Investec

OUT OF THE ORDINARY

Possibilities and opportunities

Investec annual report 2022

Investec Bank Limited Group and Company annual financial statements

Page references
Refers readers to information elsewhere in this report.

Website
Indicates that additional information is available on our website: www.investec.com

Group sustainability
Refers readers to further information in the Investec Group's 2022 sustainability report which will be available on our website at the end of June 2022: www.investec.com

Reporting standard
Denotes our consideration of a reporting standard

Feedback
We value feedback and invite questions and comments on our reporting. To give feedback please contact our Investor Relations division.

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www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html

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01

Overview of the activities of Investec Bank Limited

IN THIS SECTION

OVERVIEW OF THE ACTIVITIES OF INVESTEC BANK LIMITED

Specialist Banking

Our specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs. Each business provides specialised products and services to defined target markets.

What makes us distinct?

- Voted 'Best Private Bank & Wealth Manager' by London's Financial Times - nine years in a row (2013 to 2021) and by Euromoney for 10 consecutive years (2013 to 2022)
- High-quality specialist banking solutions to private and corporate clients with leading positions in selected areas
- Provision of high-touch personalised service with the ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth.

Focus on helping our clients create and preserve wealth | **A highly valued partner and adviser to our clients**

High-income and high net worth private clients | **Corporates/government/institutional clients**

Private client banking activities	Corporate, investment banking and other activities		
Private Banking	**Corporate and Institutional Banking**	**Investec for Business**	**Investment Banking and Principal Investments**
• Transactional banking • Lending • Property finance • Savings • Life assurance and investment products.	• Business transactional banking • Specialised lending • Treasury and trading solutions • Institutional research, sales and trading • Fixed income, currency and commodities (FICC).	• Import and trade finance lending • Cash flow lending • Asset finance.	• Principal investments • Advisory • Debt and Equity Capital Markets.

Natural linkages between the private client and corporate business

02

Corporate Governance

IN THIS SECTION

GOVERNANCE FRAMEWORK

Who we are

Director biographies

Biographies of our current and past directors are outlined below, including their relevant skills and experience, key external appointments and any appointments to board committees.

Committee membership key

A	IBL Audit Committee
B	IBL BRCC
R	IBL Remuneration Committee
C	DLC Audit Committee
D	DLC BRCC
N	DLC Nomdac
S	DLC SEC

Gender diversity

■	Male	10
■	Female	3

Age

	Age	Count	Percentage
■	44-53	6	46.0 %
■	54-63	4	31.0 %
■	64-73	3	23.0 %

Race

	Race	Count	Percentage
■	Black	5	38.0 %
■	White	7	54.0 %
■	Indian	1	8.0 %

Khumo L Shuenyane

Chair

B D N R S

Date of appointment
8 August 2014

Age: 51

Nationality:

Qualifications:
BEcon, CA (England and Wales)

Relevant skills and experience
Khumo's previous experience includes audit manager at Arthur Andersen, almost a decade at Investec in corporate finance and principal investments, Head of Mergers and Acquisitions at MTN Group Limited and partner at Delta Partners Group. In 2014, he joined the Investec Bank Limited Board and was appointed as the Chair of Investec Bank Limited in 2018. Khumo brings strong industry experience to the Board, as well as exemplary knowledge of investment banking, telecoms, media and technology issues.

External appointments
Ninety One Limited, Ninety One plc, Investec Property Fund Limited and Vodacom Group Limited

David M Lawrence*

Deputy Chair

A B C D N R S

Date of appointment
1 July 1997

Age: 71

Nationality:

Qualifications:
BA (Econ) (Hons), MCom

Relevant skills and experience
David's early career was spent as an Economist at the Chamber of Mines (South Africa), subsequently working for the office of the Economic Adviser to the Prime Minister. He joined CitiBank (South Africa) in 1977, eventually becoming chair and managing director. In 1987, First National Bank acquired CitiBank's business and it became FirstCorp Merchant Bank where David held the position of managing director. David joined Investec in 1996 as managing director, Corporate and Investment Banking. He brings to the Board a valuable combination of knowledge and experience.

External appointments
None

* Retired as Deputy Chair and Director of Investec Bank Limited Board on 30 September 2021

Zarina BM Bassa

Independent Non-Executive director

A B C D N R

Date of appointment
1 November 2014

Age: 58

Nationality:

Qualifications:
BAcc, DipAcc, CA (SA)

Relevant skills and experience
Zarina's previous appointments include partner of Ernst & Young, Executive Director of Absa Bank and head of Absa Private Bank, Chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board. She has also been a member of the Accounting Standards Board, and a Non-Executive Director of the Financial Services Board, the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Mercedes South Africa, Vodacom South Africa Proprietary Limited, YeboYethu Limited and Woolworths Holdings Limited. This background affords significant audit and risk experience, and financial, leadership, banking, and regulatory reporting skills.

External appointments
JSE Limited, Mediclinic International plc and Oceana Group Limited

David Friedland

Independent Non-Executive Director

B C D N

Date of appointment
1 March 2013

Age: 68

Nationality:

Qualifications:
BCom, CA (SA)

Relevant skills and experience
David's previous appointments include International Partner of Arthur Andersen and Partner of KPMG, where he was Head of Audit and Risk, and the lead audit Partner for several listed companies. Through this experience and his Non-Executive Board activities, he brings extensive risk and audit experience, and regulatory reporting skills.

External appointments
The Foschini Group Limited and Pick n Pay Stores Limited

GOVERNANCE FRAMEWORK
CONTINUED

Philip A Hourquebie

Independent Non-Executive Director

A B C D N R

Date of appointment
12 December 2018

Age: 68

Nationality:

Qualifications:
BAcc, BCom (Hons), CA (SA)

Relevant skills and experience
Philip has substantial international and advisory experience, gained through a long career at Ernst & Young, where he held various positions, including Managing Partner for the Africa and later, Central and South East Europe regions. This career experience, in conjunction with his time as Chair of the South African Institute of Chartered Accountants, brings deep finance, strategic, leadership and operational experience.

External appointments
Aveng Limited and Investec Property Fund Limited

Morris Mthombeni

Independent Non-Executive Director

B S

Date of appointment
2 March 2020

Age: 48

Nationality:

Qualifications:
BJuris, BProc, LLB, MBA, PhD

Relevant skills and experience
Morris has extensive commercial, strategic, governance and advisory related experience in finance, law and business education. Morris is the Dean at the Gordon Institute of Business Sciences, a position he has held since 1 April 2022. Morris joined GIBS in 2014 where rose to be the lead faculty member in the fields of corporate strategy and corporate governance. He was appointed interim Dean in July 2020, and executive director of faculty in June 2017. Morris plays a leading role in higher education at an international level. To this end he services on the advisory boards of the UN Principles of Responsible Management Education (PRME), the Academy of International Business (AIB) Dean's Round Table, and on the Board of the UN Global Compact Local Network South Africa. Previously, Morris held several senior positions in financial services.

External appointments
King Price Life Limited

Vanessa Olver

Independent Non-Executive Director

A B

Date of appointment
21 May 2021

Age: 48

Nationality:

Qualifications:
BCom, HDipAcc, HDipTax, CA(SA), CPA (USA)

Relevant skills and experience
Vanessa is a chartered accountant, who has substantial strategic, risk, financial services, governance, and technology related experience, having held a number of senior executive roles, including previously serving as Chief Enablement Officer (Rest of Africa) at Absa Group Limited and Deputy Chief Executive Officer at Business Connexion Group. Vanessa has also established Quantum Change Proprietary Limited, an advisory firm which focuses on enabling strategic change within organisations.

External appointments
None

Mvuleni G Qhena

Independent Non-Executive Director

A B R

Date of appointment
2 March 2020

Age: 56

Nationality:

Qualifications: BCompt (Hons), CA(SA), Advanced Tax Certificate, SEP

Relevant skills and experience
Mvuleni served as the chief executive officer and managing director of the Industrial Development Corporation (IDC) of South Africa Limited from 2005 to 2018, having previously served as its chief financial officer between 2003 and 2005. He was with the IDC for twenty years. Mvuleni completed his articles with KPMG, lectured at the University of Johannesburg and acted as senior manager of restructuring for Transnet Group. This industry experience demonstrates his wealth of strategic, risk and financial advisory skills.

External appointments
Exxaro Resources Limited

Richard J Wainwright

Chief Executive

B

Date of appointment
1 February 2016

Age: 59

Nationality:

Qualifications:
BCom (Hons), CTA, CA (SA)

Relevant skills and experience
Richard has been with Investec since 1995 in various capacities, and the CEO of Investec Bank Limited since 2016, responsible for our operations in South Africa. Richard started the structured products and project finance divisions in 2003 in the Group's corporate and institutional banking division. He brings investment banking, tax, risk and industry expertise to the Board.

External appointments
Banking Association of South Africa (BASA)

Stuart C Spencer*

Chief Operating Officer

Date of appointment
14 May 2019

Age: 53

Nationality:

Qualifications:
BCom (UCT), Postgraduate DipAcc (UCT), CA(SA)

Relevant skills and experience
Stuart has over 26 years of banking experience focused on both the wholesale and retail markets. After completing his articles in 1994 at Deloitte and Touché in Johannesburg, he spent the next three years based in the UK, contracting to major International Banks and travelling around the world.

He has been employed at Investec Bank Limited for the last 22 years, having joined in January 2000. He has held various roles with the Group starting his career within the Corporate and Investment Bank, primarily focusing on the key support and technology functions therein. He was appointed Chief Operating Office for the Specialist Bank in March 2021 and in addition held the role of Investec Bank Financial Director for two years from April 2019 to April 2021.

In October 2021 he was appointed to the role of Chief Operating Officer for the Investec Group and is responsible for all operational capabilities but with particular focus on operational resilience and generation of operational leverage across the broader Group.

External appointments
None

Committee membership
None

* Resigned as Financial Director and Executive Director of Investec Bank Limited Board on 8 April 2021

GOVERNANCE FRAMEWORK
CONTINUED

Fani Titi
Executive Director

B D S

Date of appointment
3 July 2002

Age: 59

Nationality:

Qualifications: BSc Hons (cum laude), MA, MBA

Relevant skills and experience
Fani was the founding member of the Kagiso Trust Investments Limited, and later co-founded and led the public offering of Kagiso Media Limited. He was subsequently the founding Executive Chair of the Tiso Group, which later merged with Kagiso Trust Investments Limited, to form Kagiso Tiso Holdings. He has served on a number of boards and joined the Secretary General of the United Nations CEO Alliance on Global Investors for Sustainable Development (GISD). Fani brings strong banking and commercial expertise to the Board.

External appointments
None

Marlé van der Walt*
Finance Director

B

Date of appointment
8 April 2021

Age: 46

Nationality:

Qualifications: BAcc (cum laude), BAcc Hons (cum laude), CA(SA)

Relevant skills and experience
Marlé joined Investec Bank Limited in 2010 as the Chief Audit Executive. In 2013, she took up the role of Finance Director with the Private Bank & Central IT divisions of Investec Bank Limited and was appointed as Head Basel Advanced Internal Ratings-Based (AIRB) Programme, a role which she fulfilled concurrently with the former. In 2019, she took up the role of Financial Director for Specialist Bank and joined the Specialist Bank Executive Committee. Prior to the above, Marlé completed her articles at PwC in Durban in 2000, and went on to serve as an Audit Manager at the same firm. She also worked for two of South Africa's major retail banks before joining Investec Bank Limited. Marlé has substantial banking, finance, risk and audit related knowledge and expertise. She was appointed as the Finance Director of Investec Bank Limited in April 2021.

External appointments
None

* Appointed as the Finance Director of Investec Bank Limited effective from 8 April 2021 and resigned from the role effective 31 July 2022

Rupesh Govan*
Finance Director

B

Date of appointment
1 August 2022

Age: 47

Nationality:

Qualifications: CA(SA)

Relevant skills and experience
Rupesh has extensive experience within the financial services sector. He has spent a total of 15 years within the Standard Bank Group and has held various senior leadership positions across Personal and Business Banking, Asset Liability Management, Wealth and more recently as the Chief Finance and Value Manager of Client Solutions. He has also spent 4 years working at Peregrine Financial Services performing various roles in Finance and Risk Management. Rupesh is a Chartered Accountant for the past 22 years and has attended various International development leadership programs, with emersion in China, Nigeria, London, Brazil and Dubai.

External appointments
None

* Appointed as the Finance Director of Investec Bank Limited effective from 1 August 2022

GOVERNANCE FRAMEWORK
CONTINUED

Meeting attendance
The Board of Investec Bank Limited met eight times during the financial year. Special meetings are called on an ad hoc basis. The Chair is responsible for setting the agenda for each meeting, in consultation with the Chief Executive and the Company Secretary. Comprehensive information packs on matters to be considered by the Board are provided to directors in advance.

				Investec Bank Limited board (ten meetings in the year)	
Members	**Independent**	**Date of appointment**	**Date of resignation/ retirement**	**Eligible to attend**	**Attended**
Executive Directors					
Richard J Wainwright (Chief Executive)	No	1 Feb 2016		8	8
Fani Titi (Group Chief Executive)	No	3 Jul 2002		8	8
Marlé van der Walt (Finance Director)*	No	8 Apr 2021	31 Jul 2022	8	8
Rupesh Govan (Finance Director)**	No	1 Aug 2022		0	0
Non-executive directors					
Khumo L Shuenyane (Chair)	Yes	8 Aug 2014		8	8
David M Lawrence (Deputy Chair)***	No	1 Jul 1997	30 Sep 2021	5	5
Zarina BM Bassa	Yes	1 Nov 2014		8	8
David Friedland	Yes	1 Mar 2013		8	8
Philip A Hourquebie	Yes	12 Dec 2018		8	8
Morris Mthombeni	Yes	2 Mar 2020		8	7
Vanessa Olver	Yes	20 May 2021		8	8
Mvuleni G Qhena	Yes	2 Mar 2020		8	8

* M van der Walt resigned as Finance Director effective 31 July 2022
** R Govan was appointed as Finance Director effective 01 August 2022
*** DM Lawrence retired as Director and Deputy Chair of Investec Bank Limited effective 30 September 2021.

Other regular attendees
- IBL Chief Risk Officer
- DLC Chief Risk Officer
- Chief Operating Officer
- Heads of key business units
- Head of Human Resources
- Head of Corporate Governance and Compliance

Company Secretary
Niki van Wyk is the Company Secretary of Investec Bank Limited. The Company Secretary is professionally qualified and has gained experience over a number of years. Her services are evaluated by Board members during the annual board evaluation process.

In compliance with the King IV™ Code and the JSE Listings Requirements, the Board has considered and is satisfied that the Company Secretary is competent, has the relevant qualifications and experience and maintains an arm's-length relationship with the Board. In addition, the Board confirms that for the period 1 April 2021 to 31 March 2022 the Company Secretary did not serve as a Director on the Board nor did she take part in Board deliberations and only advised on matters of governance, form or procedure.

Governance framework
Investec Bank Limited is a wholly-owned subsidiary of Investec Limited. Investec operates under a dual listed company (DLC) structure and considers the corporate governance principles and regulations of both the UK and South Africa before adopting the higher standard for the Group, which also complies with requirements in both jurisdictions.

From a legal perspective, the DLC is comprised of:

- Investec plc – a public company incorporated in the UK and listed on the London Stock Exchange (LSE) with a secondary listing on the JSE
- Investec Limited – a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Namibia Stock Exchange and the Botswana Stock Exchange.

The Bank consistently reviews and refines its governance structures, to ensure that it continues to operate with an appropriate level of independence and autonomy in the context of the wider Investec Group.

Details of the governance framework of the Investec Group can be found on page 114 of Investec Group's 2022 integrated annual and strategic report.

CHAIR'S INTRODUCTION

> Focus continues to be placed on supporting clients, ensuring the wellbeing of our people and creating value as management takes the business forward.

As Chair, I am pleased to present the annual corporate governance report for the year ended 31 March 2022, which describes our approach to corporate governance.

Before going into the details of the Bank's governance process, I would like to reflect on the Board's achievements over the past year, the challenges faced and the key areas of focus for the year ahead.

The past year in focus

A year of recovery and reflection
Investec Bank Limited and South Africa have continued to navigate the extreme COVID-19 related dislocation in global markets, a difficult trading environment, SA policy uncertainty, socio-political and geopolitical conflict (including the floods in Kwa-Zulu Natal, civil unrest in South Africa and the Russia-Ukraine war) as well as the resultant depressed business confidence. Despite this volatile environment, the Bank demonstrated sustained resilience by maintaining a robust balance sheet throughout the year. I wish to confirm that the business is geared for recovery as heightened attention is being placed on growth and competitive positioning in the organisation's chosen markets. The above is underpinned by a disciplined approach to capital allocation and risk management.

Focus continues to be placed on supporting clients, ensuring the wellbeing of our people and creating value as management takes the business forward. Central to this objective is the connected eco-system and operational leverage that the Bank has relied on through One Investec. The Board and executive management continue to track performance against the business's strategic objectives and are encouraged by the momentum seen across the business.

Reaffirming Investec's aim to create life-long partnerships, decisive action was taken to support employees, communities, clients, and government during the recent social uprising in parts of South Africa. The Bank concentrated on ensuring business continuity, supporting community partners and projects, partnering with staff and clients to amplify the impact and extended a hand to the most vulnerable communities by focusing on food security, healthcare and economic continuity.

The management team and staff have done a commendable job under extremely challenging circumstances.

Changes to the directorate
Rupesh Govan was appointed as Investec Bank Limited's Finance Director with effect from 1 August 2022, following Marlé van der Walt's resignation from this role on 31 July 2022. Marlé will be taking up a role within the Investec Group's business in the United Kingdom. The Bank's Finance Director prior to Marlé was Stuart Spencer, who stepped down from this role on 8 April 2021 and is currently serving as Investec Group's Chief Operations Officer.

The Board also appointed Vanessa Olver on 20 May 2021 as an independent Non-Executive Director. Vanessa additionally took up the role of an independent Non-Executive Director of Investec Limited and Investec plc on 18 May 2022 and will accordingly serve as a member of the DLC Audit Committee and the DLC Board Risk and Capital Committee (BRCC). She brings a variety of skills, including IT, finance and operational management as well as risk management.

Additional changes to the directorate include David Lawrence's retirement from the Board on 30 September 2021, after having been with the Investec Group as a director for over 25 years, and David Friedland's pending retirement from the Board as he will not be seeking re-election at the 2022 annual general meeting, having served more than nine years as an independent Non-Executive Director. I wish to express my gratitude to David Lawrence and David Friedland for their exemplary service, commitment and contribution to the organisation and wish them well in their future endeavours.

It is with deep sadness that I report on the passing of Bradley Tapnack, who served on the Board as an executive director for 21 years until 15 May 2018. Bradley remained a valued employee of Investec Bank Limited post his retirement from the Board. We extend our condolences to Bradley's family and friends.

Board succession
We have, in the current year, paid particular attention to succession, ensuring that the Bank has more formal processes insofar as both short and long term management succession is concerned.

The ongoing review of the structure, size and composition of the Board and its committees helps to ensure that the Bank maintains an appropriate mix of knowledge, skills, experience and diversity.

Non-Executive Director recruitment will form part of the succession planning for the coming year as Zarina Bassa and I will be reaching our nine year anniversaries in 2023. The Board will ensure that Investec Bank Limited continues to have an appropriate balance of executive and non-executive directors, and an appropriate combination of directors who will serve only on the Bank's Board and directors who will also serve on the Investec Group Board.

Diversity
In accordance with Investec's commitment to the spirit and letter of the King IV™ Code's diversity protocols, and in line with the Group's diversity policy, the approach followed in recruiting new directors and senior management members is aimed at ensuring that the Bank has a diverse Board.

Further details relating to the Board's diversity can be found on page 6 of Investec Bank Limited's corporate governance report.

Board effectiveness
Investec Bank Limited has a policy that governs the evaluation of the performance of the Board of Directors and its committees, the Chair and individual directors pursuant to the provisions of the King IV™ Code.

This policy is available on the website https://www.investec.com/en_za/.

Each year the Board undertakes a formal evaluation of its performance. This year's review was facilitated by an independent third party, Fidelio Partners.

A key theme for the review, was how the current governance framework was working at both a DLC level and a subsidiary level.

The review identified that the Board and the individual directors were performing effectively.

CHAIR'S INTRODUCTION
CONTINUED

The review additionally highlighted, in particular, the strength of Investec's culture, and the active contribution of the Board in the promotion of our culture and the adoption of the Group's new purpose. It also recognised the extensive expertise and skills of the Board.

From a development perspective, the review highlighted certain areas of focus that would further improve the effectiveness of the Board, namely:

- Refining the remit for the Investec Bank Limited Board and its committees
- Greater contribution to the Group strategy
- Enhanced focus on succession
- Greater diversity at an executive level.

The outcomes and action plans emanating from the 2021 effectiveness review were largely driven at the DLC level and between the Chairs of the Group Boards. Following consideration, an appropriate action plan was agreed.

Board action plan
The Board action plan for 2022/23 includes:
- Reviewing the Group's governance structure
- Enhancing the working relationship between the Group and the Group's principal subsidiaries
- Supporting greater strategic and forward-looking discussion.

The Board, with the assistance of the DLC Nomdac, will continue to monitor the actions taken in response to the outcome of the review as the year progresses.

The Board committees were also reviewed and were considered to function well in terms of their effectiveness, decision-making and the rigorous manner in which they addressed any issues brought to their attention.

Corporate governance
In the last financial year, corporate governance remained a key area of focus with the Board continuing to ensure that the organisation was aligned and compliant with the requirements of the King IV™ Code.

The full details of our compliance to the King IV™ Code can be found on https://www.investec.com/en_za/

The conflicts of interest policy addresses the manner in which conflicting interests are identified and managed or avoided for directors and executive management.

The policy is available on the website https://www.investec.com/en_za/

Culture
The onset of the COVID-19 pandemic in early 2020 prompted us to reimagine the modality of our interaction with various stakeholders. The pandemic necessitated a switch to hybrid interaction, which involved remote and in-person engagements for our entire business. Investec continued to benefit from the learnings gained over the lockdown periods and seamlessly merged our physical and virtual worlds. This hybrid approach has supported the Bank's strong operational environment, which saw the IT and operational risk environments maintain their resilient and innovative nature throughout. To further entrench these gains, an 'office-centric' organisation with flexibility was selected, as the experience of being together in person is core to the business' success in servicing clients, and is fundamental in creating a conducive learning environment for all employees.

With the various waves of COVID-19 infections from 2020, close attention is paid to the welfare of employees. The various support initiatives available to employees are continually refined to appropriately respond to the dynamic nature of the pandemic. In 2022, Investec Bank Limited adopted a COVID-19 vaccine policy that is both in line with the Bank's ethos and a demonstration of the organisation's culture. This policy was well received and successfully implemented.

Notwithstanding the progress made, South Africa remains vulnerable to further waves of infections that could negatively impact the recovery of the economy and the business.

Other key advancements
The organisation was recognised as "The Best Private Bank and Wealth Manager in South Africa"© for the ninth consecutive year, from 2013 to 2021, and "The Best Private Bank and Wealth Manager in Africa for Customer Service"© at the 2021 Global Private Banking Awards by the Financial Times of London. Investec was also awarded the top spot in Euromoney's 2022 Private Banking and Wealth Management Survey for the tenth consecutive year.

As a first in SA and as part of the Bank's growth strategy, Investec Bank Limited launched Programmable Banking for business and private banking clients, offering them access to their banking and transactional data and the power to craft individualised banking services.

The year saw the international community converge at the United Nations Framework Convention on Climate Change with the objective of accelerating action towards the goals of the Paris Agreement. To this end, the Bank considered the undertakings of South Africa and aligned Investec Bank Limited's lending policies accordingly. Additionally, and in support of the voluntary International Capital Market Association Green Bond Principles and Social Bond Principles that the organisation has undertaken to apply, a Sustainable Finance Framework was developed and a Green Bond was issued, the proceeds of which are intended to finance projects that meet certain environmental criteria.

