for Risk and Finance functions within the operating business units.

The information contained in the tables below sets out Investec Bank Limited group quantitative disclosures for the year ended 31 March 2021.

Aggregate remuneration by remuneration type awarded during the financial year:

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Fixed Remuneration – Cash	51.7	55.1	228.7	335.5
Fixed Remuneration – Shares	–	–	–	–
Variable remuneration*				
Cash	60.9	83.4	83.9	228.2
Deferred shares	35.1	33.4	4.2	72.7
Deferred cash	–	–	–	–
Deferred shares – long-term incentive awards**	66.3	55.4	28.8	150.5
Total aggregate remuneration and deferred incentives (R'million)	**214**	**227.3**	**345.6**	**786.9**
Number of employees	13	21	258	292
Ratio of variable pay to fixed pay	3.1	3.1	0.5	1.3

* Total number of employees receiving variable remuneration was 281.
** Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These vest one third at the end of years three, four and five.

Additional disclosure on deferred remuneration

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	369.6	228.2	156.1	753.9
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	(106.9)	2.5	22.3	(82.1)
Deferred remuneration awarded in year	101.4	88.8	33	223.2
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration reduced in year through malus adjustments	–	–	–	–
Deferred remuneration vested in year	(86.8)	(64.7)	(31.7)	(183.2)
Deferred unvested remuneration outstanding at the end of the year	**277.3**	**254.8**	**179.7**	**711.8**

PILLAR 3 REMUNERATION DISCLOSURES – 2021
CONTINUED

R'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Deferred unvested remuneration outstanding at the end of the year				
Equity	277.3	254.8	179.7	711.8
Cash	–	–	–	–
Other	–	–	–	–
	277.3	**254.8**	**179.7**	**711.8**

Additional disclosure on deferred remuneration

R'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Deferred remuneration vested in year				
– For awards made in 2020 financial year	12.1	12.6	2.4	27.1
– For awards made in 2019 financial year	25.5	11.1	0.8	37.4
– For awards made in 2018 financial year	36.1	23.5	13.3	72.9
– For awards made in 2017 financial year	12.3	13.0	11.6	36.9
– For awards made in 2016 financial year	0.8	4.5	3.6	8.9
	86.8	**64.7**	**31.7**	**183.2**

Other remuneration disclosures: special payments

R'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Sign-on payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Severance payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Guaranteed bonuses				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–

Investec Limited group
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