The year ahead

With the advent of a new financial year, Investec is poised to enhance connectivity and linkages throughout the organisation, while further capitalising on efficiencies that exist through common platforms and centres of excellence. With this in mind, management intends to continue investing in the Bank's digital and technology platforms.

Succession planning has and will continue to be a key focus area for the Board. With the support of the DLC Nomdac, particular consideration will be given to planned Board retirements and the talent pipeline for senior managers.

The organisation remains committed to the creation of financial, social and environmental value in a sustained manner and in achieving its sustainability goals. Accordingly, the Group is an active participant in the Sustainable Development Goals (SDGs) and welcomes the work being done to emphasize some of the crucial interconnected elements of sustainable development in South Africa.

For further details please refer to the Group's sustainability and ESG supplementary report available on our website.

Conclusion

I would like to express my sincere gratitude and appreciation to the Board, executive management and employees of Investec Bank Limited for remaining steadfast in the creation of enduring worth for all of our stakeholders.

Khumo Shuenyane
21 June 2022

BOARD COMMITTEES

Board committees

Certain DLC (combined) Board committees of Investec Limited and Investec plc act as the Board committees of Investec Bank Limited as well. The reports by the Chairs of these committees can be found in the corporate governance report of the Investec Group's 2022 risk and governance report.

Issues specific to Investec Bank Limited were considered at each meeting of the various committees and the Investec Bank Limited Board received a report on the proceedings of the committees at each of its meetings.

Investec Bank Limited board member representation at the Group committees ensures that key matters for Investec Bank Limited and its subsidiaries are visible at the Group level, and likewise matters of mutual interest for the Group and Investec Bank Limited are communicated and addressed, where applicable, in Investec Bank Limited and its subsidiaries.

Social and Ethics Committee

In terms of the South African Companies Act No. 71 of 2008 (as amended) (Companies Act), the Chair of the Social and Ethics Committee (SEC) should report to stakeholders on the matters within its mandate. The DLC SEC performs the necessary functions required on behalf of Investec Bank Limited. Four members of the Investec Bank Limited Board are members of DLC SEC.

For further details on the role of the Committee refer to pages 97 to 98 of the Investec Group's 2022 risk and governance report.

Nominations and Director's Affairs Committee

The DLC Nominations and Directors' Affairs Committee (DLC Nomdac) currently acts as the Nomdac for the Group, including Investec Bank Limited. The DLC Nomdac also undertakes the duties of a Directors' Affairs Committee as required by the Banks Act. Four members of the Investec Bank Limited Board are members of the DLC Nomdac.

The report from the DLC Nominations and Directors' Affairs Committee can be found on pages 95 to 96 of the Investec Group's 2022 risk and governance report.

IT Risk and Governance Committee

The DLC IT Risk and Governance Committee currently serves as the IT Risk and Governance Committee for the Group (including Investec Bank Limited). The Committee oversees the sound management of risk inherent in the use of IT, which includes ongoing oversight of technical, security, operational and cyber risks. The objective of the committee is to review, assess, prioritise the response to, and monitor current and emerging technology risk as well as to track the strategic alignment of IT and business.

Further details on the role of the Committee are contained on page 24 of the Investec Group's 2022 risk and governance report.

IBL AUDIT COMMITTEE REPORT

Zarina Bassa
Chair of the Investec Bank Limited Audit Committee

Members	Member since	Meetings attended	Eligible to attend
Zarina Bassa (Chair)	21 Jan 2019	5	5
Philip Hourquebie[1]	21 Jan 2019	2	2
Mvuleni G Qhena	2 Mar 2020	5	5
Vanessa Olver[2]	20 May 2021	4	4

1. Philip Hourquebie stepped down as member of the Committee on 5 August 2021 and therefore was only eligible to attend meetings until August 2021.
2. Vanessa Olver was appointed as a member of the Committee on 20 May 2021 and therefore was only eligible to attend meetings from May 2021.

The IBL Audit Committee was inaugurated on 21 January 2019 to become an independent Audit Committee of the Bank, prior to that the joint INL and IBL Audit Committee acted as the Audit Committee for the Bank.

Introduction

I am pleased to present the Investec Bank Limited Audit Committee's report for the financial year ended 31 March 2022 which provides details on how we accomplished our various statutory obligations, as well as on the Key Audit Matters (KAMs) we considered during the period. The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2021/22 annual report and financial statements.

This report has been compiled in accordance with the requirements of the South African Companies Act of 71 of 2008 (Companies Act) (as amended), the King Report on Governance for South Africa 2016 (King IV™), the JSE Listings Requirements and any other applicable regulatory requirements.

Role of the Committee

We provide independent challenge and oversight across the Bank's financial reporting and internal control procedures. The Board has delegated the following key functions to the Committee:

- Overseeing Investec Bank Limited's financial reporting process, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- Reviewing the Bank's internal controls and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of Investec Bank Limited's internal audit functions
- Reviewing of the annual work plan, capacity, scope and staffing of internal audit
- Overseeing the Bank's compliance functions
- Overseeing the Investec Bank Limited's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the external auditors, including, scope, fees, quality control, effectiveness and independence of the external audit function
- Managing the policy, fees and the nature of non-audit services provided by the external auditors
- Dealing with concerns, if any, from outside Investec Bank Limited regarding the application of accounting principles and external reporting.

Committee composition, skills, experience and operation

The Committee is comprised entirely of independent non-executive directors who meet predetermined skill, competency and experience requirements as determined by the DLC Nomdac.

The members' continuing independence, as well as their required skill, competency and experience is assessed annually.

Philip Hourquebie stepped down as a member of the Committee in August 2021, following his appointment as Chair of the Group. The DLC Nomdac and the Board reviewed and confirmed that it is satisfied that Vanessa Olver possesses recent and relevant financial experience and is independent and subsequently appointed her as a member of the Committee. The DLC Nomdac assessed the independence, skill, competency and experience of the Committee and concluded that it had the appropriate balance of knowledge and skills to discharge its duties.

Further details of the experience of the members can be found in their biographies on pages 6 to 8.

The Chief Executive (CE), the Financial Director (FD), the Chief Operating Officer (COO), the Chief Risk Officer (CRO), Heads of Internal Audit, the Chief Compliance Officers and representatives from the joint external auditors are invited to attend all meetings. Other members of management, including business unit heads, are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the Bank.

The Chair has regular contact with the Executive Team to discuss and get broader insight on relevant matters directly.

The internal and external auditors have direct access to the Chair, including closed sessions with the Committee, without management during the year, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

IBL AUDIT COMMITTEE REPORT
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Structure of the Investec group's Audit committees
The Investec Limited Board has mandated authority to the IBL Audit Committee to be the Audit Committee for the respective companies and their subsidiaries.

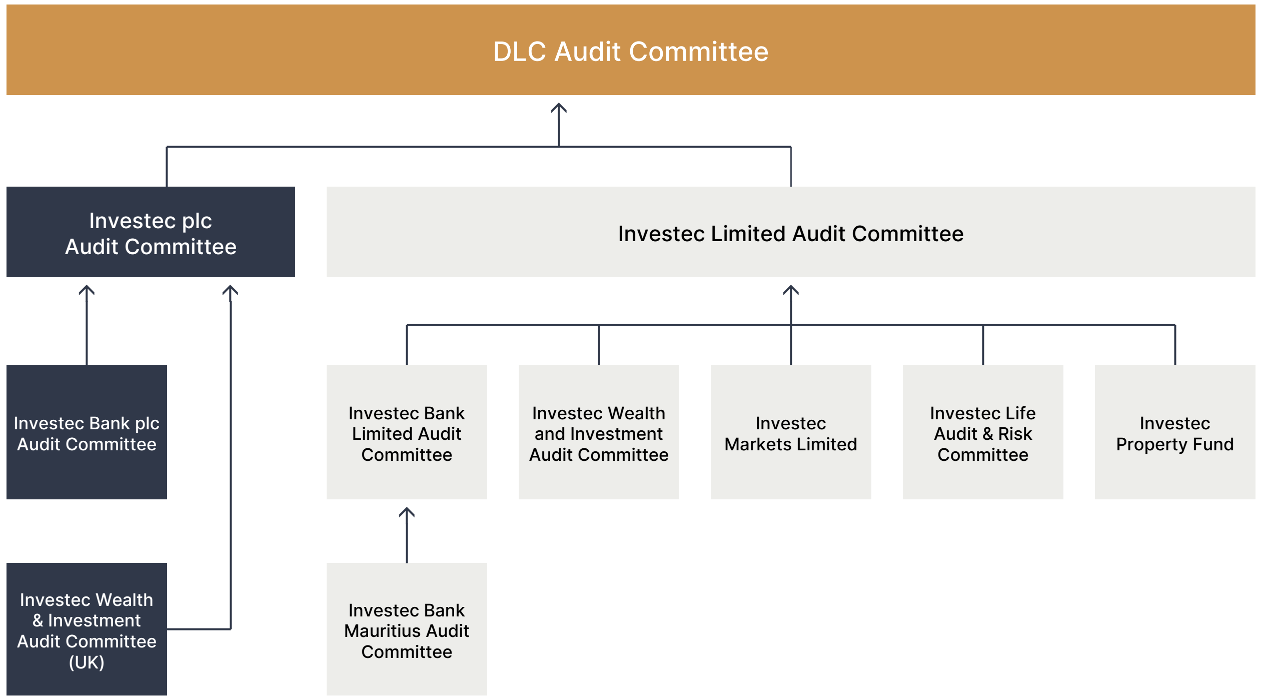
The Committee receives regular reports from the subsidiary Audit Committees as part of the oversight of subsidiary Audit Committees.

The Investec Bank Limited Audit Committee Chair is also the Chair of the following Audit Committees:

- Investec DLC
- Investec Limited
- Investec plc
- Investec Bank Mauritius (IBM).

The Chair is also a member of the following Audit Committees:

- DLC IT Risk and Governance Committee
- Investec Bank plc
- Investec Life
- Investec Wealth and Investments UK



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IBL AUDIT COMMITTEE REPORT
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Areas covered by the Investec Bank Limited Audit Committee
Key audit matters
Key audit matters are those matters that in the view of the Committee:

- Required significant focus from the Committee
- Were considered to be significant or material in nature, requiring exercise of judgement; or
- Matters which were otherwise considered to be subjective or complex from an accounting or auditing perspective.

Common membership of the DLC Audit, Investec plc and Investec Limited Audit Committees ensures that key audit matters and matters of mutual interest are communicated and addressed, where applicable. The members of the Committee may also attend other audit committee meetings, as appropriate.

The following key audit matters were deliberated by the Committee during the year:

Key audit matters	What we did
Impact of COVID-19 • COVID-19 impacted the global economy and businesses across all industries	• Considered the known accounting and operational impact of COVID-19 on the economy and business, mitigating action by management together with the resulting impact on the macro-economic scenarios and the judgements and estimates used by management to prepare the annual financial statements. • The areas most impacted by COVID-19 include: – Going concern, including liquidity – Expected Credit Losses (ECL) assessment (International Financial Reporting Standards (IFRS) 9 macro-economic scenarios, probabilities and staging, impact on specific sectors such as aviation, hospitality and retail) – Quality of earnings – Impact of work from home on the overall control environment and operational risk and resilience – The financial control environment.
Expected Credit Losses (ECL) assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental. The impact of COVID-19 and the resultant economic impacts have resulted in additional key judgments and assumptions being made during the current year	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Bank • Evaluated the impact of ECL on the interim results and annual results • Reviewed and monitored the Bank's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, Significant Increase in Credit Risk (SICR), and volatility • Assessed the appropriateness of the ECL model overlays raised for emerging risks for which there was not sufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays • Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate • Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS • Assessed the appropriateness of the ECL provision raised by the Bank for large exposures in entities publicly perceived to be in financial distress • Reviewed the appropriateness of the ECL models and the forward-looking macro-economic scenarios • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African peers • Considered the impact of easing of restrictions and levels of lockdown on impacted sectors and the consequent impact on ECL and overlays.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement (IFRS 13) disclosure • For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgmental	• Received presentations on the material investments across the Bank, including an analysis of the key judgements and assumptions applied, and approved the valuation adjustments proposed by management for the year ended 31 March 2022 • Challenged and debated significant subjective exposures and assumptions including: – The valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 on these valuation principles – Fair value of instruments with higher characteristics and associated income – The appropriateness of the IFRS 13 disclosures regarding fair value.
Uncertain tax and other legal matters • Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements	• Received regular updates from the Chief Executive, Tax, Finance and Legal on uncertain tax and legal matters to enable the Audit Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment • Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 • Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements • Considered Post Balance Sheet Events (PBSE) considerations, including external developments on disclosures of uncertain tax matters.
Investments in associates • Evaluated the appropriateness of the carrying amount of investments in associates	• Reviewed the technical accounting memorandum prepared by Investec Bank Limited Finance regarding the accounting treatment of material investments of the Bank. The memorandum addressed the carrying value of the investments and management's impairment assessment. This included an analysis of the key judgements and assumptions applied • Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, valuation methods and assumptions applied • Assessed the appropriateness of the overall accounting treatment of investments transferred between entities within the Group.
Going concern	• Considered reports on the budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any on going concern • Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of Investec Bank Limited to continue as a going concern • Recommended the approval of the going concern assumption underlying the annual financial statements to the Investec Bank Limited Board for approval.
Cyber, IT Security, IT systems and controls impacting financial reporting	• Received and reviewed reports in respect of IT security, cyber security, IT systems and controls impacting financial reporting • Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process • Considered broader IT and Governance matters, including security, IT strategy and operations through the Audit Committee Chair's attendance of the DLC IT Risk and Governance Committee.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
External Audit, audit quality and Mandatory Audit Firm Rotation (MAFR)	• Managed the relationship with the external auditors, Ernst & Young Inc. and KPMG Inc., including their re-appointment • Considered the commencement of the shadow audit process by PwC Inc. for the audit of Investec Bank Limited starting during the 2023 financial year • Concluded the comprehensive and competitive tender process for Investec Bank Limited's first audit firm rotation which will take place on 1 April 2023 by PwC Inc. The second audit firm will be appointed to commence the audit for the financial year starting 1 April 2025, in accordance with the MAFR rules as published by the Independent Regulatory Board for Auditors (IRBA). The tender process to appoint the second firm for the audit starting 1 April 2025 will commence during the 2023 financial year. The first rotation will commence on 1 April 2023 by PwC Inc. after the one year shadow period commencing 1 April 2022 • Pre-approved all non-audit services provided by External Audit and confirmed the services to be within the approved non-audit services policy • Assessed the independence and objectivity of the external auditors • Met with key members of Ernst & Young Inc. and KPMG Inc. prior to every Audit Committee meeting to discuss the 2021/22 audit plan, key areas of focus, findings, scope and conclusions • Met separately with the leadership of Ernst & Young Inc., and KPMG Inc., to discuss JSE auditor accreditation, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners • Noted the unqualified independent auditors report in relation to the Bank • Obtained feedback from the cross-reviews performed between the joint firms at an Investec Bank Limited level. Further KPMG International conducted a cross review of KPMG South Africa • Recommended to the Board the re-appointment of Ernst & Young Inc. and KPMG Inc. as the external auditors of Investec Bank Limited for the the year ending 31 March 2023 • Discussed external audit feedback on the Investec Bank Limited's critical accounting estimates and judgements • Considered the external auditors report on the progress of the review engagement being performed on the interim results. Reviewed the results announcements for both interim and final results • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Bank for the year ended 31 March 2022 • Approved the External Audit plan, audit fee and the main areas of focus • Monitored the rotation in lead Ernst & Young audit partners at an Investec Bank Limited, and Private Bank level. Considered the credentials of and approved the KPMG Inc. partner to be rotated in during 2023 in respect of Investec Bank Limited • Monitored audit quality and audit partner accreditation as specified by the JSE. In line with the conditions set out in Section 94(8) of the Companies Act and based on its assessment using the criteria set out by the King IV™ Code and the JSE Listings Requirements, the Investec Bank Limited Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters considered by the Investec Bank Limited Audit Committee:
The Committee considered the following matters during the year:

Key audit matters	What we did
Regulatory compliance and reporting	• Received regular reports from the Regulatory Compliance function and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the regulatory compliance universe, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the Internal and external auditorss or regulators • Requested specific updates or presentations from management on areas considered high risk or where exceptions had been identified • Received regular updates from the compliance function in respect of Regulatory Interactions, Risk Ratings and High-Risk exposures, Conduct, Financial Crime, Compliance Monitoring, Training, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) reviews conducted in respect of Investec Bank Limited subsidiaries.
Post balance sheet disclosure	• Considered any post balance sheet disclosures that may require the AFS to be adjusted or require additional disclosure • Reviewed and approved the publication of a no-change statement.
Environmental, Social and Governance (ESG)	• Reviewed ESG reporting and disclosures • Considered the level of external assurance obtained on ESG reporting and disclosures • Considered the Task Force for Climate Related Disclosures (TFCD) reporting requirements.
Internal controls • The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans	• Attended regular meetings of the IBL BRCC. Based on reports presented at the IBL BRCC, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • Evaluated and tracked the status of the most material control issues identified by Internal and External Audit and tracked the progress of the associated remediation plans against agreed time frames • Reviewed reports from the independent audit committees of the Investec Bank Limited subsidiaries • Evaluated the impact of work from home on the overall control environment and operational risk • Evaluated reports on the internal control environment from the Internal and external auditorss with specific emphasis on culture and conduct elements in the internal audit reports • Considered updates on key internal and external audit findings with respect to the IT control environment • Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage • Evaluated reports on cyber security within the Bank.

IBL AUDIT COMMITTEE REPORT
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Other matters	What we did
Fair, balanced and understandable reporting • Investec Bank Limited is required to assess and confirm that its external reporting is fair, balanced and understandable, and consider whether it provides the information necessary for stakeholders to assess the Bank's position and performance, business model and strategy • Reassessed the process put in place to provide assurance on the Chief Executive and Chief Financial Officer attestation	• Undertook an assessment on behalf of the Board, to provide the Board with assurance that it can make the statement • Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure • Reviewed the accounting treatment of key judgements and the quality of earnings assessment • Assessed disclosure controls and procedures • Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences • Took note of the areas highlighted to the Audit Committee by the JSE through its Pro-active Monitoring Process of the AFS of listed companies. Ensured these were appropriately considered in the AFS • Considered feedback from Finance in respect of a project launched to amend the annual integrated report in order to improve disclosures, improve financial control and reporting processes • Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2022 were appropriate in ensuring that those statements were fair, balanced and understandable • Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report • Reviewed the outcomes of the combined assurance coverage model as discussed below.
Combined assurance matrix	• Confirmed our satisfaction with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory Compliance, Internal Audit, External Audit and other Assurance Providers • Confirmed our satisfaction with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks • Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes • Reviewed the year-end conclusions from Internal Audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year • Reviewed the work performed by Finance to support the control attestation made by the Chief Executive and Financial Director as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix.
Business control environment • The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans	• Received regular reports from the subsidiary audit committees • Attended the Audit Committees of all significant subsdiaries • Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans • Received updates from senior management and scrutinised action plans following Internal Audit findings • Reviewed the process for reporting to the Investec Bank Audit Committee by key subsidiaries and associates and considered regular reports from such entities.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Finance function	• Considered a report from Group Finance on the interim results for the period ended 30 September 2021 and final results for the 31 March 2022 year end • In a closed session, discussed and concluded that the finance functions of Investec Bank Limited and its subsidiaries were adequately skilled, resourced and experienced to perform the financial reporting for the Bank and that appropriate succession was in place for key roles • Concluded that the Finance Director, Marlé van Der Walt, had the appropriate expertise and experience to meet the responsibilities of the position • Considered the reports from internal audit on the effectiveness of the internal control environment and the combined assurance matrix in concluding on the attestation • Reviewed the work performed by the Finance function to support the control attestation made by the Chief Executive and Finance Director as required by the JSE Listings Requirements 3.84(k).
IFRS	• Reviewed various accounting papers prepared by Finance addressing subjective accounting treatment and significant accounting judgements • The Audit Committee Chair discussed the key judgements and complex accounting treatments with both external audit and management in the weekly meetings leading up to the year end sign off • Reviewed and obtained confirmation from Finance that the recommendations in the JSE pro-active monitoring report had been implemented in the preparation of the annual financial statements • Concluded on the reasonableness of the significant accounting judgements.
Related party disclosures	• Considered and reviewed related party disclosures for the Bank • DLC Nomdac reviewed key related party transactions during the year and ensured that Investec Bank Limited's related party policies are being complied with. This was supported by a governance audit carried out by internal audit.

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IBL AUDIT COMMITTEE REPORT
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Other matters	What we did
Internal audit • The performance of Internal Audit and delivery of the Internal Audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the Internal Audit plan • The Committee is responsible for assessing audit quality and the effectiveness of the Internal Audit function	• Scrutinised and reviewed Internal Audit plans, risk assessments, methodology and staffing, and approved the annual plan • Deliberated on and approved the revised Group Internal Audit charter • Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills developments and automation of audit processes • Monitored and followed up Internal Audit control findings, including IT, and ensured appropriate mitigation and timeous close out by management • Tracked high and moderate risk findings, and monitored related remediation plans • Met with the heads of Internal Audit prior to each Audit Committee meeting, without management being present, to discuss the remit reports of Internal Audit and any issues arising from the Internal Audits conducted • Monitored audit quality in relation to Internal Audit. The methodology process and skills were presented to a separate convened Audit Committee to consider audit quality • Confirmed our satisfaction with the performance of the Internal Audit function • Reviewed the Investec Bank Limited written assessment of the overall effectiveness of the organisation's governance, risk and control framework, adherence to the risk appetite and the effectiveness of the overall assurance achieved relative to that planned for the year through the CAM • Discussed and considered the Internal audit engagement quality assurance programme. The Internal Audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics) • Discussed and considered the quality engagement assurance programme. The quality assurance programme is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the Global Internal Audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post engagement quality assurance programme • Reviewed the results of the post-engagement quality assurance programme which inform any training interventions required within the team. The results are consolidated and presented to the Audit Committee on an annual basis • Internal Audit developed automated test scrips, allowing for more frequent testing of controls covering the full population. This full population testing will provide greater coverage than the current traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of this approach on the audit for the Group • Held a closed session with Internal Audit where the capacity, appropriate skill, independence and quality of the Internal Audit function was assessed

IBL AUDIT COMMITTEE REPORT
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External audit

Non-audit services

Our policy regarding the engagement of the external auditors to provide non-audit services was developed by the Committee to safeguard auditor objectivity and independence. The policy includes guidelines on permitted and non-permitted services and the approval process required by the Committee.

Total audit fees paid for the year ended 31 March 2022 amounted to R81 million (2021: R77 million), of which R1.6 million (2021: R1.6 million) related to the provision of non-audit services. The non-audit services related to services required to be provided by the external auditors, for example, regulatory audits. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment. The Committee further required the policy to be applied to any external services provided by PwC Inc. to ensure the independence of the firm prior to its appointment as external auditors for the financial year starting 1 April 2023.

Based on the above-mentioned policy and reviews, the Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young Inc., KPMG Inc. and PwC Inc.

Audit quality, interdependencies and partner accreditation

The Committee held a closed meeting with the external auditors to discuss auditor accreditation, independence, firm quality control and results of internal and external regulator inspections of the firms and individual partners.

The closed meetings in respect of audit quality took place between the Committee and Ernst & Young Inc. and the Committee and KPMG for the current year.

The following matters were covered during these discussions:

- Transparency reports and reviews by each of the firms covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
- Any reputational, legal or impending legal issues impacting the firm, including the implications of publicly observable information from regulatory investigations or the media
- The independence processes of the firm, including partner reward and remuneration criteria
- Interrogation of international and local firm audit quality control processes
- Detailed profiles of the partners, managers and technical support staff, including their relevant audit experience and specific Investec experience, especially where partner rotation was envisaged
- Details in relation to each firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process
- The results of the last firm-wide reviews carried out by the regulatory body, the IRBA in South Africa
- The results of the latest individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner

Auditor independence and objectivity

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors have confirmed their independence and were requested to review and confirm the level of staff transactions with Investec Bank Limited, if any, to ensure that all auditors on the Bank audit meet the independence criteria
- The external auditors and key audit partners are required to rotate every five years. The tenure of each of the partners was reviewed and concluded to be aligned with this policy
- Gail Moshoeshoe stepped down as lead Ernst & Young Inc. engagement partner for Investec Bank Limited after the March 2021 audit. Ranesh Hariparsad replaced Gail from 1 April 2021
- Tracy Middlemiss will step down as lead engagement partner of KPMG Inc. for Investec Bank Limited for the year ending March 2022. A new designated lead audit partner has been appointed for the financial year ending 31 March 2023 pending PA approval.

Following due consideration, the Committee believes the safeguards as implemented by the Committee are adequate to ensure the objectivity and effectiveness of the audit process:

- The extent of audit cross-reviews, both between the joint auditors of Investec Bank Limited and the additional reviews by KPMG International
- The additional cross-reviews by the Investec Bank Limited auditors across the Bank supported by partner rotation
- Limitations on delivering non-audit services, including pre-approval on non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

Audit quality and independence

The Committee treated audit quality and independence as a Key Audit Matter (KAM) and accordingly critically evaluated audit quality, effectiveness, independence and audit rotation requirements. Regulator reviews were considered at a firm and individual partner level. Continuity, quality control on assignment as well as the independence of staff on the assignment were considered. The Committee was satisfied that in reviewing audit quality and independence, it had followed a comprehensive process during which detailed reports were received and evaluated.

Mandatory Audit Firm Rotation (MAFR)

In terms of the South African Banks Act, Investec Bank Limited is required to appoint joint auditors. The rule on MAFR as issued by the IRBA requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than ten consecutive financial years. Thereafter, the audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years. The requirement is effective for financial years commencing on or after 1 April 2023. If, at the effective date, the entity has appointed joint auditors and both have had audit tenure of ten years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.

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IBL AUDIT COMMITTEE REPORT
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The Investec Bank Limited Audit Committee considered the implications of the MAFR rule as issued by IRBA, the requirements of the South African Companies Act and the state of the audit profession in South Africa including reputational or apparent audit failure perceptions. The views expressed by shareholders have been a key consideration balanced with the implications of having joint auditors and the risks inherent in an audit transition. Based on this assessment, following a comprehensive tender process PwC Inc. was nominated as one of the new joint external auditor for the financial year starting 1 April 2023.

The appointment of PwC Inc. in a shadow capacity, for the 2022 financial year, will be recommended to ordinary shareholders at the AGM to be held in August 2022. A formal transition process will commence during 2022, whereby PwC Inc. will shadow the full audit cycle performed by the incumbent joint external auditors. The purpose of the shadow period is for PwC Inc. to obtain sufficient information about the Bank, the financial control environment and the audit process to ensure a smooth transition as external auditors in the following year i.e. for the audit commencing 1 April 2023. Non-audit services provided by PwC Inc. will be reviewed and considered in advance of their appointment as external auditors to ensure their continued independence.

A competitive tender process for the second rotation will commence during 2022, with the second incoming audit firm to perform the first audit for the financial year starting 1 April 2025, in accordance with the MAFR rules as published by the IRBA. The timing of the tender process was extended from 2021 to 2022 to provide the Committee with additional time to consider the developments in respect of matters raised during the initial tender process and to give the Audit Committee time to assess how potential firms deal with actual or perceived audit quality challenges reflected in the media or IRBA rankings. The Committee believes that the new timing will still allow for sufficient opportunity to facilitate a shadow audit process.

Re-election of auditors

The Committee has considered the following in proposing the appointment of external auditors:

- The regulatory need for joint auditors
- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of a Bank which is of systemic importance
- The level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a financial services group and the consequent audit risks
- The independence of the external auditors
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation.

In line with the conditions set out in Section 94(8) of the South African Companies Act, and based on its assessment, using the criteria set out by the King IV™ Code and the JSE, the Investec Bank Limited Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

In making the recommendation for the re-election of Investec Bank Limited's auditors, the Board and the Investec Limited Bank Audit Committee have taken into consideration the South African Companies Act and the South African PA requirements with respect to joint auditors and MAFR together with the results of the Audit Committee's extensive, formalised process to satisfy itself as to auditor independence and audit quality. The Board and the Committee is recommending the re-election of KPMG Inc. and Ernst & Young Inc. as joint auditors of Investec Bank Limited at the AGM in August 2022 for the financial year ending 31 March 2023. The Board and the Committee will be recommending PwC Inc. to replace KPMG Inc. as joint auditor for the financial year ending 31 March 2024. A second firm to replace Ernst & Young Inc. for the year ending 31 March 2025 will be considered during 2022/2023 in line with IRBA MAFR requirements.

Looking ahead

The role of the Committee will remain focused on:

- Ensuring the effective functioning of the Bank's financial systems and processes, financial control environment, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS, legislation and other regulations impacting disclosure requirements
- The appointment of the second external audit firm as part of MAFR
- The implications of ESG risk in measuring the sustainability and societal impact of an investment in a company or business together with ESG accounting disclosures and assurance processes
- Monitoring the impact of COVID-19, on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the Bank
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the amended JSE Listings Requirements, including the effectiveness of internal financial controls.

Zarina Bassa
Chair, Investec Limited Audit Committee
21 June 2022

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT

David Friedland
Chair of the IBL BRCC Committee

"We've continued to enhance our processes, systems, and controls, leading to improved risk management in our trading jurisdictions. Through our interactions with management, risk functions and the three lines of defence, the Committee is satisfied that all risks including as emerging risks, are properly managed."

Key achievements in 2021/22

- Focused on the impact of COVID-19, July unrest and ongoing economic uncertainty on the bank, in particular ensuring that expected credit losses were adequate and the quality within the credit portfolio did not deteriorate
- Reviewed the enhanced management of the financial risks arising from climate change and other risks arising from ESG issues
- Focused on fraud risk, IT and cyber security, operational resilience and people risk

Areas of focus in 2022/23

- Focus on people, IT and cyber security and liquidity
- Seek to understand and address the risks that may be introduced by our migration to the cloud
- Further enhancement of the management of the financial risks arising from climate change and other risks arising from sustainability and ESG issues
- Monitor regulatory developments
- Monitor the progress and actions taken to improve the bank's operational resilience
- Monitor geopolitical and local South African developments

Members	Member since	Meetings	Eligible to
David Friedland (chair)	18 Jan 2019	5	5
Zarina BM Bassa	18 Jan 2019	5	5
Philip A Hourquebie*	18 Jan 2019	4	4
Khumo L Shuenyane	18 Jan 2019	4	5
Fani Titi	18 Jan 2019	5	5
Richard J Wainwright	18 Jan 2019	5	5
Morris Mthombeni	2 Mar 2020	4	5
Mvuleni G Qhena	2 Mar 2020	5	5
Kevin Kerr	10 Mar 2020	5	5
Marlé van der Walt	8 Apr 2021	5	5
Vanessa Olver	20 May 2021	5	5

* PA Hourquebie resigned as a member of IBL BRCC effective 8 April 2021
1. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chair of the Committee.

The Bank formed the IBL Board Risk and Capital Committee was inaugurated on 18 January 2019 to become an independent BRCC Committee of the Bank, prior to that the DLC BRCC acted as the Board Risk and Capita Committee for the Bank.

Introduction
As the Chair of the Investec Bank Limited BRCC (the Committee), I am pleased to present our report for the financial year ended 31 March 2022.

Having served as a non-executive director on the Board for nine years, I am no longer considered independent pursuant to Directive 4/2018 of the South African PA; therefore, this is my final report as Chair. As a result, I will not stand for re-election at the upcoming AGM. In accordance with the King IV™ Code and the South African PA's consent, I am, however, considered independent until the AGM scheduled for August 2022.

I would like to thank and pay tribute to the risk community, and the digital and technology teams, as well as business units for their commitment and dedication, often during very trying times.

As a Committee, we take comfort that the risk function and oversight are in capable hands.

Role of the Committee
The Committee is the appointed Board Committee to meet the requirements of the Banks Act and the King IV™ Code which requires the Board of Directors of a Bank to appoint a risk and capital committee.

Our role is to provide independent oversight of the range of risks facing the business. We perform this function by considering the risk reports presented and questioning whether existing actions taken by management are appropriate.

Through both Committee meetings as well as interactions with the Chief Risk Officer, we satisfy ourselves that effective risk management plans and processes are in place to ensure that risks are adequately assessed and timeously addressed.

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

The IBL Audit Committee has the primary role of providing assurance to the Board that enterprise wide risks have been correctly identified and appropriate controls are in place. The IBL Audit Committee relies on the output of the IBL BRCC to give assurance as regards enterprise wide risk. As there are synergies between the IBL BRCC and IBL Audit Committee, there is an overlap in membership.

IT and governance risks are delegated to the DLC IT Risk and Governance Committee, which submits its reports to the IBL BRCC, IBP BRCC and the DLC BRCC.

COVID-19
The continuation of the COVID-19 pandemic, on the back of an already challenging macro-environment, as well as the civil unrest in July 2021, brought significant human, social, economic and business uncertainty. The Bank took steps to understand and mitigate the risks posed by, and the impacts arising from the ongoing situation.

We continued with our reviews of the impact of COVID-19 on all business areas with particular focus on the risks emerging in aviation, gaming, property, leisure and hotels.

Working from home
The Bank adapted to a hybrid combination of working from home and office while managing day-to-day business, including employee well-being, operational resilience and client relationships. Our Committee continuously reviewed all risks associated with working from home.

Capital, risk appetite and liquidity
Investec Bank Limited made progress in the application to adopt the Advanced Internal Ratings Based (AIRB) approach for the measurement of capital on the Income Producing Real Estate (IPRE) portfolios currently on the Foundation Internal Ratings Based (FIRB) approach. We received approval from the South African PA to commence a six-month parallel run for the IPRE portfolio on AIRB from 1 April 2022. On full adoption of AIRB, the pro forma CET 1 ratio would increase by approximately 200bps at 31 March 2022. We received sign off from the South African PA in April 2021 to utilise the Corporate and Small Medium Enterprise (SME) Loan Given Default (LGD) and Exposure at Default (EAD) models in our regulatory calculations.

The Committee reviewed and approved the capital plans for Investec Bank Limited under various stress scenarios. Capital ratios have remained sound throughout the financial year.

We assessed the capital structure of Investec Bank Limited and supported management's recommendation to make an offer to acquire all the issued non-redeemable, non-cumulative, non-participating, variable rate shares through a scheme of arrangement (Scheme) or a standby general offer.

Members of the Committee were appointed as part of an independent Committee of the Investec Bank Board to evaluate and express an opinion to the preference shareholders dealing with the value and price compared to the consideration proposed to be paid in relation to the Scheme and standby offer.

The Scheme received the requisite approval.

The Committee reviewed and discussed the risk appetite landscape of the Bank with no significant changes made to the risk appetite limits of the Bank.

We carry a high level of liquidity in order to be able to cope with shocks to the system. Our liquidity positions remained strong and were well within both internal and regulatory limits

Cyber Security
A joint meeting of the IBL BRCC and the IBP BRCC received a detailed update on the information security landscape including maintenance and enhancement of cyber resilience, managing the insider threat, turning security into a business differentiator and feedback on the Executive Cyber Simulation held in November 2021. The Committee was comfortable that the Bank had a mature approach to cyber security with ongoing actions in place to improve the controls and resilience of the Bank's cyber security.

Composition and Attendance
The Committee comprises Executive and Non-Executive members, with the composition designed to provide the breadth of risk expertise and commercial acumen to fulfil its responsibilities.

Other regular attendees include:

- Head of Operational Risk
- Head of Internal Audit
- Head of Group Liquidity Risk
- Head of Group Credit Risk
- Head of IT security

Connectivity
The Chair of the Committee is also the Chair of the DLC BRCC and a member of the IBP BRCC. This ensures the connectivity between the Bank and the Group.

Investec Limited and Investec Bank Limited Large Exposure Committee
The Investec Limited and Investec Bank Large Exposure Committee comprises three Non-Executive and four Executive Directors as well as the joint Heads of Credit, Head of Risk and the Global Head of Compliance and Internal Audit.

The main objective of the Committee is to assist the Board in discharging its responsibilities in terms of the management of credit granting and credit risk (which forms an integral part of the overall process of corporate governance) and its concentration across the Group.

The Committee reports to the IBL BRCC and DLC BRCC.

Succession
Working closely with the DLC Nomdac, the Board continues to drive and monitor succession planning. Vanessa Olver, a Non-Executive Director of the Bank, has been identified as my successor as the Chair of the Committee. I know that Vanessa with her knowledge and experience of risk in the banking sector will build upon the work and success of the Committee.

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Looking ahead

The Committee will continue to apply an intense focus on people, operational, IT and liquidity risks, while at the same time considering resilience and strategy.

We will closely monitor the well-being of our people, including the implications of flexible working arrangements and consequent impact on talent management and morale.

In line with Investec's focus on digitalisation, our technology strategy has evolved into a cloud-centred transformation. This journey is still in a growth phase, and we are cognisant that risks may be introduced as critical systems are built in or migrated to the cloud. The Committee will seek to understand and address these risks, and the potential for cloud to disrupt, transform, and accelerate business models. It is vital that technology continues to meet client needs and fulfils emerging and ongoing requirements of operational resilience.

An operating risk is a finding by the Financial Action Task Force (FATF) that the South African financial sector needs to improve its processes to prevent money laundering and terrorist financing. The country has until August 2022 to present progress. Should the country fail to meet the FATF deadline, South Africa will be "grey-listed" and the ability of its banks to raise funds in global markets will be restricted, to the detriment of our country's financial system. The Committee will monitor the situation and in the event of being placed on the "grey-list", consider the impact on the Group's operations and consequential risks that may arise.

Furthermore, we will continue to assess how external factors impact the Bank's risk profile. These matters include financial crime, the implementation of regulatory requirements, Financial Intelligence Centre Act (FICA), the King IV™ Code and the risks associated with the fast pace of regulatory change.

We will also upskill the members of the Committee in terms of climate-related and sustainability (including ESG) matters through focused training sessions.

Cybersecurity remains an area of focus for the Committee. The Bank is committed to managing and protecting its digital assets and to detecting and isolating significant breaches in order to to minimise business impact.

David Friedland
Chair, IBL BRCC
21 June 2022

03

Remuneration report

IN THIS SECTION

REMUNERATION REPORT

Zarina Bassa
Chair of the Remuneration Committee

"Our people have delivered a strong performance, particularly in light of the extremely challenging conditions this year."

Members	Member since	Meetings attended	Eligible to attend
Zarina Bassa (Chair)[1]	4 Jun 2020	2	2
Henrietta Baldock	5 Aug 2021	1	1
Philip Hourquebie[2]	4 Jun 2020	1	1
Mvuleni G Qhena	4 Jun 2020	2	2
Khumo Shuenyane	4 Jun 2020	2	2

1. Zarina Bassa was appointed Chair of the Committee on 13 November 2021
2. Phillip Hourquebie stepped down as Chair of the Committee on 13 November 2021, and stepped down as a member of the Committee on 28 February 2022

I am pleased to present the IBL Remuneration Committee (the Committee) report for the financial year ended 31 March 2022.

Introduction

The IBL Remuneration Committee is an independent committee of the IBL Board. It ensures compliance with applicable legislation and governance requirements of the jurisdiction within which the Bank operates, including its obligations as an independent Bank regulated by the South African PA and FSCA. The Committee gives full consideration to the Directors' Duties contained in the Companies Act and considers the factors listed in the Companies Act, the JSE Listings Requirements, King IV™ Code and any other relevant legal or regulatory requirements.

The role of the Committee

While the Committee is responsible for remuneration within the Bank, it reports key items to both the IBL Board and the DLC Remuneration Committee. The Committee is also required where there are Group reserved matters to give input at the DLC Remuneration Committee. The details of the role and responsibilities of the DLC Remuneration Committee are set out in the Investec Group 2022 remuneration report.

The remuneration framework, performance measures and metrics for the IBL Chief Executive Richard Wainwright, who is a person discharging managerial responsibilities (PDMR) of the Investec Group, are determined by the DLC Remuneration committee following consultation with the IBL Remuneration committee. The annual remuneration for the Chief Executive is then reviewed by the IBL Remuneration committee, with a recommendation provided to the DLC Remuneration committee.

Composition of the Committee

The IBL Remuneration committee met twice during the year ended March 2022.

Philip Hourquebie served as the Chair of the IBL Remuneration Committee until November 2021. He was appointed as the Chair of the DLC Board in August 2021, and resigned from the IBL Remuneration Committee effective February 2022. We thank Philip for the work done in leading the IBL Remuneration Committee and we wish him well in his new role.

I was appointed as Chair of the Committee effective November 2021. The other members of the committee for the year were Khumo Shuenyane and Geoffrey Qhena. Geoffrey is a Non-Executive Director of Investec Bank Limited only, where the other members are all Non-Executive Directors of the Group as well.

The Committee is comprised entirely of independent Non-Executive Directors who meet predetermined skill, competency and experience requirements. The members' continuing independence is assessed annually by the DLC Nomdac, which in turn makes a recommendation on the members' independence to the Board. The DLC Nomdac and Board have concluded that the IBL Remuneration Committee has the appropriate balance of knowledge and skills to discharge its duties.

We believe the formation of the Committee, which was a result of the continued enhancement of the Bank's existing independent governance processes, has helped to further enhance the level of oversight and enquiry of the Bank's remuneration framework, philosophy and implementation.

The past year in focus

The financial year was characterised by a strong performance by the Bank and its people. Further, it is important to note the difficult trading environment, given the local environment and COVID-19 macro-economic realities both locally and globally.

Locally the difficult South African macro-economic environment was exacerbated by the unrest in July 2021 and by floods in February this year. We have thus had significant concern for the wellbeing of our people. We made enormous efforts to ensure that the basic needs of our staff affected by these events were met. We also contributed and assisted in programmes for relief efforts in the communities affected.

As previously outlined in the 2021 report, we split our annual review into three processes. In 2021, we followed the standard annual reward process in respect of the financial year ended 31 March 2021, where we considered the total reward for our employees effective 1 June 2021.

The Committee reviewed the proposed spend and approved the remuneration payable for June 2021. As part of the review, it is an ongoing and consistent focus of the Board and management to consider our people in the context of

future talent, race, gender and other diversity considerations, with a clear focus on the retention of our people.

Management put into place a specific retention award to retain key skilled individuals, focusing on key deal makers in December 2021. In addition to the above award, we have made salary adjustments for key talent considering race and gender.

The Committee further reviewed specific analysis and reports that outlined non-standard remuneration practices, severance policies and practices, and non-standard payments above the agreed upon hurdles.

Outcomes for the year

Our business performance for the financial year ending 31 March 2022 reflects the strength of the Specialist Banking franchise and the commitment of our people to support our clients.

The revenue momentum experienced in the first half of the financial year continued into the second half. Against this backdrop, Investec Bank Limited posted an increase in headline earnings attributable to ordinary shareholders of 27.3% to R5 260 million (FY2021: R4 133 million). Fixed operations expenditure was well contained, in line with the Group's focus on cost efficiencies, while variable remuneration increased given business performance. Impairments were significantly lower given limited default experienced and good recoveries. The cost to income ratio improved to 49.3% (FY2021: 53.7%) given continued cost discipline.

Our people have delivered a strong performance, particularly in light of the extremely challenging conditions this year. We highlight the importance of supporting our people; at the core of this is not just business performance and staff costs but also the economic and mental impact of COVID-19 and local economic factors on our people and their wellbeing. We have invested considerable time and resources in addressing the wellbeing of our employees.

We considered the needs of all our stakeholders, including our shareholders, when determining the remuneration spend for the year. We agreed the following principles to guide our approach this year:

- Reward performance in the context of the Group performance and local environment
- Protect our business (to ensure we retain talent for a sustainable, viable business for the long term)
- Support our people during these challenging times
- Mitigate flight risk and potential impact to franchises, particularly for key individuals
- Account for external factors, including the views of regulators and shareholders

Following due consideration of the above principles we followed the standard annual reward process in respect of the financial year ended 31 March 2022.

Management highlighted the extreme demands placed on our staff due to challenging external conditions over the last two years. Allied to this, we asked staff to take zero salary increases at senior levels, deferred bonuses and salary increases in 2020 and reduced variable remuneration in 2020 and 2021. Given the outperformance by the business and employees this year, during this annual reward process we aimed to reward our exceptional performers and those who really responded to the demands placed on the business and our people. We also topped up the bonuses for lower earning staff with a special bonus. We believe this is true to our culture of reciprocity between staff and business.

Further details on the philosophy, policy and relevant disclosures per governance requirements can be found throughout the Investec Group's 2022 remuneration report on pages 4 to 46.

Conclusion

Investec Bank Limited has had a challenging, but rewarding year.

Our reward approach has focused on supporting the continued performance of IBL and the sustainability of our business and people. Due consideration has been taken of the challenging and changing times we operate in. The Committee is aware of the ongoing conversations the business is having to ensure we retain a motivated and engaged employee population within a hybrid model of work, while ensuring we maintain our strong performance and unique culture.

The Committee undertook to balance these realities with the principles outlined earlier in applying the reward philosophy and policy in the context of the external and internal commercial environments while ensuring that we protect our people and retain key employees.

Zarina Bassa
Chair of the IBL Remuneration Committee
21 June 2022

04

Annual financial statements

IN THIS SECTION

DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of Investec Bank Limited, comprising the balance sheets as at 31 March 2022 and the income statements, statements of total comprehensive income, statements of changes in equity and the statements of cash flows and the notes to the financial statements for the year then ended, in accordance with IFRS, SAICA Financial Reporting Guide as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act No. 71 of 2008 (Companies Act).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe that the Group's business will not be a going concern in the year ahead.

The directors confirm that Investec Bank Limited complied with the applicable laws of establishment, Investec Bank Limited's memorandum of incorporation and the Companies Act.

Approval of Investec Bank Limited's Group and Company financial statements
The Investec Bank Limited Group and Company annual financial statements, as identified in the first paragraph, were approved by the Board of Directors on 21 June 2022 and are signed on its behalf by:

Khumo Shuenyane
Chair

Richard Wainwright
Chief Executive

DIRECTORS' REPORT

Nature of business
Investec Bank Limited is a specialist bank providing a diverse range of banking products and services to a niche client base in South Africa and Mauritius.

Financial results
The Group and Company financial results of Investec Bank Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2022.

Total operating income before expected credit loss (ECL) impairment charges increased by 18.7% to R14 304 million (FY2021: R12 049 million). The components of operating income are analysed further below:

- Net interest income increased 16.2% to R10 210 million (FY2021: R8 786 million) given higher average interest earning assets and lower funding costs. Net core loans grew by 4.1% to R294.8 billion (31 March 2021: R283.2 billion). Advances to private clients were driven by residential mortgages, offset by flat year on year growth in commercial real estate. Growth in corporate lending was curtailed by elevated repayments and continued low business confidence.
- Net fee and commission income increased 31.4% to R3 070 million (FY2021: R2 337 million) reflecting increased activity levels across the board, higher lending and FX turnover, and a recovery of point-of-sale activity relative to the prior year.
- Investment income and share of post-taxation profit from associates declined 46.8% to R294 million (FY2021: R553 million). The decrease is primarily due to the sale of IEP on 31 August 2021 and additional write-downs taken on certain unlisted investments.
- Total trading income increased 97.0% to R729 million (FY2021: R370 million). Client flow was strong (up 15.5%) driven by market share gains in select markets, increased client flows and benefits arising from increased market volatility. Balance sheet management and other trading activities saw mark-to-market (MTM) gains on certain interest rate and currency swaps.

ECL impairment charges declined by 98.4% to R9 million (FY2021: R567 million) resulting in a credit loss ratio (CLR) of approximately zero bps (FY2021: 18bps). The decline was due to limited default experience, good recoveries, specific ECL impairment reversals and the release of R71 million post-model overlays given good credit performance and a stable macroeconomic outlook relative to FY2021. The management overlay at year end of R219 million (31 March 2021: R290 million) reflects heightened economic uncertainty arising from the effects of inflationary pressures and second-order economic impacts from geopolitical tensions abroad.

The cost to income ratio improved to 49.3% (FY2021: 53.7%) given continued cost discipline. Operating costs increased 9.0% to R7 048 million (FY2021: R6 469 million) driven largely by higher variable remuneration given improved performance. Fixed costs increased by 4.8% year on year.

As a result of the foregoing factors, profit before taxation increased 48.0% to R7 193 million (FY2021: R4 861 million) while profit after taxation increased 37.7% to R5 505 million (FY2021: R3 997 million).

The preparation of the Group and Company annual financial statements was supervised by the Finance Director, Marlé van der Walt.

Significant transactions
In line with our capital optimisation strategy and to simplify Investec Bank Limited's balance sheet, on 31 August 2021, Investec Bank Limited sold its 47.4% stake in Investec Equity Partners (IEP) to Investec Limited for R5.2 billion, and its 21.87% holding in Investec Property Fund (IPF) to Investec Limited for R2.7 billion. R1.5 billion of the IPF purchase price was funded by Investec Bank Limited providing interest bearing debt to INL while R3.4 billion of the IEP purchase price was funded by Investec Limited issuing redeemable preference shares to Investec Bank Limited. Investec Limited pledged the IPF shares to Investec Bank Limited as security for the debt, and its investment in Investec Investments (Pty) Limited as security for the preference shares. Refer to notes 25 and 28.

Authorised and issued share capital
Details of the share capital are set out in notes 41 and 42 of the annual financial statements.

Ordinary dividends
Having met the solvency and liquidity requirements that are stipulated in the Companies Act No. 71 of 2008 (Companies Act), the following interim and final ordinary dividends were declared and paid during and subsequent to the year end:

- R1 500 million (one billion and five hundred million rand) was declared on 18 June 2021 and paid to Investec Bank Limited's sole shareholder on 22 June 2021
- R3 400 million (three billion and four hundred million rand) was declared and paid to Investec Bank Limited's sole shareholder on 30 August 2021
- R650 million (six hundred and fifty million rand) was on 15 March 2022 and paid to Investec Bank Limited's sole shareholder on 16 March 2022
- R2 700 million (two billion and seven hundred million rand) was declared on 17 May 2022. Of this amount R550 million (five hundred and fifty million rand) was paid on 19 May 2022, while R2 150 million (two billion and one hundred and fifty million rand) was paid to Investec Bank Limited's sole shareholder on 30 June 2022.

Preference dividends
Having met the solvency and liquidity requirements that are stipulated in the Companies Act, the following preference dividends were declared and paid during and subsequent to the year end:

Non-redeemable non-cumulative non-participating preference shares
Preference dividend number 36 for the period 1 October 2020 to 31 March 2021, amounting to a gross preference dividend of 290.85595 cents per share, was declared to members holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

Preference dividend number 37 for the period 1 April 2021 to 30 September 2021, amounting to a gross preference dividend of 292.45405 cents per share, was declared to members holding preference shares registered on 10 December 2021 and was paid on 13 December 2021.

Investec Bank Limited repurchased all 14 917 559 of the non-redeemable non-cumulative non-participating preference shares with a par value of 1c each. Repurchases of the preference shares were pursuant to, and in accordance with, the scheme of arrangement that was approved by the shareholders of Investec Bank Limited at the general and class meetings that were held on 2 December 2021, respectively, as well as approval by the PA.

DIRECTORS' REPORT
CONTINUED

Directors
The names of the current directors of Investec Bank Limited, along with their biographical details, are set out on pages 6 to 9. Changes to the composition of the Board since 1 April 2021 up to the date of this report are shown in the table below:

	Date of appointment	Date of resignation/ retirement
R Govan	1 Aug 2022	
DM Lawrence		30 Sep 2021
M van der Walt	8 Apr 2021	31 Jul 2022
SC Spencer		8 Apr 2021
V Olver	20 May 2021	

Directors' shareholdings
No director holds any ordinary shares in Investec Bank Limited.

Directors' shareholdings in Investec plc, Investec Limited and in Investec Bank Limited's preference shares are set out on pages 134 to 137.

Directors' remuneration
Directors' remuneration is disclosed on pages 133 to 137.

Company Secretary and registered office
The Company Secretary is Niki van Wyk. The registered office is c/o Company Secretarial, Investec Limited, 100 Grayston Drive, Sandown, Sandton, 2196.

Audit Committee report
The Investec Bank Limited Audit Committee report is disclosed on pages 13 to 23.

Social and Ethics Committee (SEC)
As provided for under the Companies Act, the DLC SEC performs the necessary functions required on behalf of Investec Bank Limited. Four members of the Investec Bank Limited Board are members of DLC SEC. Further details on the role and responsibilities of the DLC SEC are set out on page 98 of the Investec Group's 2022 risk and governance report.

Sustainability report
The sustainability report is disclosed on page 94 of the Investec Group's 2022 integrated annual and strategic report.

Nominations and Directors' Affairs Committee (Nomdac)
The Board of Investec Bank Limited has delegated the duties of the Directors' Affairs Committee as set out in the Banks Act, to the DLC Nomdac. Four members of the Investec Bank Limited Board are members of DLC Nomdac. Further details of the role and responsibilities of the DLC Nomdac are set out on page 95 of the Investec Group's 2022 risk and governance report.

Investec Bank Limited has a policy dealing with the process for the nomination and appointment of directors. The policy is available on Investec's website.

Remuneration Committee
The Remuneration Committee report is disclosed on pages 27 to 29.

IT Risk and Governance Committee
The DLC IT Risk and Governance Committee carries out the relevant functions on behalf of Investec Bank Limited. Two members of the Investec Bank Limited Board are members of DLC IT Risk and Governance Committee. Further details of the role and responsibilities of the Committee are set out on page 94 of the Investec Group's 2022 risk and governance report

Large Exposures Committee
The Investec Bank Large Exposure Committee comprises three Non-Executive and four Executive Directors as well as the joint Heads of Credit, Head of Risk and the Global Head of Compliance and Internal Audit. The Committee reports to the IBL BRCC.

The main objective of the Committee is to assist the Board in discharging its responsibilities in terms of the management of credit granting and credit risk (which forms an integral part of the overall process of corporate governance) and its concentration across the Group.

Further details of the role and responsibilities of the Committee are set out on page 25.

Auditors
KPMG Inc. and Ernst & Young Inc. have confirmed their willingness to continue in office as joint auditors. The board having satisfied itself as to the independence and effectiveness, a resolution to reappoint KPMG Inc. and Ernst & Young Inc. as joint auditors will be proposed at the annual general meeting that is scheduled to take place on 4 August 2022.

In line with, inter alia, the mandatory audit firm rotation rule as issued by IRBA, the requirements of the Companies Act, and following a comprehensive tender process, PricewaterhouseCoopers Inc. (PwC Inc.) was nominated as one of the new joint external auditors for the financial year starting on 1 April 2023. As part of the transition process and with the board having satisfied itself as to the independence and effectiveness of PwC Inc., a resolution will be proposed at the 2022 annual general meeting for PwC to be appointed as joint auditors of Investec Bank Limited, in a shadow capacity, with KPMG Inc. and Ernst & Young Inc. for the financial year ending 31 March 2023. It is envisaged that PwC Inc. will take on the role of joint auditors with Ernst & Young Inc. for the 2024 financial year, once requisite approvals have been obtained from the sole shareholder and the regulator.

Further details regarding the appointment process are contained in the Investec Bank Limited Audit Committee report on page 13.

Debt officer
Laurence Adams currently serves as the Debt Officer of Investec Bank Limited. In compliance with the JSE Listings Requirements, the Board of Investec Bank Limited has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

Holding company
The Bank's holding company is Investec Limited.

Major shareholders
Investec Limited owns 100% of the issued ordinary shares.

Subsidiary and associated companies
Details of principal subsidiary companies are reflected on page 111 and the associate companies on page 105.

DIRECTORS' REPORT
CONTINUED

Special resolutions
At the annual general meeting held on 5 August 2021, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Bank Limited to acquire its own preference shares in terms of the provisions of the Companies Act
- A renewable authority was granted to Investec Bank Limited to provide direct or indirect financial assistance to its subsidiaries by way of loan, guarantee, the provision of security or otherwise, not in the ordinary course of business
- A renewable authority was granted to Investec Bank Limited to approve directors' remuneration in order to comply with Sections 65(11)(h), 66(8) and 66(9) of the Companies Act.

Accounting policies and disclosure
Accounting policies are set having regard to commercial practice and are in accordance with IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Standards Council, as well as the requirements of the Companies Act. These policies are set out on pages 49 to 59.

Diversity and employees
Investec Bank Limited's policy is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace, appropriate to and representative of the jurisdiction's population. A diverse workforce is vital to our ability to be an innovative organisation that is able to adapt and prosper in a fast-changing world.

We have various processes to encourage debate and dialogue around valuing diversity and difference. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity. The Investec Group policy is to adopt an open management style thereby encouraging informal consultation at all levels about aspects of the Group's operations and motivating staff involvement in the Group's performance by means of employee share schemes.

Further information is provided in the Investec Group's 2022 integrated annual and strategic report.

Political donations and expenditure
Investec Bank Limited made no political donations in 2022 (2021: Rnil).

Empowerment and transformation
Investec Bank Limited endeavours to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality or sexual preference. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment to the extent possible.

Environment
Investec Bank Limited is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice among its employees and within the communities in which it operates.

Further information regarding Investec's environmental practices is provided in the Investec Group's 2022 integrated and strategic annual report.

Going concern
In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the Investec Bank Limited's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance. The directors have performed a robust assessment of the Investec Bank Limited's financial forecasts across a range of scenarios over a 12 month period from the date the financial statements are authorised for issue. The assessment specifically incorporated analysis of the COVID-19 pandemic impact implications on the Investec Bank Limited's projected performance, capital, liquidity and funding positions, including the impact of scheduled repayment of borrowings and other liabilities. Based on these, the directors confirm that they have a reasonable expectation that the Investec Bank Limited Company and Group, as a whole, have adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Therefore, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Khumo Shuenyane
Chair
21 June 2022

Richard Wainwright
Chief Executive

Declaration by the Company Secretary

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008 (Companies Act), I hereby certify that, to the best of my knowledge and belief, Investec Bank Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2022, all such returns as are required in terms of the Companies Act and that all such returns are true, correct and up to date.

Niki van Wyk
Company Secretary
Investec Bank Limited
21 June 2022

CHIEF EXECUTIVE AND FINANCE DIRECTOR RESPONSIBILITY STATEMENT

Chief Executive and Finance Director responsibility statement

The directors, whose names are stated below, hereby confirm that:

The annual financial statements set out on pages 41 to 163, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards (IFRS).

No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer.

The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Richard Wainwright
Chief Executive
21 June 2022

Marle van der Walt
Finance Director

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Investec Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Investec Bank Limited (the Group and Company), which comprise the balance sheets at 31 March 2022, and the income statements, the statements of total comprehensive income, the statements of changes in equity and the cash flow statements for the year then ended, accounting policies and the notes to the financial statements as set out on pages 41 to 157.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Investec Bank Limited at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key audit matters are discussed and are applicable to both the consolidated and separate financial statements:

- Adequacy of the provision for expected credit losses on loans and advances to customers; and
- Valuation of fair value instruments with higher risk characteristics and associated income.

INDEPENDENT AUDITORS' REPORT
CONTINUED

KEY AUDIT MATTER	OUR AUDIT RESPONSE TO THE KEY AUDIT MATTER
Adequacy of the provision for expected credit losses on loans and advances to customers Refer to the accounting policy on Financial instruments (page 52); Note 26 (page 103) and Note 56 (page 138) to the Consolidated and Separate Financial Statements. The determination of the allowance for expected credit losses is highly subjective. The subjectivity relates with the path to recovery from COVID-19 as well as the impact of increasing social and geopolitical factors were considered in our risk assessment. At the year-end, the Group and Company reported total gross loans and advances to customers subject to expected credit losses ("ECL") of R288 839 million and R279 885 million; expected credit loss on amortised cost of R2 667 million and R2 605 million; and expected credit loss impairment charges of R7 million and R30 million respectively. Given the subjective nature of the calculation of ECL there is a heightened risk that the provisions could be misstated. We focused on the following: • Staging/assessment of significant increase in credit risk: Allocation of assets recognised in stages 1, 2 and 3, including the triggers for an asset moving between stages; • Multiple economic scenarios: The appropriateness of the economic scenarios determined by management, the probability weights assigned to each, and the inputs and assumptions used to estimate their impact; • ECL models: The assumptions used in the models to calculate ECL, including: – the accounting interpretations, modelling assumptions and data used in the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models; – Key model assumptions and techniques, including in-model adjustments. • Post model adjustments: Adequacy and completeness of post model adjustments ('overlays'), including those in relation to the effect of COVID-19 and macro factors relating to the increasing social and geopolitical factors; • Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit value, timing of cash flows, the recovery strategies and discount rates.	To address the risks, we performed the following key procedures: Staging/assessment of significant increase in credit risk We assessed the design and tested the operating effectiveness of key controls focusing on the following: • assessment and approval of a significant increase or reduction in credit risk and monitoring of assets in each stage; • assessment of manual overrides to staging outcomes; and • data accuracy and completeness. We also analysed a sample of the assets in stages 1, 2 and 3 to evaluate whether they were included in the appropriate stage. Multiple economic scenarios We assessed the design and tested operating effectiveness of key controls focusing on the following: • generation and approval of the base case scenario, the methodology and output of alternative scenarios, including the probability weights assigned; • production and approval of models used to calculate the ECL impact of the scenarios; and • the governance processes that the Group have put in place to review and approve the economic scenarios. We involved our economists to assist us to assess the base case and alternative scenarios generated, including the probability weights applied to each scenario. This included independent analysis on management's economic forecasts, which incorporated the use of third-party data. This assessment included developments related to COVID-19 and the social and geopolitical factors at 31 March 2022. We involved our modelling specialists to assess the correlation of the forecast macroeconomic factors to the ECL and to test the scalars applied to the ECL that were calculated based on the scenarios. ECL models We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, build, testing, review, and approval of relevant models. As part of this we assessed the accounting interpretations made for compliance with IFRS 9, Financial Instruments. We involved modelling specialists to test assumptions used in the significant ECL models including in-model adjustments. This included performing an assessment of: • the model design documentation against accepted industry principles; • the appropriateness of the methodology, considering alternative techniques including the in-model adjustments; and • the programming code to review its consistency with the design documentation. We also tested a sample of the reporting date data used in the models by tracing back to the source systems.

INDEPENDENT AUDITORS' REPORT
CONTINUED

KEY AUDIT MATTER	OUR AUDIT RESPONSE TO THE KEY AUDIT MATTER
Adequacy of the provision for expected credit losses on loans and advances to customers (continued)	Post model adjustments We have assessed the reasonableness of management's assumptions against independent sources for the overlay in relation to emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios. We further assessed the adjustment made by management by considering the data, judgements, methodology and quantification of these adjustments with our modelling specialists. Individually assessed provisions We selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retail, hotel and leisure properties, and transport including aviation. For each sample selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered management's potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising. Disclosures We evaluated the adequacy of disclosures in the financial statements including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures. Overall stand-back assessment We performed a stand-back assessment of the ECL provisions and coverage at an overall level and by stage to determine if provision levels were reasonable by considering the overall credit quality of the Group and Company's portfolios, risk profile, and the impacts of the COVID-19 pandemic, climate change and geopolitical factors. We performed peer benchmarking where available to assess overall staging and provision coverage levels.

INDEPENDENT AUDITORS' REPORT
CONTINUED

KEY AUDIT MATTER	OUR AUDIT RESPONSE TO THE KEY AUDIT MATTER
Valuation of fair value instruments with higher risk characteristics and associated income Refer to the accounting policy on Fair value measurement (page 51); and Note 14 to the Consolidated and Separate Financial Statements (page 84). As at 31 March 2022, the Group and Company held financial instruments with higher risk characteristics whose values are dependent upon management's significant judgement. This included fair value level 3 assets of R4 044 million and R3 741 million. The valuation of those financial instruments with higher risk characteristics can include significant judgement and therefore the risk of inappropriate revenue recognition through incorrect valuation as outlined below exists. The judgement in estimating the fair value of these instruments can involve complex valuation models or techniques, or significant fair value adjustments, both of which may be reliant on inputs where there is limited market observability or liquidity. Management's estimates which required significant judgement include complex models and structured equity derivatives with exotic features; and valuation techniques of illiquid investments in, and fair valued loans to, unquoted private companies valued using different valuation techniques (e.g. price-earnings multiples, discounted cashflow, net asset valuations).	To address the risks, we performed the following key procedures: We obtained an understanding of management's processes and tested the design and operating effectiveness of controls relating to financial instrument valuation and related income statement measurement. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values on a sample basis. In addition, we assessed whether there were any indicators of aggregate bias in financial instrument valuation pricing sources and methodology assumptions. We considered the impact of the recovery of the economy from COVID-19 as well as the impact of the increasing social and geopolitical factors on the valuations of the financial instruments. This included challenging the appropriateness of the valuation methodologies and assumptions applied focusing particularly on the higher risk characteristic financial instruments. Throughout our audit procedures, we considered the appropriateness of modelling changes in relation to IBOR reform. Complex models We involved specialists to assist in testing complex model-dependent valuations by performing an independent valuation, on a sample basis, to assess the appropriateness of models and the adequacy of assumptions and inputs used. This included derivatives, fair valued loans and debt securities. Valuation techniques We performed procedures on key judgements made by management in the calculation of fair value on illiquid unlisted investments and fair value loans, including: • assessing the suitability, applicability and completeness of the comparable companies used in the calculation of the earnings multiples in price-earnings multiple valuations, and obtained supporting evidence and explanation for any adjustments made to the multiples; • performing calculations to assess the appropriateness of discount rates used in discounted cashflow valuations, with reference to relevant industry and market data; and • confirming the accuracy of information provided by management was free from manipulation or amendment, including management accounts and reporting, unaudited financial information, and market pricing sources. For all positions, we compared our determined ranges and estimates to management's fair values.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 166-page document titled "Investec Bank Limited Group and Company annual financial statements", which includes the Declaration by the company secretary, the Directors' report and the Audit committee report, included in the Corporate governance section, as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
CONTINUED

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. and KPMG Inc. have been the auditors of Investec Bank Limited for 47 and 28 years, respectively.

Ernst & Young Inc

Ernst & Young Inc.
Registered Auditor
Per Ranesh P Hariparsad
Chartered Accountant (SA)
Registered Auditor
Director
21 June 2022

KPMG Inc

KPMG Inc.
Registered Auditor
Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
21 June 2022

INCOME STATEMENTS

		Group		Company	
For the year to 31 March R'million	Notes	**2022**	2021	**2022**	2021
Interest income	2	26 230	26 370	25 880	26 044
Interest income calculated using the effective interest method		23 530	23 968	23 361	23 795
Other interest income		2 700	2 402	2 519	2 249
Interest expense	2	(16 020)	(17 584)	(16 245)	(17 819)
Net interest income		**10 210**	**8 786**	**9 635**	**8 225**
Fee and commission income	3	3 609	2 804	3 402	2 672
Fee and commission expense	3	(539)	(467)	(519)	(449)
Investment income	4	241	472	484	441
Share of post-taxation profit of associates	28	53	81	50	89
Trading income/(loss) arising from					
– customer flow		724	627	722	601
– balance sheet management and other trading activities		5	(257)	5	(223)
Other operating income		1	3	1	1
Total operating income before expected credit loss impairment charges		**14 304**	**12 049**	**13 780**	**11 357**
Expected credit loss impairment charges	5	(9)	(567)	(18)	(539)
Operating income		**14 295**	**11 482**	**13 762**	**10 818**
Operating costs	6	(7 048)	(6 469)	(6 821)	(6 240)
Operating profit before goodwill and acquired intangibles		**7 247**	**5 013**	**6 941**	**4 578**
Impairment of goodwill	32	(3)	(3)	(3)	(3)
Amortisation of acquired intangibles	33	(51)	(51)	—	—
Impairment of associate	28	—	(98)	—	(98)
Profit before taxation		**7 193**	**4 861**	**6 938**	**4 477**
Taxation on operating profit before acquired intangibles	9	(1 703)	(878)	(1 640)	(800)
Taxation on acquired intangibles	9	15	14	—	—
Profit after taxation		**5 505**	**3 997**	**5 298**	**3 677**
Profit after taxation attributable to ordinary shareholders		5 238	3 842	5 031	3 522
Profit after taxation attributable to perpetual preference shareholders and other Additional Tier 1 security holders		267	155	267	155

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March R'million	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Profit after taxation		5 505	3 997	5 298	3 677
Other comprehensive income:					
Items that may be reclassified to the income statement:					
Fair value movements on cash flow hedges taken directly to other comprehensive income	9	(80)	11	(107)	1
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	9	50	2 025	74	1 970
Gain on realisation of debt instruments at FVOCI recycled through the income statement	9	(35)	(33)	(35)	(33)
Foreign currency adjustments on translating foreign operations		(70)	(1 224)	—	(8)
Items that will not be reclassified to the income statement:					
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	9	(158)	415	(158)	415
Net gain/(loss) attributable to own credit risk	9	1	(14)	1	(14)
Total comprehensive income		**5 213**	**5 177**	**5 073**	**6 008**
Total comprehensive income attributable to ordinary shareholders		4 946	5 022	4 806	5 853
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 security holders		267	155	267	155
Total comprehensive income		**5 213**	**5 177**	**5 073**	**6 008**

BALANCE SHEETS

At 31 March R'million	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Assets					
Cash and balances at central banks	17	11 893	9 653	11 346	9 343
Loans and advances to banks	18	19 609	24 666	12 359	17 848
Non-sovereign and non-bank cash placements		13 176	8 956	13 477	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	19	56 437	30 221	54 976	29 114
Sovereign debt securities	20	57 380	53 009	57 380	53 009
Bank debt securities	21	27 955	21 862	27 488	21 366
Other debt securities	22	15 439	14 170	14 576	13 876
Derivative financial instruments	23	17 658	19 173	17 653	19 168
Securities arising from trading activities	24	2 276	2 869	1 962	2 322
Investment portfolio	25	2 865	4 923	2 562	4 668
Loans and advances to customers	26	287 529	275 056	278 637	269 356
Own originated loans and advances to customers securitised	27	7 228	8 184	—	—
Other loans and advances	26	108	181	142	211
Other securitised assets	27	592	578	—	—
Interests in associated undertakings	28	31	5 149	—	5 117
Current taxation assets		2	35	—	—
Deferred taxation assets	29	2 255	2 412	2 227	2 394
Other assets	30	5 746	7 382	5 670	7 008
Property and equipment	31	3 427	2 740	3 420	2 725
Investment properties		1	1	1	1
Goodwill	32	172	175	1	4
Software	33	46	95	46	97
Other acquired intangible assets	33	64	118	—	—
Loans to Group companies	35	21 489	17 410	19 538	15 747
Investment in subsidiaries	36	—	—	5 128	4 473
Non-current assets held for sale		498	474	498	474
		553 876	**509 492**	**529 087**	**487 277**
Liabilities					
Deposits by banks		18 721	17 144	18 721	17 144
Derivative financial instruments	23	27 551	23 011	27 238	22 747
Other trading liabilities	37	3 309	3 388	3 309	3 388
Repurchase agreements and cash collateral on securities lent	19	12 091	16 593	12 091	16 593
Customer accounts (deposits)		420 072	374 369	403 332	359 198
Debt securities in issue	38	2 845	2 126	2 065	1 346
Liabilities arising on securitisation of own originated loans and advances	27	4 585	3 271	—	—
Current taxation liabilities		557	684	525	631
Deferred taxation liabilities	29	17	32	—	—
Other liabilities	39	7 089	7 421	6 386	6 700
Loans from Group companies	35	1 066	1 972	5 916	6 378
		497 903	**450 011**	**479 583**	**434 125**
Subordinated liabilities	40	9 133	12 936	9 133	12 936
		507 036	**462 947**	**488 716**	**447 061**
Equity					
Ordinary share capital	41	32	32	32	32
Ordinary share premium	43	14 250	14 250	14 250	14 250
Other reserves		1 017	411	(1 699)	(2 420)
Retained income		28 981	29 188	25 228	25 690
Ordinary shareholders' equity		**44 280**	**43 881**	**37 811**	**37 552**
Perpetual preference share capital and premium	42	—	1 481	—	1 481
Shareholders' equity excluding non-controlling interests		**44 280**	**45 362**	**37 811**	**39 033**
Other Additional Tier 1 securities in issue	44	2 560	1 183	2 560	1 183
Total equity		**46 840**	**46 545**	**40 371**	**40 216**
Total liabilities and equity		**553 876**	**509 492**	**529 087**	**487 277**

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY CONTINUED

			Other reserves										
	Ordinary share capital	Ordinary share premium	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Own credit risk reserve	Foreign currency reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	**Total equity**
Group													
At 1 April 2020	**32**	**14 250**	**(3 278)**	**695**	**(1 551)**	**26**	**3 321**	**26 259**	**39 754**	**1 534**	**41 288**	**460**	**41 748**
Movement in reserves 1 April 2020 – 31 March 2021													
Profit after taxation	—	—	—	—	—	—	—	3 997	3 997	—	3 997	—	3 997
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	—	11	—	—	—	11	—	11	—	11
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	2 025	—	—	—	—	—	2 025	—	2 025	—	2 025
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(33)	—	—	—	—	—	(33)	—	(33)	—	(33)
Foreign currency adjustments on translating foreign operations	—	—	—	—	—	—	(1 224)	—	(1 224)	—	(1 224)	—	(1 224)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	415	—	—	—	—	—	415	—	415	—	415
Net loss attributable to own credit risk	—	—	—	—	—	(14)	—	—	(14)	—	(14)	—	(14)
Total comprehensive income for the year	**—**	**—**	**2 407**	**—**	**11**	**(14)**	**(1 224)**	**3 997**	**5 177**	**—**	**5 177**	**—**	**5 177**
Dividends paid to ordinary shareholders	—	—	—	—	—	—	—	(600)	(600)	—	(600)	—	(600)
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	(155)	(155)	110	(45)	45	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	—	(110)	(110)	(45)	(155)
Issue of other Additional Tier 1 securities in issue	—	—	—	—	—	—	—	—	—	—	—	723	723
Repurchase of perpetual preference shares	—	—	—	—	—	—	—	17	17	(53)	(36)	—	(36)
Net equity movements of interest in associated undertakings	—	—	—	—	—	—	—	(406)	(406)	—	(406)	—	(406)
Capital contribution from Group companies	—	—	—	—	—	—	—	94	94	—	94	—	94
Transfer to regulatory general risk reserve	—	—	—	18	—	—	—	(18)	—	—	—	—	—
At 31 March 2021	**32**	**14 250**	**(871)**	**713**	**(1 540)**	**12**	**2 097**	**29 188**	**43 881**	**1 481**	**45 362**	**1 183**	**46 545**
Movement in reserves 1 April 2021 – 31 March 2022													
Profit after taxation	—	—	—	—	—	—	—	5 505	5 505	—	5 505	—	5 505
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	—	(80)	—	—	—	(80)	—	(80)	—	(80)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	50	—	—	—	—	—	50	—	50	—	50
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(35)	—	—	—	—	—	(35)	—	(35)	—	(35)
Foreign currency adjustments on translating foreign operations	—	—	—	—	—	—	(70)	—	(70)	—	(70)	—	(70)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	(158)	—	—	—	—	—	(158)	—	(158)	—	(158)
Net gain attributable to own credit risk	—	—	—	—	—	1	—	—	1	—	1	—	1
Total comprehensive income for the year	**—**	**—**	**(143)**	**—**	**(80)**	**1**	**(70)**	**5 505**	**5 213**	**—**	**5 213**	**—**	**5 213**
Dividends paid to ordinary shareholders	—	—	—	—	—	—	—	(5 550)	(5 550)	—	(5 550)	—	(5 550)
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	(267)	(267)	110	(157)	157	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	—	(110)	(110)	(157)	(267)
Issue of other Additional Tier 1 securities in issue	—	—	—	—	—	—	—	—	—	—	—	1 377	1 377
Repurchase of perpetual preference shares	—	—	—	—	—	—	—	19	19	(1 481)	(1 462)	—	(1 462)
Capital contribution from Group companies	—	—	946	—	—	—	—	38	984	—	984	—	984
Transfer from regulatory general risk reserve	—	—	—	(48)	—	—	—	48	—	—	—	—	—
At 31 March 2022	**32**	**14 250**	**(68)**	**665**	**(1 620)**	**13**	**2 027**	**28 981**	**44 280**	**—**	**44 280**	**2 560**	**46 840**

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2022

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

	Ordinary share capital	Ordinary share premium	Other reserves: Fair value reserve	Other reserves: Cash flow hedge reserve	Other reserves: Own credit risk reserve	Other reserves: Foreign currency reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital and premium	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	**Total equity**
Company												
At 1 April 2020	**32**	**14 250**	**(3 236)**	**(1 539)**	**26**	**(2)**	**23 065**	**32 596**	**1 534**	**34 130**	**460**	**34 590**
Movement in reserves 1 April 2020 – 31 March 2021												
Profit after taxation	—	—	—	—	—	—	3 677	3 677	—	3 677	—	3 677
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	1	—	—	—	1	—	1	—	1
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	1 970	—	—	—	—	1 970	—	1 970	—	1 970
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(33)	—	—	—	—	(33)	—	(33)	—	(33)
Foreign currency adjustments on translating foreign operations	—	—	—	—	—	(8)	—	(8)	—	(8)	—	(8)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	415	—	—	—	—	415	—	415	—	415
Net loss attributable to own credit risk	—	—	—	—	(14)	—	—	(14)	—	(14)		(14)
Total comprehensive income for the year	**—**	**—**	**2 352**	**1**	**(14)**	**(8)**	**3 677**	**6 008**	**—**	**6 008**	**—**	**6 008**
Dividends paid to ordinary shareholders	—	—	—	—		—	(600)	(600)	—	(600)	—	(600)
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	(155)	(155)	110	(45)	45	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(110)	(110)	(45)	(155)
Issue of other Additional Tier 1 securities in issue	—	—	—	—	—	—	—	—	—	—	723	723
Repurchase of perpetual preference shares	—	—	—	—	—	—	17	17	(53)	(36)	—	(36)
Net equity movements of interest in associated undertakings	—	—	—	—	—	—	(406)	(406)	—	(406)	—	(406)
Capital contribution from Group companies	—	—	—	—	—	—	92	92	—	92	—	92
At 31 March 2021	**32**	**14 250**	**(884)**	**(1 538)**	**12**	**(10)**	**25 690**	**37 552**	**1 481**	**39 033**	**1 183**	**40 216**
Movement in reserves 1 April 2021 – 31 March 2022												
Profit after taxation	—	—	—	—	—	—	5 298	5 298	—	5 298	—	5 298
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	(107)	—	—	—	(107)	—	(107)	—	(107)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	74	—	—	—	—	74	—	74	—	74
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(35)	—	—	—	—	(35)	—	(35)	—	(35)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	(158)	—	—	—	—	(158)	—	(158)	—	(158)
Net gain attributable to own credit risk	—	—	—	—	1	—	—	1	—	1	—	1
Total comprehensive income for the year	**—**	**—**	**(119)**	**(107)**	**1**	**—**	**5 298**	**5 073**	**—**	**5 073**	**—**	**5 073**
Dividends paid to ordinary shareholders	—	—	—	—	—	—	(5 550)	(5 550)	—	(5 550)	—	(5 550)
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	(267)	(267)	110	(157)	157	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(110)	(110)	(157)	(267)
Issue of other Additional Tier 1 securities in issue	—	—	—	—	—	—	—	—	—	—	1 377	1 377
Repurchase of perpetual preference shares	—	—	—	—	—	—	19	19	(1 481)	(1 462)	—	(1 462)
Capital contribution from Group companies	—	—	946	—	—	—	38	984	—	984	—	984
At 31 March 2022	**32**	**14 250**	**(57)**	**(1 645)**	**13**	**(10)**	**25 228**	**37 811**	**—**	**37 811**	**2 560**	**40 371**

CASH FLOW STATEMENTS

For the year to 31 March R'million	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Cash flows from operating activities					
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	46	7 629	5 845	7 003	5 377
Taxation paid		(1 846)	(962)	(1 785)	(929)
Dividends received from subsidiaries*		—	—	326	276
Increase in operating assets	46	(46 753)	(928)	(42 698)	(1 315)
Increase/(decrease) in operating liabilities	46	48 174	(29 273)	45 518	(31 052)
Net cash inflow/(outflow) from operating activities		**7 204**	**(25 318)**	**8 364**	**(27 643)**
Cash flows from investing activities					
Cash flow on acquisition of property, equipment and intangible assets		(95)	(83)	(95)	(77)
Cash flow on disposal of property, equipment and intangible assets		2	2	2	1
Proceeds on disposal of associates and investment portfolio		2 935	—	2 935	—
Net cash inflow/(outflow) from investing activities		**2 842**	**(81)**	**2 842**	**(76)**
Cash flows from financing activities					
Repurchase of perpetual preference shares		(1 462)	(36)	(1 462)	(36)
Dividends paid to ordinary shareholders	11	(5 550)	(600)	(5 550)	(600)
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	11	(267)	(155)	(267)	(155)
Proceeds on issue of subordinated liabilities	40	1 500	1 636	1 500	1 636
Repayment of subordinated liabilities	40	(5 596)	(260)	(5 596)	(260)
Proceeds on issue of other Additional Tier 1 securities in issue	44	1 377	723	1 377	723
Lease liabilities paid		(85)	(80)	(76)	(76)
Net cash (outflow)/inflow from financing activities		**(10 083)**	**1 228**	**(10 074)**	**1 232**
Effects of exchange rates on cash and cash equivalents		**(51)**	**(1 171)**	**—**	**—**
Net (decrease)/increase in cash and cash equivalents		**(88)**	**(25 342)**	**1 132**	**(26 487)**
Cash and cash equivalents at the beginning of the year		42 115	67 457	35 505	61 992
Cash and cash equivalents at the end of the year		**42 027**	**42 115**	**36 637**	**35 505**
Cash and cash equivalents is defined as including:					
Cash and balances at central banks		11 893	9 653	11 346	9 343
On demand loans and advances to banks		16 923	23 454	11 780	17 155
Non-sovereign and non-bank cash placements		13 176	8 956	13 477	8 956
Expected credit loss on cash and cash equivalents		35	52	34	51
Cash and cash equivalents at the end of the year		**42 027**	**42 115**	**36 637**	**35 505**

* In the Company, dividends from investment in subsidiaries has been separately shown as a cash flow from operating activities for the current and prior year. It was previously presented in the line operating profit adjusted for non-cash, non-operating items and other required adjustments.

Cash and cash equivalents are defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

The Group is required to maintain reserve deposits with central banks and other regulatory authorities and these amounted to R9.4 billion (2021: R9.1 billion) in the Group and R9.2 billion (2021: R8.9 billion) in the Company.

ACCOUNTING POLICIES

Basis of presentation

The Group and Company financial statements are prepared in accordance with the International Financial Reporting Standards, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Standards Council, as well as the requirements of the Companies Act.

The Group and Company financial statements have been prepared on a historical cost basis, except as otherwise stated.

As stated on page 34, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

'Group' refers to Group and Company in the accounting policies that follow unless specifically stated otherwise.

The accounting policies adopted by the Group are consistent with the prior year.

Basis of consolidation

All subsidiaries or structured entities are consolidated when the Group controls an investee. The Group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the Group from the date on which control is obtained until the date the Group can no longer demonstrate control.

The Group performs a reassessment of control whenever there is a change in the substance of the relationship between the Group and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group also holds investments in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether the Group controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the Group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings. Interests in associated undertakings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings arise in which the Group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings. The Group's interests in associated undertakings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the Group's share of the net assets of the associated undertakings.

After application of the equity method, management evaluates if there is objective evidence that its net investment in the associate is impaired.

Because goodwill forms part of the carrying amount of the net investments in an associate or a joint venture, it is not separately recognised, therefore it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount whenever there is objective evidence that the net investment may be impaired.

The consolidated balance sheet reflects the associated undertakings net of accumulated impairment losses.

Investments in subsidiaries (including loan advances to subsidiaries) are accounted for at cost less impairment losses in the Company financial statements. Impairment on subsidiaries is accounted for in investment income on the income statement.

All intergroup balances, transactions and unrealised gains or losses within the Group that do not reflect an impairment to the asset are eliminated in full regarding subsidiaries and to the extent of the interest in associated undertakings.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, where operating results are reviewed regularly by chief operating decision-makers who are considered to be executive members of the Board and for which discrete financial information is available.

The Group's segmental reporting is presented in the form of a business analysis. The business analysis is presented in terms of the group's three principal business divisions namely, Private Banking, Corporate and Investment Banking and Other and Group Investments. Group costs that are disclosed separately largely relate to group brand and marketing costs and a portion of executive and support functions which are associated with Group-level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the Group.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, at the acquisition date fair value and the amount of any prior non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and the designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date through the income statement.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9, either in the income

ACCOUNTING POLICIES
CONTINUED

statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration and amount recognised for non-controlling interest is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement as a gain in the year of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Group tests goodwill acquired in a business combination for impairment annually, irrespective of whether an indication of impairment exists and in accordance with IAS 36.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating units retained.

Share-based payments to employees

The Group engages in equity-settled and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met, with the amount changing according to the number of awards expected to vest. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and share prices at grant date.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The liability, in respect of cash-settled share-based payments, is recognised at the current fair value taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered the service to date. The change in fair value is recognised in the income statement. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

The loss of control of an employing subsidiary of the Group gives rise to an acceleration of the equity-settled share-based payments charge for the related employees and, on loss of control, the Group recognises the amount that would have been recognised for the award if it remained in place on its original terms.

All entities of the Group account for any share-based payment recharge costs allocated to equity in the period during which it is levied in their separate financial statements. Any excess over and above the recognised share-based payment expense is accounted for as an expense in the income statement. This cost is presented with the share-based payment expense.

Employee benefits

The Group operates various defined contribution schemes.

In respect of the defined contribution schemes, all employer contributions are charged to the income statement as incurred, in accordance with the rules of the scheme, and included under staff costs.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The long-term employment benefits liability relates to the obligation of the Investec Group to deliver ordinary shares of Ninety One plc and Ninety One Limited to employees over a predetermined vesting period. The fair value of this liability is calculated by applying the Black-Scholes option pricing model at each reporting date. The changes in fair value will be recognised as an employee benefit expense. The liability is included in other liabilities on the balance sheet.

Foreign currency transactions and foreign operations

The presentation currency of the Group is South African Rand, being the functional currency of the Company, and the currency in which its subsidiaries mainly operate, except Mauritius which is in US Dollars.

Foreign operations are subsidiaries, interests in associated undertakings or branches of the Group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of Group entities is determined based on the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the entity in which the transactions arise, based on rates of exchange ruling at the date of the transactions.

ACCOUNTING POLICIES
CONTINUED

At each balance sheet date foreign currency items are translated as follows:

- Monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains or losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation and is reclassified to the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date of the valuation, with movements due to changes in foreign currency being presented in terms of the accounting policy for changes in the fair value movement of the respective item.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the Group, as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transactions.

On loss of control or disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss and included in the profit on loss of control.

Revenue recognition

Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management and other trading activities, share of post-taxation profit of associates and other operating income.

Interest income on debt instruments at amortised cost and FVOCI is recognised in the income statement using the effective interest method. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs.

The effective interest method is based on the estimated life of the underlying instrument and, where this estimate is not readily available, the contractual life. Interest on instruments at fair value through profit or loss is recognised based on the contractual rates.

Fee and commission income includes revenue from contracts with customers earned from providing advisory services as well as portfolio management and includes rental income from investment properties.

Revenue from contracts with customers is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Investment advisory and management fees are earned over the period in which the services are provided. Performance fees can be variable and recognition is constrained until such time as it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the services related to the transactions have been completed under the terms of the contract.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Customer flow trading income includes income from trading activities arising from making and facilitating client activities.

Trading income arising from balance sheet management and other trading activities consists of proprietary trading income and other gains or losses arising from balance sheet management.

Trading profit includes the unrealised profit on trading portfolios, which are marked-to-market daily. Equity investments received in lieu of corporate finance fees are included in investment portfolio and valued accordingly.

Dividend income is recognised when the Group's right to receive payment is established.

Included in other operating income is incidental rental income, gains on realisation of properties (other than investment properties which is included in investment income) and operating lease income.

Rewards programme

The Group has a Rewards programme whereby account cardholders are awarded Rewards points in proportion to eligible transactions. Rewards points may be redeemed at a later stage for goods or services at a variety of lifestyle, shopping, travel and financial partners. Rewards points earned are valid for three years from allocation date. Client rewards are considered to be a cost of the interchange service fee revenue stream, where the cardholder is not considered to be the customer but rather that the associated rewards are incentives paid to cardholders in respect of this stream. As a result, the costs to provide cardholders with these rewards are considered to be expenses and recognised in fee and commission expenses as the related income is earned, with the obligation to settle these points reflected in other liabilities until such time as they are redeemed.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of an asset or a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

ACCOUNTING POLICIES
CONTINUED

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group classifies disclosed fair values according to a hierarchy that reflects the significance of observable market inputs.

A transfer is made between the hierarchy levels when the inputs have changed or there has been a change in the valuation method. Transfers are deemed to occur at the end of each semi-annual reporting period.

Financial instruments

Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time-frame established by market convention are recorded at settlement date.

Business model assessment
For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the Group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business models:

- **Hold to collect:** it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI
- **Hold to sell/managed on a fair value basis:** the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- Elect to present subsequent changes in fair value of an equity investment that is neither held-for-trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI
- A debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the Group's business model for managing the assets and the contractual cash flow characteristics of the assets.

Solely payments of principal and interest (SPPI)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets measured at amortised cost
Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The Group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost, the undrawn commitment is also considered to be and is included in the impairment calculation.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Financial assets measured at fair value through other comprehensive income (FVOCI)
Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

ACCOUNTING POLICIES
CONTINUED

Impairment of financial assets held at amortised cost or FVOCI
At each balance sheet date, each financial asset or portfolio of advances categorised at amortised cost or at FVOCI, issued financial guarantee and loan commitment is measured for ECL impairment.

The costs of loss allowances on assets held at amortised cost and at FVOCI are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances, except where the asset has been wholly or partially written off.

Stage 1
Financial assets that are considered performing and have not had a significant increase in credit risk are reported as Stage 1 assets. Stage 1 financial assets have loss allowances measured at an amount equal to 12-month ECL.

In line with regulatory and accounting bodies' guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. Where relief measures are granted, there is no change in expectation of the total amount due. Should the expected recoverability of the loan remain the same, these exposures will remain reported in Stage 1 for the foreseeable future, and will not be required to hold a lifetime ECL.

Stage 2
Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. A loss allowance equivalent to a lifetime ECL is required to be held.

The Group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty. These exposures are assessed on a case-by-case basis to determine whether the proposed modifications will be considered as forbearance. Where the Credit Committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable time-frame these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred. In South Africa, the change in the lifetime PD from deal origination to the reporting date is monitored monthly. The absolute and relative changes in lifetime PDs are tested against predefined trigger levels. When the change in lifetime PDs exceeds the trigger levels, it is considered a significant increase in credit risk and the exposure is migrated to Stage 2. The trigger levels have been defined for each asset class and are a function of the internal credit rating and the remaining maturity of the exposure.

The Group adopts the view that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposures) are met.

Stage 3
Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The Group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable time-frame, the loan will be classified as Stage 3. Loans which are 90 days or more past due are considered to be in default.

The Group calculates the credit adjusted effective interest rate on Stage 3 assets, which is calculated based on the amortised cost of the financial asset (i.e. gross carrying amount less ECL allowance) instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cash flows.

Definition of default
The Group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

ECL
The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking and therefore, potentially volatile.

Write-offs
A loan or advance is normally written off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is assessed on a case-by-case basis with considerations to indicators such as whether the exposure has been restructured or the given financial position of the borrower and guarantors. Any recoveries of amounts previously written off decrease the amount of impairment losses.

Process to determine ECL
ECLs are calculated using three main components:

- A probability of default (PD);
- A loss given default (LGD); and
- The exposure at default (EAD).

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The 12-month and lifetime PDs represent the probability of a default occurring over the next 12 months or the lifetime of the financial exposures, respectively, based on conditions existing at the balance sheet date and future forecast macro-economic conditions that affect credit risk.

The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected balance at default, taking into account any expected drawdown on a committed facility.

The calculation of the 12-month ECL is based on the 12-month PD and LGD along with the EAD and EIR for the asset. Lifetime ECL is calculated using the lifetime PD curve, and the appropriate LGDs and EADs and discount rates derived from the EIR based on the remaining life of the financial asset.

Expert judgement models are also utilised for certain portfolios where the ECL is found to be minimal, either due to the portfolio's small relative size or the low default nature of these portfolios, such as cash and balances held at central banks.

Management adjustments are made to modelled output to account for situations where additional information and known or expected risk factors have not been captured in the modelling process.

Financial assets and liabilities held at fair value through profit or loss
Financial instruments held at fair value through profit or loss include all instruments classified as held-for-trading, those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments are classified as held-for-trading when they are held with the intention of short-term disposal, held with the intention of generating short-term profit, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A Group of financial liabilities or both financial assets and financial liabilities is managed and its performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the Group's key management personnel; or
- A financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the Group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Changes in fair value of financial liabilities designated at fair value that is attributable to changes in own credit is recognised in other comprehensive income. Any other changes in fair value are recognised in the income statement.

Equity instruments measured at FVOCI
The Group measures equity instruments at FVOCI when it considers the investments to be strategic or held for long-term dividend yield. The equity instruments are not held-for-trading. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

Otherwise, equity instruments are measured at fair value through profit or loss (except for dividend income, which is recognised in profit or loss).

Securitisation/credit investment and trading activities exposures
The Group makes use of securitisation vehicles as a source of finance, as a means of risk transfer and to leverage returns through the retention of equity tranches in low default rate portfolios. The Group predominantly focuses on the securitisation of residential and commercial mortgages and lease receivables. The Group also trades in structured credit investments.

The structured entities are consolidated under IFRS 10 Consolidated Financial Statements when the Group has exposure to or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Loans and advances that are originated are transferred to structured entities, and the structured entities issue debt securities to external investors to fund the purchase of the securitised assets. When the Group consolidates the structured entity, the Group recognises the assets and liabilities on a gross basis. When the Group does not consolidate the structured entity, the securitised assets are derecognised and only any position still held by the Group in the structured entity is reflected.

Day-one profit or loss
When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities
A financial asset, or a portion thereof, is derecognised when the Group's rights to cash flows have expired or when the Group has transferred its rights to cash flows relating to the financial assets and either (a) the Group has transferred substantially all the risks and rewards associated with the financial assets or (b) the Group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower. Where such modifications are solely due to IBOR reform and result in an interest rate which is economically equivalent, they are treated as a change to the floating rate of interest and so do not result in any adjustment to the carrying value of the asset.

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A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Reclassification of financial instruments
Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative instruments
All derivative instruments of the Group are recorded on the balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities, respectively.

Derivative positions are entered into either for trading purposes or as part of the Group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed in the hedge accounting section below).

Derivative instruments entered into as economic hedges which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held-for-trading.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through the income statement, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment (CVA).

Hedge accounting
When the Group first implemented IFRS 9, it made an election to continue to apply the hedge accounting requirements of IAS 39 as an accounting policy.

The Group applies either fair value or cash flow hedge or hedge of net investments in foreign operations accounting when the transactions meet the specified hedge accounting criteria.

To qualify for hedge accounting treatment, the Group ensures that all of the following conditions are met:

- At inception of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the income statement
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument relating to the effective portion is initially recognised directly in other comprehensive income in the cash flow hedge reserve and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in trading income from balance sheet management and other trading activities.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in other comprehensive income and is reclassified to the income statement in the same period during which the relevant financial asset or liability affects the income statement. Any ineffective portion of the hedge is immediately recognised in the income statement.

For qualifying hedges of a net investment in a foreign operation including a hedge of a monetary item that is accounted for as part of the net investment are accounted for in a way similar to cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gain or loss recorded in other comprehensive income is reclassified to the income statement.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; when the derivative expires, or is sold, terminated or exercised; when the hedged item matures or is sold or repaid; when a forecasted transaction is no longer deemed highly probable or when the designation as a hedge is revoked.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-fair value, and notional and timing differences between the zero hedged items and hedging instruments.

The Group applied the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the year ended 31 March 2020. A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

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IBOR reform Phase 1 required that for hedging relationships affected by IBOR reform, the Group must assume that for the purpose of assessing expected future hedge effectiveness, the interest rate is not altered as a result of IBOR reform. Also, the Group is not required to discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness fall outside the range of 80% to 125%, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

The Group early adopted the IBOR reform Phase 2 in the prior period. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend the hedge designations and hedge documentation and are set out above.

Refer to page 156 to 157 in note 56 for more detail on the impact of IBOR reform.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt and equity financial instruments
Financial instruments issued by the Group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Financial instruments issued by the Group are classified as equity where they confer on the holder a residual interest in the Group, and the Group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as non-controlling interests on the balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on-balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

Where sovereign debt securities have been purchased at the same time as derivatives with the same counterparty, such that the combined position has the economic substance similar to secured lending, an asset is recognised under 'reverse repurchase agreements and cash collateral on securities borrowed'

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

The cash collateral from agency-based scrip lending transactions are disclosed on a net basis, in accordance with master netting agreements and the intention to settle net.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount recognised less cumulative amortisation and the expected credit loss. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the expected useful life of the asset.

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

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The current and comparative annual depreciation rates for each class of property and equipment are as follows:

- Equipment 10% – 33%
- Furniture and vehicles 10% – 25%
- Freehold buildings 2% – 4%
- Leasehold property and improvements*
- Right of use assets*

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease. Leasehold property and right of use asset depreciation rates are determined by reference to the period of the lease.

No depreciation is provided on freehold land. However, similar to other property-related assets, it is subject to impairment testing when an indication of impairment exists.

Routine maintenance and service costs for Group assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Group.

Investment properties

Properties held for capital appreciation or rental yield are classified as investment properties. Investment properties are initially measured at cost plus transaction costs and subsequently carried at fair value, with fair value gains or losses recognised in the income statement in investment income.

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and are supported by market evidence.

Leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, or, where that is not available, at the Group's incremental borrowing rate.

The lease liability will increase for the accrual of interest, and will result in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for low value assets and short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

For the balance sheet, the ROU assets are included within property and equipment, finance lease receivables are included within loans and advances to customers and the lease liabilities are included within other liabilities.

Where the Group has a head lease and sublease arrangement with external partners, the finance lease receivable is recognised in other assets on the balance sheet.

Trading properties

Trading properties are carried at the lower of cost and net realisable value.

Software and other acquired intangibles

Software and other acquired intangible assets are recorded at cost less accumulated amortisation and impairments. Software and intangible assets with a finite life are amortised over the useful economic life on a straight-line basis. Amortisation of each asset starts when it becomes available for use. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

The current and comparative annual amortisation rates for each class of intangible assets are as follows:

- Client relationships 8 years
- Acquired software 3 years.

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Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying value of non-financial assets, other than investment property, for indication of impairment. The recoverable amount, being the higher of fair value less cost of disposal and value-in-use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversals of impairment losses are recognised in income in the period in which the reversals are identified, to the extent that the carrying value of the asset does not exceed the amount that would have been calculated without impairment.

Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Assets in the measurement scope of IFRS 5 are carried at the lower of their carrying amount and fair value less costs to sell.

Trust and fiduciary activities

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients. As these are not assets of the Group, they are not recognised on the balance sheet but are included at market value as part of third party assets under management.

Taxation and deferred taxation

Current taxation payable is provided for based on the amount expected to be payable on taxable profit at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit
- Temporary differences associated with the investments in subsidiaries and interests in associated undertakings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets or liabilities are measured using the taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred taxation asset can be utilised. Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Borrowing costs

Borrowing costs that are directly attributable to property developments which take a substantial period of time to develop are capitalised to qualifying properties.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the income statement net of any reimbursement. Contingent assets and contingent liabilities are not recognised on the balance sheet.

Standards and interpretations issued but not yet effective

There are no standards and interpretations issued but not yet effective which are expected to have a material impact on the Group.

Key management assumptions

In preparation of the annual financial statements, the Group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement is applied include:

- The impact of COVID-19 required management to apply significant judgements and estimates to quantify the impact on the annual financial statements. The assumptions can specifically be viewed on page 149.
- In accordance with IFRS 13 Fair Value Measurement, the Group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 are determined using valuation techniques including discounted cash flow analysis and valuation models. The valuation techniques for level 3 financial instruments involve management judgement and estimates the extent of which depends on the complexity of the instrument and the availability of market observable information. In particular, significant uncertainty exists in the valuation of unlisted investments and fair value loans in the private equity and direct investments portfolios. Key valuation inputs are based on the most relevant observable market information and can include expected cash flows, discount rates, earnings multiples and the underlying assets within a business, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility. Further details of the Group's level 3 financial instruments and the sensitivity of the valuation including the effect of applying reasonably possible alternative assumptions in determining their fair value are also set out in note 14.

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Details of unlisted investments can be found in note 25 with further analysis contained on page 158.

- The measurement of ECL has reliance on expert credit judgement. Key judgemental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:
  - The assessment of a significant increase in credit risk;
  - A range of forward-looking probability weighted macro-economic scenarios; and
  - Estimations of probabilities of default, loss given default and exposures at default using models.

  Following a detailed review of the outcome of the ECL models, management maintained an overlay provision.
- The Group's income tax charge and balance sheet provision are judgemental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The Group has recognised in its current tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority and whether the proposed tax treatment will be accepted by the authorities. The carrying amount of this provision is sensitive to the resolution of issues, which is often dependent on the timetable and progress of discussion and negotiations with the relevant tax authorities, arbitration process and legal proceedings in the relevant tax jurisdictions in which the Group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the Group in order to determine if an exposure should be measured based on the most likely amount or expected value.
- In making any estimates, management's judgement has been based on various factors, including:
  - The current status of tax audits and enquiries;
  - The current status of discussions and negotiations with the relevant tax authorities;
  - The results of any previous claims; and
  - Any changes to the relevant tax environments.
- In the prior year, management critically evaluated the equity accounted value of the Group's investment in IEP. The recoverable amount of the investment in IEP was determined to be the value-in-use. This was calculated by determining Investec's stake of the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. In the current year, the Group's investment in IEP was sold.
- The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.
- The Group makes use of reasonable and supportable information to make accounting judgments and estimates related to climate change. This includes information about the observable impact of climate change on the current credit risk of clients and the valuation of assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting judgments and estimates for the current period. The following items represent the most significant effects:
  - The measurement of expected credit loss considers the ability of borrowers to make contractual payments as and when they become due. Investec performed an assessment of specific sectors that could be most impacted by climate risk in all jurisdictions, specifically focusing on the ability of the clients in these sectors to meet their financing needs. The assessment further included a review of Investec's appetite to fund clients in the respective sectors
  - The assessment of asset impairment based on value in use and the ability to recognise deferred tax assets are based on future expected cash flows The expected cash flows is based on management's best estimate of the operational results including the near-term impact of climate risk. The Group did not consider any additional adjustments to the cash flows to account for this risk given the timeframe of the cashflows that were considered.
  - The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

NOTES TO THE FINANCIAL STATEMENTS

1. Segmental analysis

For the year to 31 March 2022 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Group					
Net interest income/(expense)	5 577	4 718	(85)	—	10 210
Net fee and commission income	1 137	1 933	—	—	3 070
Investment income/(loss)	323	64	(146)	—	241
Share of post-taxation profit of associates	3	—	50	—	53
Trading income/(loss) arising from					
– customer flow	—	724	—	—	724
– balance sheet management and other trading activities	(4)	9	—	—	5
Other operating income	—	1	—	—	1
Total operating income before expected credit loss impairment charges	**7 036**	**7 449**	**(181)**	**—**	**14 304**
Expected credit loss impairment (charges)/releases	368	(377)	—	—	(9)
Operating income	**7 404**	**7 072**	**(181)**	**—**	**14 295**
Operating costs	(3 351)	(3 373)	—	(324)	(7 048)
Profit/(loss) before goodwill, acquired intangibles and taxation	**4 053**	**3 699**	**(181)**	**(324)**	**7 247**
Cost to income ratio	47.6%	45.3%	n/a	n/a	49.3%
Total assets (R'million)	223 819	329 327	730	—	553 876

For the year to 31 March 2021 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Group					
Net interest income/(expense)	4 651	4 405	(270)	—	8 786
Net fee and commission income	957	1 380	—	—	2 337
Investment income/(loss)	19	(2)	455	—	472
Share of post-taxation (loss)/profit of associates	(8)	—	89	—	81
Trading income/(loss) arising from					
– customer flow	(1)	628	—	—	627
– balance sheet management and other trading activities	—	(194)	(63)	—	(257)
Other operating income	—	3	—	—	3
Total operating income before expected credit loss impairment charges	**5 618**	**6 220**	**211**	**—**	**12 049**
Expected credit loss impairment charges	(34)	(533)	—	—	(567)
Operating income	**5 584**	**5 687**	**211**	**—**	**11 482**
Operating costs	(2 981)	(3 164)	—	(324)	(6 469)
Profit/(loss) before goodwill, acquired intangibles and taxation	**2 603**	**2 523**	**211**	**(324)**	**5 013**
Cost to income ratio	53.1%	50.9%	n/a	n/a	53.7%
Total assets (R'million)	210 420	291 008	8 064	—	509 492

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. Segmental analysis (continued)

For the year to 31 March 2022 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Company					
Net interest income/(expense)	5 372	4 348	(85)	—	9 635
Net fee and commission income	1 103	1 780	—	—	2 883
Investment income/(loss)	262	368	(146)	—	484
Share of post-taxation profit of associates	—	—	50	—	50
Trading income/(loss) arising from					
– customer flow	—	722	—	—	722
– balance sheet management and other trading activities	(1)	6	—	—	5
Other operating income	—	1	—	—	1
Total operating income before expected credit loss impairment charges	**6 736**	**7 225**	**(181)**	**—**	**13 780**
Expected credit loss impairment charges	369	(387)	—	—	(18)
Operating income	**7 105**	**6 838**	**(181)**	**—**	**13 762**
Operating costs	(3 333)	(3 164)	—	(324)	(6 821)
Profit/(loss) before goodwill, acquired intangibles and taxation	**3 772**	**3 674**	**(181)**	**(324)**	**6 941**
Cost to income ratio (%)	49.5%	43.8%	n/a	n/a	49.5%
Total assets (R'million)	217 320	311 037	730	—	529 087

For the year to 31 March 2021 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Company					
Net interest income/(expense)	4 442	4 053	(270)	—	8 225
Net fee and commission income	932	1 291	—	—	2 223
Investment income	7	(21)	455	—	441
Share of post-taxation profit of associates	—	—	89	—	89
Trading income/(loss) arising from					
– customer flow	—	601	—	—	601
– balance sheet management and other trading activities	—	(158)	(65)	—	(223)
Other operating income	—	1	—	—	1
Total operating income before expected credit loss impairment charges	**5 381**	**5 767**	**209**	**—**	**11 357**
Expected credit loss impairment charges	(38)	(501)	—	—	(539)
Operating income	**5 343**	**5 266**	**209**	**—**	**10 818**
Operating costs	(2 958)	(2 958)	—	(324)	(6 240)
Profit/(loss) before goodwill, acquired intangibles and taxation	**2 385**	**2 308**	**209**	**(324)**	**4 578**
Cost to income ratio	55.0%	51.3%	n/a	n/a	54.9%
Total assets (R'million)	204 589	274 624	8 064	—	487 277

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Net interest income

For the year to 31 March R'million	Notes	2022 Average balance sheet value	2022 Interest income	2022 Average yield	2021 Average balance sheet value	2021 Interest income	2021 Average yield
Group							
Cash, near cash and bank debt and sovereign debt securities	1	167 273	5 582	3.34%	161 758	5 424	3.35%
Core loans and advances	2	290 326	19 518	6.72%	281 126	19 599	6.97%
Private Client		217 973	14 106	6.47%	205 004	13 477	6.57%
Corporate, institutional and other clients		72 353	5 412	7.48%	76 122	6 122	8.04%
Other debt securities and other loans and advances		16 004	636	3.97%	16 263	899	5.53%
Other	3	22 197	494	n/a	18 645	448	n/a
		495 800	**26 230**		**477 792**	**26 370**	

For the year to 31 March R'million	Notes	2022 Average balance sheet value	2022 Interest expense	2022 Average yield	2021 Average balance sheet value	2021 Interest expense	2021 Average yield
Deposits by banks and other debt-related securities	4	33 551	(767)	2.29%	59 140	(1 447)	2.45%
Customer accounts (deposits)		400 266	(14 128)	3.53%	369 007	(14 999)	4.06%
Subordinated liabilities		11 255	(740)	6.57%	11 917	(803)	6.74%
Other	5	5 289	(385)	n/a	5 547	(335)	n/a
		450 361	**(16 020)**		**445 611**	**(17 584)**	
Net interest income			**10 210**			**8 786**	
Net interest margin			**2.06%**			**1.84%**	

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets and loans to Group companies as well as interest income from derivative financial instruments where there is no associated balance sheet value.
4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advances, lease liabilities and loans from Group companies, as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Net interest income (continued)

For the year to 31 March R'million	Notes	2022 Average balance sheet value	2022 Interest income	2022 Average yield	2021 Average balance sheet value	2021 Interest income	2021 Average yield
Company							
Cash, near cash and bank debt and sovereign debt securities	1	158 050	5 521	3.49%	153 958	5 354	3.48%
Core loans and advances	2	274 923	18 436	6.71%	266 234	18 498	6.95%
Private Client		212 496	13 425	6.32%	199 162	13 004	6.53%
Corporate, institutional and other clients		62 427	5 011	8.03%	67 072	5 494	8.19%
Other debt securities and other loans and advances		15 694	635	4.05%	15 910	894	5.62%
Other	3	19 910	1 288	n/a	16 553	1 298	n/a
		468 577	**25 880**		**452 655**	**26 044**	

For the year to 31 March R'million	Notes	2022 Average balance sheet value	2022 Interest expense	2022 Average yield	2021 Average balance sheet value	2021 Interest expense	2021 Average yield
Deposits by banks and other debt-related securities	4	32 771	(734)	2.24%	58 358	(1 414)	2.42%
Customer accounts (deposits)		384 329	(14 116)	3.67%	353 586	(14 887)	4.21%
Subordinated liabilities		11 255	(740)	6.57%	11 917	(803)	6.74%
Other	5	6 142	(655)	n/a	6 794	(715)	n/a
		434 497	**(16 245)**		**430 655**	**(17 819)**	
Net interest income			**9 635**			**8 225**	
Net interest margin			**2.06%**			**1.82%**	

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets and loans to Group companies as well as interest income from derivative financial instruments where there is no associated balance sheet value.
4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advances, lease liabilities and loans from Group companies, as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

3. Net fee and commission income

For the year to 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Specialist Banking net fee and commission income	**3 070**	**2 337**	**2 883**	**2 223**
Specialist Banking fee and commission income	3 609	2 804	3 402	2 672
Specialist Banking fee and commission expense	(539)	(467)	(519)	(449)
Net fee and commission income	**3 070**	**2 337**	**2 883**	**2 223**
Annuity fees (net of fees payable)	1 767	1 502	1 720	1 453
Deal fees	1 303	835	1 163	770

All revenue generated from fee and commission income arises from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4. Investment income

For the year to 31 March R'million	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign bank and other)	Trading properties	Other asset categories	**Total**
Group									
2022									
Realised	1	30	—	169	200	61	27	12	300
Unrealised^	19	(189)*	(223)	—	(393)	12	—	43	(338)
Dividend income	96	207*	—	—	303	—	—	—	303
Funding and other net related costs	—	(22)	—	—	(22)	—	(2)	—	(24)
	116	**26**	**(223)**	**169**	**88**	**73**	**25**	**55**	**241**
2021									
Realised	183	(44)	—	51	190	63	(5)	—	248
Unrealised^	108	19	(200)	—	(73)	(19)	—	(46)	(138)
Dividend income	290	97	—	—	387	—	—	—	387
Funding and other net related costs	—	(24)	—	—	(24)	—	(1)	—	(25)
	581	**48**	**(200)**	**51**	**480**	**44**	**(6)**	**(46)**	**472**

For the year to 31 March R'million	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign bank and other)	Trading properties	Other asset categories	**Total**
Company									
2022									
Realised	1	30	—	169	200	61	—	12	273
Unrealised^	19	(210)*	(223)	—	(414)	12	—	29	(373)
Dividend income**	85	207*	—	—	292	—	—	316	608
Funding and other net related costs	—	(22)	—	—	(22)	—	(2)	—	(24)
	105	**5**	**(223)**	**169**	**56**	**73**	**(2)**	**357**	**484**
2021									
Realised	183	(44)	—	51	190	59	3	3	255
Unrealised^	109	—	(200)	—	(91)	(15)	—	(332)**	(438)
Dividend income**	276	97	—	—	373	—	—	276	649
Funding and other net related costs	—	(24)	—	—	(24)	—	(1)	—	(25)
	568	**29**	**(200)**	**51**	**448**	**44**	**2**	**(53)**	**441**

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised item.
* Includes dividend income and unrealised fair value gains from unlisted equities classified as non-current assets held for sale.
** In the Company, dividend income from investments in subsidiaries and impairment of subsidiary companies is presented in "other asset categories".

5. Expected credit loss impairment charges

For the year to 31 March R'million	Group		Company	
	2022	2021	**2022**	2021
Expected credit loss impairment charges are recognised on the following assets:				
Loans and advances to customers	5	510	30	494
Expected credit loss impairment charges (refer to note 26)	272	934	298	918
Post write-off recoveries	(267)	(424)	(268)	(424)
Own originated loans and advances to customers securitised	2	9	—	—
Core loans	**7**	**519**	**30**	**494**
Other balance sheet assets	5	37	(5)	37
Off-balance sheet commitments and guarantees	(3)	11	(7)	8
Total expected credit loss impairment charges	**9**	**567**	**18**	**539**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

6. Operating costs

For the year to 31 March R'million	Group		Company	
	2022	2021	**2022**	2021
Staff costs	5 537	5 042	5 436	4 935
Salaries and wages*	3 004	2 963	2 947	2 887
Variable remuneration*	1 600	1 273	1 577	1 253
Share-based payments expense*	405	405	398	396
Pensions and provident fund contributions*	318	281	307	281
Other	210	120	207	118
Business expenses**	458	422	399	378
Equipment expenses (excluding depreciation)	359	349	310	292
Premises expenses	262	217	248	202
Premises expenses (excluding depreciation)	78	54	68	44
Premises depreciation	184	163	180	158
Marketing expenses	261	256	259	253
Depreciation, amortisation and impairment on property, equipment, software and intangibles	171	183	169	180
	7 048	**6 469**	**6 821**	**6 240**
The following amounts were paid by the Group to the auditors in respect of the audit of the financial statements and for other services provided to the group:				
Ernst & Young Inc. fees				
Total fees paid to the audit firm by virtue of being the Group's auditor	34	33	23	24
Audit of the Group's accounts	27	33	23	24
Audit of the Group's subsidiaries pursuant to legislation	6	—	—	—
Audit related assurance services	1	^	—	—
Total fees paid to the audit firm not in the capacity of being the Group's auditor	^	—	—	—
Audit related assurance services	^	—	—	—
KPMG Inc. fees				
Total fees paid to the audit firm by virtue of being the Group's subsidiary auditor	46	43	35	32
Audit of the Group's accounts	40	37	35	32
Audit of the Group's subsidiaries pursuant to legislation	6	6	—	—
Total fees paid to the audit firm not in the capacity of being the Group's auditor	1	1	1	—
Audit related assurance services	1	1	1	—
Tax compliance services	^	^	—	—
Tax advisory services	—	^	—	—
Total	**81**	**77**	**59**	**56**

* Details of the directors' emoluments, pensions and their interests are disclosed in note 55.
** Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions.
^ Less than R1 million.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. Share-based payments

The Group operates share option and long-term share incentive plans for employees which are on an equity-settled and cash-settled basis.

The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of the Investec Group's performance and provide an incentive to maximise individual and Group performance by allowing all staff to share in the risks and rewards of the Group.

Further information on the Group share options and long-term share incentive plans are provided in the Investec Group's 2022 remuneration report.

	Group		Company	
For the year to 31 March	**2022**	2021	**2022**	2021
Details of equity-settled awards outstanding during the year				
Outstanding at the beginning of the year	22 878 703	18 380 513	22 158 441	17 780 036
Re-location of employees during the year	(867 018)	239 669	(545 924)	195 623
Granted during the year	7 347 531	9 136 760	7 225 126	8 880 229
Exercised during the year^	(4 233 433)	(4 257 282)	(4 135 691)	(4 107 479)
Lapsed during the year	(729 547)	(620 957)	(723 282)	(589 968)
Outstanding at the end of the year	**24 396 236**	**22 878 703**	**23 978 670**	**22 158 441**
Vested and exercisable at the end of the year	**361 094**	**355 042**	**357 110**	**352 374**

^ The weighted average share price during the year was R68.09 (2021: R36.18) and the weighted average exercise price during the year was Rnil (2021: Rnil).

	Group		Company	
For the year to 31 March	**2022**	2021	**2022**	2021
The exercise price range and weighted average remaining contractual life for the options and shares granted during the year were as follows:				
Long-term incentive options and long-term shares with no strike price				
Exercise price	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	1.98 years	2.14 years	1.98 years	2.14 years
Weighted average fair values of options and long-term grants granted during the period	R59.21	R32.74	R59.23	R32.70
The fair value of shares granted were calculated at market price. For shares granted during the year, the inputs were as follows:				
Share price at date of grant	R57.61 - R80.10	R32.36 - R38.68	R57.61 - R80.10	R32.36 - R38.68
Exercise price	Rnil	Rnil	Rnil	Rnil
Option life	2.50 - 5.68 years	3.73 - 4.76 years	2.50 - 5.68 years	3.73 - 4.76 years

For information on the share options granted to directors, refer to note 55.

NOTES TO THE FINANCIAL STATEMENTS
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7. Share-based payments (continued)

For the year ended 31 March 2022, a cash-settled option was awarded to eligible participants. The award is made in terms of a cash-settled option scheme with a strike price of R54.03. The award shall only be exercisable if the sum of the exercise date price and the share distribution amount exceeds the option price.

At 31 March 2022, the Group has 3 222 328 options outstanding, the liability is valued at R27.3 million and R27.3 million has been recognised in share-based payments expense within operating costs on the income statement.

At 31 March 2022, the Company has 3 185 371 options outstanding, the liability valued at R27.0 million and R27.0 million has been recognised in share-based payments expense within operating costs on the income statement.

The fair value of the liability was calculated by using the Black-Scholes option pricing model.

	Group		Company	
At 31 March	**2022**	2021	**2022**	2021
The value of the cash-settled liability was calculated by using the Black-Scholes option pricing model:				
For the liability calculated the inputs into the model were as follows:				
Listed share price at 31 March	R97.51	n/a	R97.51	n/a
Exercise price	R54.03	n/a	R54.03	n/a
Expected volatility	25.33%	n/a	25.33%	n/a
Option life	2.41 - 4.08 years	n/a	2.41 - 4.08 years	n/a
Expected dividend yields	3.24% - 3.39%	n/a	3.24% - 3.39%	n/a
Risk-free rate	6.20% - 6.73%	n/a	6.20% - 6.73%	n/a

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. Long-term employee benefits

In March 2020, as part of the Investec Asset Management demerger, each participant of the Investec share option and long-term share incentive plans for employees, received the right to one Ninety One share award for every two Investec share awards they had. The Ninety One share awards were granted on the same terms and vesting period as the Investec awards they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of R133.8 million in the Group and R130.9 million in the Company was calculated at the date of demerger for the portion of the awards already vested. The total value of the liability represented was accounted for in retained income. The liability was subsequently measured through profit or loss.

Management concluded that the share price used to calculate the liability as at the date of the demerger (13 March 2020) approximated the fair value of the share price to be used to calculate the liability as at 31 March 2020. Management performed procedures to support this assumption.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2022 was a loss of R72.2 million (2021: loss of R172.9 million) in the Group and R70.7 million loss (2021: loss of R169.4 million) in the Company.

	Group		Company	
For the year to 31 March	**2022**	2021	**2022**	2021
Details of awards outstanding during the year				
Outstanding at the beginning of the year	7 016 322	9 187 065	6 781 961	8 887 007
Re-location of employees during the year	(226 578)	142 250	(142 777)	125 226
Exercised during the year	(2 137 364)	(2 078 368)	(2 088 439)	(2 003 816)
Lapsed during the year	(141 281)	(234 625)	(139 230)	(226 456)
Outstanding at the end of the year	**4 511 099**	**7 016 322**	**4 411 515**	**6 781 961**
Exercisable at the end of the year	**189 877**	**210 879**	**187 771**	**209 277**

	Group		Company	
At 31 March	**2022**	2021	**2022**	2021
The exercise price range and weighted average remaining contractual life for options and shares outstanding were as follows:				
Long-term incentive options and long-term shares with no strike price				
Exercise price	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life	0.92 years	1.47 years	0.92 years	1.48 years
The fair value of the liability was calculated by using the Black-Scholes option pricing model.				
For the liability calculated the inputs into the model were as follows:				
Listed share price at 31 March	R49.01	R48.00	R49.01	R48.00
Exercise price	Rnil	Rnil	Rnil	Rnil
Expected volatility	35.03%	35.35%	35.03%	35.35%
Option life	0 - 2.16 years	0 - 3.16 years	0 - 2.16 years	0 - 3.16 years
Expected dividend yields	0% - 6.25%	0% - 4.51%	0% - 6.25%	0% - 4.51%
Risk-free rate	4.16% - 6.40%	3.32% - 5.97%	4.16% - 6.40%	3.32% - 5.97%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Taxation

	Group		Company	
For the year to 31 March R'million	**2022**	2021	**2022**	2021
Income statement tax charge				
Taxation on income				
South Africa	1 656	841	1 640	800
– Current taxation	1 734	1 109	1 703	1 064
in respect of the current year	1 670	1 109	1 655	1 064
in respect of prior year adjustments	64	—	48	—
– Deferred taxation	(78)	(268)	(63)	(264)
Foreign taxation – Mauritius	32	23	—	—
Total taxation charge as per income statement	**1 688**	**864**	**1 640**	**800**
Total taxation charge for the year comprises:				
Taxation on operating profit before acquired intangibles	1 703	878	1 640	800
Taxation on acquired intangibles	(15)	(14)	—	—
	1 688	**864**	**1 640**	**800**
Tax rate reconciliation:				
Profit before taxation as per income statement	7 193	4 861	6 938	4 477
Total taxation charge as per income statement	1 688	864	1 640	800
Tax on profit before taxation at 28%	2 014	1 361	1 943	1 254
The standard rate of South African normal taxation has been affected by:				
Dividend income	(363)	(310)	(440)	(298)
Foreign earnings*	(115)	(83)	—	—
Release of provisions	—	(235)	—	(236)
Prior year tax adjustments	64	—	48	—
Utilisation of assessed losses	(10)	—	—	—
Profits of capital nature	—	(10)	—	(13)
Other Additional Tier 1 dividends	(44)	(15)	(44)	(13)
Tax impact of equity accounted earnings of associate	(14)	(24)	(14)	(27)
Impairment of associates and subsidiaries	—	102	—	102
Change in tax rate	64	—	64	—
Other non-taxable/non-deductible differences	92	78	83	31
	1 688	**864**	**1 640**	**800**

* Includes the effect of cumulative tax losses and other permanent differences relating to foreign subsidiaries.

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9. Taxation (continued)

For the year to 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
The deferred taxation movements in the income statement arise from:				
Deferred capital allowances	—	(1)	—	—
Income and expenditure accruals	(29)	(259)	(28)	(277)
Unrealised fair value adjustments on financial instruments	(28)	(58)	(26)	(54)
Deferred taxation on acquired intangibles	(15)	(15)	—	—
Expected credit losses	(3)	25	(6)	27
Finance lease accounting	(3)	40	(3)	40
	(78)	**(268)**	**(63)**	**(264)**
Other comprehensive income taxation effects				
Fair value movements on cash flow hedges taken directly to other comprehensive income	(80)	11	(107)	1
– Pre-taxation	(89)	41	(116)	31
– Deferred taxation effect	33	151	33	151
– Current taxation effect	(24)	(181)	(24)	(181)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	50	2 025	74	1 970
– Pre-taxation	80	2 833	104	2 778
– Income taxation effect	(30)	(808)	(30)	(808)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(35)	(33)	(35)	(33)
– Pre-taxation	(49)	(46)	(49)	(46)
– Deferred taxation effect	14	13	14	13
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(158)	415	(158)	415
– Pre-taxation	70	538	70	538
– Deferred taxation effect	(228)	(123)	(228)	(123)
Net gain/(loss) attributable to own credit risk	1	(14)	1	(14)
– Pre-taxation	1	(18)	1	(18)
– Income taxation effect	—	4	—	4

NOTES TO THE FINANCIAL STATEMENTS
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10. Headline earnings

For the year to 31 March R'million	Group 2022	Group 2021
Profit after taxation	5 505	3 997
Dividend paid to perpetual preference shareholders and other Additional Tier 1 security holders	(267)	(155)
Gain on redemption of perpetual preference shares	19	17
Earnings attributable to ordinary shareholders	**5 257**	**3 859**
Headline adjustments, net of taxation	3	274
Impairment of goodwill	3	3
Impairment of associates	—	98
Headline adjustments of equity accounted associates^	—	173
Headline earnings attributable to ordinary shareholders	**5 260**	**4 133**

^ Net of associate taxation within equity accounted earnings of R47.7 million for the year to 31 March 2021.

11. Dividends

For the year to 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Ordinary dividend	**5 550**	**600**	**5 550**	**600**
Perpetual preference dividend				
Final dividend in prior year	44	63	44	63
Interim dividend for current year	66	47	66	47
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**110**	**110**	**110**	**110**
The directors have not declared a final dividend in respect of the financial year ended 31 March 2022 as all outstanding perpetual preference shares were repurchased during the current year. The shares were repurchased at R99.52 per preference share.				
The interim dividend for the current year is 292.45405 cents. The prior year total dividend was 598.8345 cents.				
Dividends attributable to other Additional Tier 1 securities in issue				
The dividends paid on other Additional Tier 1 floating rate notes pay dividends on a quarterly basis. Refer to note 44 for detail on rates.	157	45	157	45
Total dividends declared to other equity holders including other Additional Tier 1 securities	**267**	**155**	**267**	**155**

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12. Analysis of income and impairments by category of financial instrument

	At fair value through profit or loss			At fair value through comprehensive income					
	IFRS 9 mandatory								
For the year to 31 March R'million	Trading**	Non-trading**	Designated at inception	Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income*	**Total**
Group									
2022									
Interest income	333	697	1 663	2 882	—	20 648	—	7	26 230
Interest expense	(130)	(15)	(682)	—	—	(15 147)	(46)	—	(16 020)
Fee and commission income	—	—	—	—	—	2 707	20	882	3 609
Fee and commission expense	—	—	—	(1)	—	(470)	—	(68)	(539)
Investment income	14	(393)	442	61	84	32	1	—	241
Share of post-taxation profit of associates	—	—	—	—	—	—	53	—	53
Trading income arising from									
– customer flow	525	199	—	—	—	—	—	—	724
– balance sheet management and other trading activities	(360)	(2)	343	—	—	23	1	—	5
Other operating income	—	—	—	—	—	—	—	1	1
Total operating income before expected credit loss impairment charges	**382**	**486**	**1 766**	**2 942**	**84**	**7 793**	**29**	**822**	**14 304**
Expected credit loss impairment charges	—	—	(76)	11	—	53	—	3	(9)
Operating income	**382**	**486**	**1 690**	**2 953**	**84**	**7 846**	**29**	**825**	**14 295**
2021									
Interest income	332	857	1 204	3 818	—	20 150	1	8	26 370
Interest expense	(148)	—	(738)	—	—	(16 665)	(33)	—	(17 584)
Fee and commission income	—	—	—	—	—	2 030	15	759	2 804
Fee and commission expense	(1)	—	—	(3)	—	(402)	—	(61)	(467)
Investment income	16	179	90	13	222	(55)	7	—	472
Share of post-taxation profit of associates	—	—	—	—	—	—	81	—	81
Trading income arising from									
– customer flow	707	(159)	—	—	—	79	—	—	627
– balance sheet management and other trading activities	(414)	(2)	301	—	—	(142)	—	—	(257)
Other operating income	—	—	—	—	—	2	—	1	3
Total operating income before expected credit loss impairment charges	**492**	**875**	**857**	**3 828**	**222**	**4 997**	**71**	**707**	**12 049**
Expected credit loss impairment charges	—	—	(48)	(24)	—	(484)	—	(11)	(567)
Operating income	**492**	**875**	**809**	**3 804**	**222**	**4 513**	**71**	**696**	**11 482**

* Includes off-balance sheet items.
** Fair value through profit and loss income statement items have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.

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12. Analysis of income and impairments by category of financial instrument (continued)

	At fair value through profit or loss			At fair value through comprehensive income					
	IFRS 9 mandatory								
For the year to 31 March R'million	Trading**	Non-trading**	Designated at inception	Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income*	**Total**
Company									
2022									
Interest income	153	694	1 663	2 854	—	20 507	—	9	25 880
Interest expense	(44)	(1)	(682)	—	—	(15 472)	(46)	—	(16 245)
Fee and commission income	—	—	—	—	—	2 510	3	889	3 402
Fee and commission expense	—	—	—	(1)	—	(450)	—	(68)	(519)
Investment income	2	(393)	396	61	84	17	317	—	484
Share of post-taxation profit of associates	—	—	—	—	—	—	50	—	50
Trading income arising from									
– customer flow	523	199	—	—	—	—	—	—	722
– balance sheet management and other trading activities	(335)	(2)	343	—	—	(2)	1	—	5
Other operating income	—	—	—	—	—	—	—	1	1
Total operating income before expected credit loss impairment charges	**299**	**497**	**1 720**	**2 914**	**84**	**7 110**	**325**	**831**	**13 780**
Expected credit loss impairment charges	—	—	(76)	11	—	40	—	7	(18)
Operating income	**299**	**497**	**1 644**	**2 925**	**84**	**7 150**	**325**	**838**	**13 762**
2021									
Interest income	197	839	1 204	3 788	—	20 007	1	8	26 044
Interest expense	(43)	—	(738)	—	—	(17 005)	(33)	—	(17 819)
Fee and commission income	—	—	—	—	—	1 913	—	759	2 672
Fee and commission expense	(1)	—	—	(3)	—	(384)	—	(61)	(449)
Investment income	—	185	78	11	222	(55)	—	—	441
Share of post-taxation profit of associates	—	—	—	—	—	—	89	—	89
Trading income arising from									
– customer flow	680	(159)	—	—	—	80	—	—	601
– balance sheet management and other trading activities	(367)	(2)	301	—	—	(155)	—	—	(223)
Other operating income	—	—	—	—	—	—	—	1	1
Total operating income before expected credit loss impairment charges	**466**	**863**	**845**	**3 796**	**222**	**4 401**	**57**	**707**	**11 357**
Expected credit loss impairment charges	—	—	(48)	(24)	—	(456)	—	(11)	(539)
Operating income	**466**	**863**	**797**	**3 772**	**222**	**3 945**	**57**	**696**	**10 818**

* Includes off-balance sheet items.
** Fair value through profit and loss income statement items have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.

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13. Analysis of financial assets and liabilities by category of financial instrument

	At fair value through profit and loss			At fair value through other comprehensive income					
	IFRS 9 mandatory								
At 31 March 2022 **R'million**	Trading*	Non-trading*	Designated at initial recognition	Debt instruments with a dual business model	Equity instruments	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
Group									
Assets									
Cash and balances at central banks	—	—	—	—	—	—	11 893	—	11 893
Loans and advances to banks	—	—	—	—	—	—	19 609	—	19 609
Non-sovereign and non-bank cash placements	—	564	—	—	—	564	12 612	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	7 124	16 222	—	—	—	23 346	33 091	—	56 437
Sovereign debt securities	—	7 161	—	35 271	—	42 432	14 948	—	57 380
Bank debt securities	—	288	—	15 986	—	16 274	11 681	—	27 955
Other debt securities	—	307	—	10 777	—	11 084	4 355	—	15 439
Derivative financial instruments	17 658	—	—	—	—	17 658	—	—	17 658
Securities arising from trading activities	1 962	314	—	—	—	2 276	—	—	2 276
Investment portfolio	—	2 865	—	—	—	2 865	—	—	2 865
Loans and advances to customers	—	1 357	19 244	—	—	20 601	266 928	—	287 529
Own originated loans and advances to customers securitised	—	—	—	—	—	—	7 228	—	7 228
Other loans and advances	—	—	—	—	—	—	108	—	108
Other securitised assets	—	—	—	—	—	—	592	—	592
Interests in associated undertakings	—	—	—	—	—	—	—	31	31
Current taxation assets	—	—	—	—	—	—	—	2	2
Deferred taxation assets	—	—	—	—	—	—	—	2 255	2 255
Other assets	1 280	358	—	—	—	1 638	2 561	1 547	5 746
Property and equipment	—	—	—	—	—	—	—	3 427	3 427
Investment properties	—	—	—	—	—	—	—	1	1
Goodwill	—	—	—	—	—	—	—	172	172
Software	—	—	—	—	—	—	—	46	46
Other acquired intangible assets	—	—	—	—	—	—	—	64	64
Loans to Group companies	—	—	—	—	—	—	21 489	—	21 489
Non-current assets classified as held for sale	—	498	—	—	—	498	—	—	498
	28 024	**29 934**	**19 244**	**62 034**	**—**	**139 236**	**407 095**	**7 545**	**553 876**
Liabilities									
Deposits by banks	—	—	—	—	—	—	18 721	—	18 721
Derivative financial instruments	27 551	—	—	—	—	27 551	—	—	27 551
Other trading liabilities	3 309	—	—	—	—	3 309	—	—	3 309
Repurchase agreements and cash collateral on securities lent	3 152	—	—	—	—	3 152	8 939	—	12 091
Customer accounts (deposits)	—	—	56 663	—	—	56 663	363 409	—	420 072
Debt securities in issue	—	—	—	—	—	—	2 845	—	2 845
Liabilities arising on securitisation of own originated loans and advances	—	—	—	—	—	—	4 585	—	4 585
Current taxation liabilities	—	—	—	—	—	—	—	557	557
Deferred taxation liabilities	—	—	—	—	—	—	—	17	17
Other liabilities	1 107	—	—	—	—	1 107	1 819	4 163	7 089
Loans from Group companies	53	—	—	—	—	53	1 013	—	1 066
	35 172	**—**	**56 663**	**—**	**—**	**91 835**	**401 331**	**4 737**	**497 903**
Subordinated liabilities	—	—	—	—	—	—	9 133	—	9 133
	35 172	**—**	**56 663**	**—**	**—**	**91 835**	**410 464**	**4 737**	**507 036**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.

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13. Analysis of financial assets and liabilities by category of financial instrument (continued)

At 31 March 2021 R'million	At fair value through profit and loss IFRS 9 mandatory Trading*	Non-trading*	Designated at initial recognition	At fair value through other comprehensive income Debt instruments with a dual business model	Equity instruments	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Group									
Assets									
Cash and balances at central banks	—	—	—	—	—	—	9 653	—	9 653
Loans and advances to banks	—	—	—	—	—	—	24 666	—	24 666
Non-sovereign and non-bank cash placements	23	—	—	—	—	23	8 933	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	6 605	5 872	—	—	—	12 477	17 744	—	30 221
Sovereign debt securities	—	3 266	—	40 612	—	43 878	9 131	—	53 009
Bank debt securities	—	288	—	16 582	—	16 870	4 992	—	21 862
Other debt securities	—	60	—	8 633	—	8 693	5 477	—	14 170
Derivative financial instruments	19 173	—	—	—	—	19 173	—	—	19 173
Securities arising from trading activities	2 307	562	—	—	—	2 869	—	—	2 869
Investment portfolio	—	2 990	—	—	1 933	4 923	—	—	4 923
Loans and advances to customers	—	1 421	22 288	—	—	23 709	251 347	—	275 056
Own originated loans and advances to customers securitised	—	—	—	—	—	—	8 184	—	8 184
Other loans and advances	—	—	—	—	—	—	181	—	181
Other securitised assets	—	—	—	—	—	—	578	—	578
Interests in associated undertakings	—	—	—	—	—	—	—	5 149	5 149
Current taxation assets	—	—	—	—	—	—	—	35	35
Deferred taxation assets	—	—	—	—	—	—	—	2 412	2 412
Other assets	2 138	310	—	—	—	2 448	2 335	2 599	7 382
Property and equipment	—	—	—	—	—	—	—	2 740	2 740
Investment properties	—	—	—	—	—	—	—	1	1
Goodwill	—	—	—	—	—	—	—	175	175
Software	—	—	—	—	—	—	—	95	95
Other acquired intangible assets	—	—	—	—	—	—	—	118	118
Loans to Group companies	373	—	—	—	—	373	17 037	—	17 410
Non-current assets classified as held for sale	—	474	—	—	—	474	—	—	474
	30 619	**15 243**	**22 288**	**65 827**	**1 933**	**135 910**	**360 258**	**13 324**	**509 492**
Liabilities									
Deposits by banks	—	—	—	—	—	—	17 144	—	17 144
Derivative financial instruments	23 011	—	—	—	—	23 011	—	—	23 011
Other trading liabilities	3 388	—	—	—	—	3 388	—	—	3 388
Repurchase agreements and cash collateral on securities lent	4 357	—	—	—	—	4 357	12 236	—	16 593
Customer accounts (deposits)	—	—	21 310	—	—	21 310	353 059	—	374 369
Debt securities in issue	—	—	—	—	—	—	2 126	—	2 126
Liabilities arising on securitisation of own originated loans and advances	—	—	—	—	—	—	3 271	—	3 271
Current taxation liabilities	—	—	—	—	—	—	—	684	684
Deferred taxation liabilities	—	—	—	—	—	—	—	32	32
Other liabilities	1 256	—	—	—	—	1 256	2 484	3 681	7 421
Loans from Group companies	—	—	—	—	—	—	1 972	—	1 972
	32 012	**—**	**21 310**	**—**	**—**	**53 322**	**392 292**	**4 397**	**450 011**
Subordinated liabilities	—	—	—	—	—	—	12 936	—	12 936
	32 012	**—**	**21 310**	**—**	**—**	**53 322**	**405 228**	**4 397**	**462 947**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.

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13. Analysis of financial assets and liabilities by category of financial instrument (continued)

At 31 March 2022 R'million	At fair value through profit and loss IFRS 9 mandatory Trading*	Non-trading*	Designated at initial recognition	At fair value through other comprehensive income Debt instruments with a dual business model	Equity instruments	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Company									
Assets									
Cash and balances at central banks	—	—	—	—	—	—	11 346	—	11 346
Loans and advances to banks	—	—	—	—	—	—	12 359	—	12 359
Non-sovereign and non-bank cash placements	—	564	—	—	—	564	12 913	—	13 477
Reverse repurchase agreements and cash collateral on securities borrowed	7 124	16 222	—	—	—	23 346	31 630	—	54 976
Sovereign debt securities	—	7 161	—	35 271	—	42 432	14 948	—	57 380
Bank debt securities	—	288	—	15 519	—	15 807	11 681	—	27 488
Other debt securities	—	307	—	10 205	—	10 512	4 064	—	14 576
Derivative financial instruments	17 653	—	—	—	—	17 653	—	—	17 653
Securities arising from trading activities	1 962	—	—	—	—	1 962	—	—	1 962
Investment portfolio	—	2 562	—	—	—	2 562	—	—	2 562
Loans and advances to customers	—	1 357	19 244	—	—	20 601	258 036	—	278 637
Other loans and advances	—	—	—	—	—	—	142	—	142
Deferred taxation assets	—	—	—	—	—	—	—	2 227	2 227
Other assets	1 280	358	—	—	—	1 638	2 587	1 445	5 670
Property and equipment	—	—	—	—	—	—	—	3 420	3 420
Investment properties	—	—	—	—	—	—	—	1	1
Goodwill	—	—	—	—	—	—	—	1	1
Software	—	—	—	—	—	—	—	46	46
Loans to Group companies	—	—	—	—	—	—	19 538	—	19 538
Investment in subsidiaries	—	—	—	—	—	—	4 484	644	5 128
Non-current assets classified as held for sale	—	498	—	—	—	498	—	—	498
	28 019	**29 317**	**19 244**	**60 995**	**—**	**137 575**	**383 728**	**7 784**	**529 087**
Liabilities									
Deposits by banks	—	—	—	—	—	—	18 721	—	18 721
Derivative financial instruments	27 238	—	—	—	—	27 238	—	—	27 238
Other trading liabilities	3 309	—	—	—	—	3 309	—	—	3 309
Repurchase agreements and cash collateral on securities lent	3 152	—	—	—	—	3 152	8 939	—	12 091
Customer accounts (deposits)	—	—	56 663	—	—	56 663	346 669	—	403 332
Debt securities in issue	—	—	—	—	—	—	2 065	—	2 065
Current taxation liabilities	—	—	—	—	—	—	—	525	525
Other liabilities	1 107	—	—	—	—	1 107	1 186	4 093	6 386
Loans from Group companies and subsidiaries	53	—	—	—	—	53	5 863	—	5 916
	34 859	**—**	**56 663**	**—**	**—**	**91 522**	**383 443**	**4 618**	**479 583**
Subordinated liabilities	—	—	—	—	—	—	9 133	—	9 133
	34 859	**—**	**56 663**	**—**	**—**	**91 522**	**392 576**	**4 618**	**488 716**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements, respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.

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13. Analysis of financial assets and liabilities by category of financial instrument (continued)

At 31 March 2021 R'million	At fair value through profit and loss: IFRS 9 mandatory: Trading*	At fair value through profit and loss: IFRS 9 mandatory: Non-trading*	At fair value through profit and loss: Designated at initial recognition	At fair value through other comprehensive income: Debt instruments with a dual business model	At fair value through other comprehensive income: Equity instruments	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Company									
Assets									
Cash and balances at central banks	—	—	—	—	—	—	9 343	—	9 343
Loans and advances to banks	—	—	—	—	—	—	17 848	—	17 848
Non-sovereign and non-bank cash placements	23	—	—	—	—	23	8 933	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	6 605	5 872	—	—	—	12 477	16 637	—	29 114
Sovereign debt securities	—	3 266	—	40 612	—	43 878	9 131	—	53 009
Bank debt securities	—	288	—	16 085	—	16 373	4 993	—	21 366
Other debt securities	—	60	—	8 633	—	8 693	5 183	—	13 876
Derivative financial instruments	19 168	—	—	—	—	19 168	—	—	19 168
Securities arising from trading activities	2 307	15	—	—	—	2 322	—	—	2 322
Investment portfolio	—	2 735	—	—	1 933	4 668	—	—	4 668
Loans and advances to customers	—	1 421	22 288	—	—	23 709	245 647	—	269 356
Other loans and advances	—	—	—	—	—	—	211	—	211
Interests in associated undertakings	—	—	—	—	—	—	—	5 117	5 117
Deferred taxation assets	—	—	—	—	—	—	—	2 394	2 394
Other assets	2 138	310	—	—	—	2 448	2 365	2 195	7 008
Property and equipment	—	—	—	—	—	—	—	2 725	2 725
Investment properties	—	—	—	—	—	—	—	1	1
Goodwill	—	—	—	—	—	—	—	4	4
Software	—	—	—	—	—	—	—	97	97
Loans to Group companies	373	—	—	—	—	373	15 374	—	15 747
Investment in subsidiaries	—	—	—	—	—	—	3 829	644	4 473
Non-current assets classified as held for sale	—	474	—	—	—	474	—	—	474
	30 614	**14 441**	**22 288**	**65 330**	**1 933**	**134 606**	**339 494**	**13 177**	**487 277**
Liabilities									
Deposits by banks	—	—	—	—	—	—	17 144	—	17 144
Derivative financial instruments	22 747	—	—	—	—	22 747	—	—	22 747
Other trading liabilities	3 388	—	—	—	—	3 388	—	—	3 388
Repurchase agreements and cash collateral on securities lent	4 357	—	—	—	—	4 357	12 236	—	16 593
Customer accounts (deposits)	—	—	21 310	—	—	21 310	337 888	—	359 198
Debt securities in issue	—	—	—	—	—	—	1 346	—	1 346
Current taxation liabilities	—	—	—	—	—	—	—	631	631
Other liabilities	1 256	—	—	—	—	1 256	1 845	3 599	6 700
Loans from Group companies and subsidiaries	—	—	—	—	—	—	6 378	—	6 378
	31 748	**—**	**21 310**	**—**	**—**	**53 058**	**376 837**	**4 230**	**434 125**
Subordinated liabilities	—	—	—	—	—	—	12 936	—	12 936
	31 748	**—**	**21 310**	**—**	**—**	**53 058**	**389 773**	**4 230**	**447 061**

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14. Financial instruments at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used.

The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2022 R'million	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Group				
Assets				
Non-sovereign and non-bank cash placements	564	—	564	—
Reverse repurchase agreements and cash collateral on securities borrowed	23 346	—	23 346	—
Sovereign debt securities	42 432	42 432	—	—
Bank debt securities	16 274	5 163	11 111	—
Other debt securities	11 084	891	10 193	—
Derivative financial instruments	17 658	—	17 658	—
Securities arising from trading activities	2 276	2 008	268	—
Investment portfolio	2 865	92	4	2 769
Loans and advances to customers	20 601	—	19 824	777
Other assets	1 638	1 638	—	—
Non-current assets classified as held for sale	498	—	—	498
	139 236	**52 224**	**82 968**	**4 044**
Liabilities				
Derivative financial instruments	27 551	698	26 853	—
Other trading liabilities	3 309	148	3 161	—
Repurchase agreements and cash collateral on securities lent	3 152	—	3 152	—
Customer accounts (deposits)	56 663	—	56 663	—
Other liabilities	1 107	—	1 107	—
Loans from Group companies	53	—	53	—
	91 835	**846**	**90 989**	**—**
Net financial assets/(liabilities) at fair value	**47 401**	**51 378**	**(8 021)**	**4 044**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

At 31 March 2021 R'million	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Group				
Assets				
Non-sovereign and non-bank cash placements	23	—	23	—
Reverse repurchase agreements and cash collateral on securities borrowed	12 477	—	12 477	—
Sovereign debt securities	43 878	43 878	—	—
Bank debt securities	16 870	8 197	8 673	—
Other debt securities	8 693	1 393	7 300	—
Derivative financial instruments	19 173	6	19 167	—
Securities arising from trading activities	2 869	2 686	183	—
Investment portfolio	4 923	2 155	6	2 762
Loans and advances to customers	23 709	—	23 674	35
Other assets	2 448	2 448	—	—
Loans to Group companies	373	—	373	—
Non-current assets classified as held for sale	474	—	—	474
	135 910	**60 763**	**71 876**	**3 271**
Liabilities				
Derivative financial instruments	23 011	934	22 077	—
Other trading liabilities	3 388	47	3 341	—
Repurchase agreements and cash collateral on securities lent	4 357	—	4 357	—
Customer accounts (deposits)	21 310	—	21 310	—
Other liabilities	1 256	—	1 256	—
	53 322	**981**	**52 341**	**—**
Net financial assets at fair value	**82 588**	**59 782**	**19 535**	**3 271**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

At 31 March 2022 R'million	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Company				
Assets				
Non-sovereign and non-bank cash placements	564	—	564	—
Reverse repurchase agreements and cash collateral on securities borrowed	23 346	—	23 346	—
Sovereign debt securities	42 432	42 432	—	—
Bank debt securities	15 807	4 696	11 111	—
Other debt securities	10 512	319	10 193	—
Derivative financial instruments	17 653	—	17 653	—
Securities arising from trading activities	1 962	1 762	200	—
Investment portfolio	2 562	92	4	2 466
Loans and advances to customers	20 601	—	19 824	777
Other assets	1 638	1 638	—	—
Non-current assets classified as held for sale	498	—	—	498
	137 575	**50 939**	**82 895**	**3 741**
Liabilities				
Derivative financial instruments	27 238	698	26 540	—
Other trading liabilities	3 309	148	3 161	—
Repurchase agreements and cash collateral on securities lent	3 152	—	3 152	—
Customer accounts (deposits)	56 663	—	56 663	—
Other liabilities	1 107	—	1 107	—
Loans from Group companies	53	—	53	—
	91 522	**846**	**90 676**	**—**
Net financial assets/(liabilities) at fair value	**46 053**	**50 093**	**(7 781)**	**3 741**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

At 31 March 2021 R'million	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Company				
Assets				
Non-sovereign and non-bank cash placements	23	—	23	—
Reverse repurchase agreements and cash collateral on securities borrowed	12 477	—	12 477	—
Sovereign debt securities	43 878	43 878	—	—
Bank debt securities	16 373	7 700	8 673	—
Other debt securities	8 693	1 393	7 300	—
Derivative financial instruments	19 168	6	19 162	—
Securities arising from trading activities	2 322	2 199	123	—
Investment portfolio	4 668	2 155	6	2 507
Loans and advances to customers	23 709	—	23 674	35
Other assets	2 448	2 448	—	—
Loans to Group companies	373	—	373	—
Non-current assets classified as held for sale	474	—	—	474
	134 606	**59 779**	**71 811**	**3 016**
Liabilities				
Derivative financial instruments	22 747	935	21 812	—
Other trading liabilities	3 388	47	3 341	—
Repurchase agreements and cash collateral on securities lent	4 357	—	4 357	—
Customer accounts (deposits)	21 310	—	21 310	—
Other liabilities	1 256	—	1 256	—
	53 058	**982**	**52 076**	**—**
Net financial assets at fair value	**81 548**	**58 797**	**19 735**	**3 016**

Transfers between level 1 and level 2
There were no significant transfers between level 1 and level 2 in the current and prior year for the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curve
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Yield curve
Bank debt securities	Discounted cash flow model	Yield curve
Other debt securities	Discounted cash flow model	Yield curve
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Securities arising from trading activities	Adjusted quoted price Discounted cash flow model	Liquidity adjustment Yield curve
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Yield curve
Loans to Group companies	Discounted cash flow model	Yield curve
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve
Loans from Group companies	Discounted cash flow model	Yield curve

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

Level 3 financial instruments

The following tables show a reconciliation of the opening balances to the closing balances for level 3 financial instruments. All instruments are at fair value through profit or loss.

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
Group				
Balance at 1 April 2020	3 180	665	—	3 845
Net losses recognised in the income statement	(201)	(17)	—	(218)
Purchases	504	1	—	505
Sales	(107)	(10)	—	(117)
Settlements	(135)	(604)	—	(739)
Transfer to non-current assets classified as held for sale^	(474)	—	474	—
Foreign exchange adjustments	(5)	—	—	(5)
Balance at 31 March 2021	**2 762**	**35**	**474**	**3 271**
Net losses recognised in the income statement	(381)	—	24	(357)
Purchases	675	—	—	675
Sales	(60)	—	—	(60)
Issues	4	—	—	4
Settlements	(239)	(13)	—	(252)
Transfers into level 3	—	755	—	755
Foreign exchange adjustments	8	—	—	8
Balance at 31 March 2022	**2 769**	**777**	**498**	**4 044**

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
Company				
Balance at 1 April 2020	3 013	665	—	3 678
Net losses recognised in the income statement	(201)	(17)	—	(218)
Purchases	392	1	—	393
Sales	(107)	(10)	—	(117)
Settlements	(114)	(604)	—	(718)
Transfer to non-current assets classified as held for sale^	(474)	—	474	—
Foreign exchange adjustments	(2)	—	—	(2)
Balance at 31 March 2021	**2 507**	**35**	**474**	**3 016**
Net losses recognised in the income statement	(381)	—	24	(357)
Purchases	630	—	—	630
Sales	(60)	—	—	(60)
Settlements	(239)	(13)	—	(252)
Transfers into level 3	—	755	—	755
Foreign exchange adjustments	9	—	—	9
Balance at 31 March 2022	**2 466**	**777**	**498**	**3 741**

^ For the year ended 31 March 2021, certain equity investments to the value of R474.2 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. These equity investments form part of the Corporate, Investment Banking and Other segment.

For the year ended 31 March 2022, R755.0 million of loans and advances to customers has been transferred from level 2 to level 3, due to inputs related to the measurement of credit risk to the valuation model becoming unobservable. For the year ended 31 March 2021, there were no transfers into and out of level 3, in the Group and Company.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

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

For the year to 31 March R'million	Total	Realised	Unrealised
Group			
2022			
Total losses included in the income statement for the year			
Investment (loss)/income	(357)	(263)	(94)
	(357)	**(263)**	**(94)**
2021			
Total losses included in the income statement for the year			
Investment (loss)/income	(218)	(45)	(173)
	(218)	**(45)**	**(173)**

For the year to 31 March R'million	Total	Realised	Unrealised
Company			
2022			
Total losses included in the income statement for the year			
Investment (loss)/income	(357)	(263)	(94)
	(357)	**(263)**	**(94)**
2021			
Total losses included in the income statement for the year			
Investment (loss)/income	(218)	(45)	(173)
	(218)	**(45)**	**(173)**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

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

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The below valuations have been considered taking the global pandemic of COVID-19 into consideration. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

					Potential impact on the income statement	
At 31 March 2022	**Level 3 balance sheet value R'million**	Valuation method	Significant unobservable input changed	Range of unobservable input used	**Favourable changes R'million**	**Unfavourable changes R'million**
Group						
Assets						
Investment portfolio	2 769				**331**	**(309)**
		Price earnings	EBITDA	*	242	(182)
		Discounted cash flow	Discount rate	13% - 14%	2	(2)
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	32	(61)
		Discounted cash flow	Precious and industrial metal prices	(5%) - 5%	27	(27)
		Other	Various	**	5	(14)
Loans and advances to customers	777				**152**	**(241)**
		Underlying asset value	Property values	*	150	(239)
		Net asset value	Underlying asset value	^	2	(2)
Non-current assets classified as held for sale	498	Discounted cash flow	Discount rate	13% - 16%	11	(38)
Total	**4 044**				**494**	**(588)**

					Potential impact on the income statement	
At 31 March 2021	**Level 3 balance sheet value R'million**	Valuation method	Significant unobservable input changed	Range of unobservable input used	**Favourable changes R'million**	**Unfavourable changes R'million**
Group						
Assets						
Investment portfolio	2 762				**511**	**(435)**
		Price earnings	EBITDA	*	409	(275)
		Discounted cash flow	Discount rate	13% - 14%	2	—
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	42	(75)
		Discounted cash flow	Precious and industrial metal price	(5%) - 5%	27	(27)
		Other	Various	**	8	(35)
Loans and advances to customers	35	Net asset value	Underlying asset value	^	4	(4)
Non-current assets classified as held for sale	474	Discounted cash flow	Discount rate	13% - 15%	13	(16)
Total	**3 271**				**528**	**(455)**

* The EBITDA, cash flows and property values have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

** The valuation sensitivity of certain equity investments have been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.

^ Underlying asset values are calculated by reference to the fair value of the assets and liabilities within the entity.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

At 31 March 2022	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range of unobservable input used	Potential impact on the income statement: Favourable changes R'million	Potential impact on the income statement: Unfavourable changes R'million
Company						
Assets						
Investment portfolio	2 466				**290**	**(289)**
		Price earnings	EBITDA	*	201	(162)
		Discounted cash flow	Discount rate	13% - 14%	2	(2)
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	32	(61)
		Discounted cash flow	Precious and industrial metal prices	(5%) - 5%	27	(27)
		Other	Various	**	5	(14)
					152	**(241)**
Loans and advances to customers	777	Underlying asset value	Property values	*	150	(239)
		Net asset value	Underlying asset value	^	2	(2)
Non-current assets classified as held for sale	498	Discounted cash flow	Discount rates	13% - 16%	11	(38)
Total	**3 741**				**453**	**(568)**

At 31 March 2021	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range of unobservable input used	Potential impact on the income statement: Favourable changes R'million	Potential impact on the income statement: Unfavourable changes R'million
Company						
Assets						
Investment portfolio	2 507				**490**	**(419)**
		Price earnings	EBITDA	*	388	(259)
		Discounted cash flow	Discount rate	13% - 14%	2	—
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	42	(75)
		Discounted cash flow	Precious and industrial metal prices	(5%) - 5%	27	(27)
		Other	Various	**	8	(35)
Loans and advances to customers	35	Net asset value	Underlying asset value	^	4	(4)
Non-current assets classified as held for sale	474	Discounted cash flow	Discount rates	13% - 15%	13	(16)
Total	**3 016**				**507**	**(439)**

* The EBITDA, cash flows and property values have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

** The valuation sensitivity of certain equity investments have been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.

^ Underlying asset values are calculated by reference to the fair value of the assets and liabilities within the entity.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

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

EBITDA
The company being valued earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Discount rates
Discount rates are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty of future cash flows.

Cash flows
Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

Underlying asset value
In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

Property values and precious and industrial metals
The price of property and precious and industrial metals is a key driver of future cash flows on these investments.

Price-earnings multiple
The price-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

NOTES TO THE FINANCIAL STATEMENTS
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15. Fair value of financial instruments at amortised cost

At 31 March 2022 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Group							
Assets							
Cash and balances at central banks	11 893	11 893	—	—	—	—	—
Loans and advances to banks	19 609	17 497	2 112	2 106	—	2 106	—
Non-sovereign and non-bank cash placements	12 612	12 612	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	33 091	6 740	26 351	26 354	—	26 354	—
Sovereign debt securities	14 948	—	14 948	15 189	15 189	—	—
Bank debt securities	11 681	595	11 086	11 065	11 065	—	—
Other debt securities	4 355	3 594	761	782	782	—	—
Loans and advances to customers	266 928	251 425	15 503	15 526	—	—	15 526
Own originated loans and advances to customers securitised	7 228	7 228	—	—	—	—	—
Other loans and advances	108	108	—	—	—	—	—
Other securitised assets	592	592	—	—	—	—	—
Other assets	2 561	2 561	—	—	—	—	—
Loans to Group companies	21 489	21 489	—	—	—	—	—
	407 095	**336 334**	**70 761**	**71 022**	**27 036**	**28 460**	**15 526**
Liabilities							
Deposits by banks	18 721	545	18 176	18 614	—	18 614	—
Repurchase agreements and cash collateral on securities lent	8 939	5 319	3 620	3 706	—	3 706	—
Customer accounts (deposits)	363 409	223 531	139 878	140 273	—	140 273	—
Debt securities in issue	2 845	1 796	1 049	1 052	—	1 052	—
Liabilities arising on securitisation of own originated loans and advances	4 585	4 585	—	—	—	—	—
Other liabilities	1 819	1 819	—	—	—	—	—
Loans from Group companies and subsidiaries	1 013	1 013	—	—	—	—	—
Subordinated liabilities	9 133	—	9 133	10 129	10 129	—	—
	410 464	**238 608**	**171 856**	**173 774**	**10 129**	**163 645**	**—**

For the year ended 31 March 2022, there were insignificant disposals of financial instruments measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March 2021 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Group							
Assets							
Cash and balances at central banks	9 653	9 653	—	—	—	—	—
Loans and advances to banks	24 666	24 666	—	—	—	—	—
Non-sovereign and non-bank cash placements	8 933	8 933	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	17 744	1 107	16 637	16 635	—	16 635	—
Sovereign debt securities	9 131	—	9 131	9 299	9 299	—	—
Bank debt securities	4 992	1 713	3 279	3 469	3 469	—	—
Other debt securities	5 477	4 534	943	987	987	—	—
Loans and advances to customers	251 347	238 304	13 043	13 101	—	—	13 101
Own originated loans and advances to customers securitised	8 184	8 184	—	—	—	—	—
Other loans and advances	181	181	—	—	—	—	—
Other securitised assets	578	578	—	—	—	—	—
Other assets	2 335	2 335	—	—	—	—	—
Loans to Group companies	17 037	17 037	—	—	—	—	—
	360 258	**317 225**	**43 033**	**43 491**	**13 755**	**16 635**	**13 101**
Liabilities							
Deposits by banks	17 144	302	16 842	17 053	—	17 053	—
Repurchase agreements and cash collateral on securities lent	12 236	—	12 236	12 281	—	12 281	—
Customer accounts (deposits)	353 059	233 339	119 720	120 098	—	120 098	—
Debt securities in issue	2 126	780	1 346	1 366	—	1 366	—
Liabilities arising on securitisation of own originated loans and advances	3 271	3 271	—	—	—	—	—
Other liabilities	2 484	2 484	—	—	—	—	—
Loans from Group companies and subsidiaries	1 972	1 972	—	—	—	—	—
Subordinated liabilities	12 936	—	12 936	14 927	14 927	—	—
	405 228	**242 148**	**163 080**	**165 725**	**14 927**	**150 798**	**—**

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This includes demand deposits, savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value
Differences in amortised cost and fair value occur in fixed-rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debt instruments with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March 2022 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Company							
Assets							
Cash and balances at central banks	11 346	11 346	—	—	—	—	—
Loans and advances to banks	12 359	12 359	—	—	—	—	—
Non-sovereign and non-bank cash placements	12 913	12 913	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	31 630	5 279	26 351	26 354	—	26 354	—
Sovereign debt securities	14 948	—	14 948	15 189	15 189	—	—
Bank debt securities	11 681	595	11 086	11 065	11 065	—	—
Other debt securities	4 064	3 303	761	782	782	—	—
Loans and advances to customers	258 036	258 036	—	—	—	—	—
Other loans and advances	142	142	—	—	—	—	—
Other assets	2 587	2 587	—	—	—	—	—
Loans to Group companies	19 538	19 538	—	—	—	—	—
Investment in subsidiaries	4 484	4 484	—	—	—	—	—
	383 728	**330 582**	**53 146**	**53 390**	**27 036**	**26 354**	**—**
Liabilities							
Deposits by banks	18 721	545	18 176	18 614	—	18 614	—
Repurchase agreements and cash collateral on securities lent	8 939	5 319	3 620	3 706	—	3 706	—
Customer accounts (deposits)	346 669	212 199	134 470	134 860	—	134 860	—
Debt securities in issue	2 065	1 016	1 049	1 052	—	1 052	—
Other liabilities	1 186	1 186	—	—	—	—	—
Loans from Group companies and subsidiaries	5 863	5 863	—	—	—	—	—
Subordinated liabilities	9 133	—	9 133	10 129	10 129	—	—
	392 576	**226 128**	**166 448**	**168 361**	**10 129**	**158 232**	**—**

For the year ended 31 March 2022, there were insignificant disposals of financial instruments measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Fair value of financial instruments at amortised cost (continued)

At 31 March 2021 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Company							
Assets							
Cash and balances at central banks	9 343	9 343	—	—	—	—	—
Loans and advances to banks	17 848	17 848	—	—	—	—	—
Non-sovereign and non-bank cash placements	8 933	8 933	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	16 637	—	16 637	16 635	—	16 635	—
Sovereign debt securities	9 131	—	9 131	9 299	9 299	—	—
Bank debt securities	4 993	1 713	3 280	3 469	3 469	—	—
Other debt securities	5 183	4 239	944	987	987	—	—
Loans and advances to customers	245 647	245 647	—	—	—	—	—
Other loans and advances	211	211	—	—	—	—	—
Other assets	2 365	2 365	—	—	—	—	—
Loans to Group companies	15 374	15 374	—	—	—	—	—
Investment in subsidiaries	3 829	3 829	—	—	—	—	—
	339 494	**309 502**	**29 992**	**30 390**	**13 755**	**16 635**	**—**
Liabilities							
Deposits by banks	17 144	302	16 842	17 053	—	17 053	—
Repurchase agreements and cash collateral on securities lent	12 236	—	12 236	12 281	—	12 281	—
Customer accounts (deposits)	337 888	223 891	113 997	114 359	—	114 359	—
Debt securities in issue	1 346	—	1 346	1 366	—	1 366	—
Other liabilities	1 845	1 845	—	—	—	—	—
Loans from Group companies and subsidiaries	6 378	6 378	—	—	—	—	—
Subordinated liabilities	12 936	—	12 936	14 927	14 927	—	—
	389 773	**232 416**	**157 357**	**159 986**	**14 927**	**145 059**	**—**

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption also applies to demand deposits, savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value
Differences in amortised cost and fair value occur in fixed-rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the Group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debt instruments with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

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15. Fair value of financial instruments at amortised cost (continued)

The following table sets out the Group's principal valuation techniques used in determining the fair value of its financial assets and financial liabilities at level 2 and level 3:

	Valuation basis/techniques	Main inputs
Assets		
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Yield curve
Loans and advances to banks	Discounted cash flow model	Yield curve
Loans and advances to customers	Discounted cash flow model	Yield curve, credit spread
Liabilities		
Deposits by banks	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Debt securities in issue	Discounted cash flow model	Yield curve

16. Financial instruments designated at fair value

		Fair value adjustment		Change in fair value attributable to credit risk*		
At 31 March R'million	**Carrying value**	**Current**	**Cumulative**	**Current**	**Cumulative**	**Maximum exposure to credit risk**
Group and Company						
Assets						
2022						
Loans and advances to customers	19 244	(439)	112	(74)	(270)	19 133
	19 244	**(439)**	**112**	**(74)**	**(270)**	**19 133**
2021						
Loans and advances to customers	22 288	30	707	(47)	(114)	21 581
	22 288	**30**	**707**	**(47)**	**(114)**	**21 581**

			Fair value adjustment		Change in fair value attributable to credit risk*	
At 31 March R'million	**Carrying value**	**Remaining contractual amount to be repaid at maturity**	**Current**	**Cumulative**	**Current**	**Cumulative**
Group and Company						
Liabilities						
2022						
Customer accounts (deposits)	56 663	56 594	(368)	(137)	(1)	(17)
	56 663	**56 594**	**(368)**	**(137)**	**(1)**	**(17)**
2021						
Customer accounts (deposits)	21 310	20 412	207	231	(19)	(16)
	21 310	**20 412**	**207**	**231**	**(19)**	**(16)**

* Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

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17. Cash and balances at central banks

	Group		Company	
At 31 March R'million	**2022**	2021	**2022**	2021
Gross cash and balances at central banks	11 893	9 653	11 346	9 343
Expected credit loss on amortised cost	—	—	—	—
Net cash and balances at central banks	**11 893**	**9 653**	**11 346**	**9 343**
The country risk of cash and balances at central banks lies in the following geographies:				
South Africa	11 359	9 352	11 346	9 343
Africa (excluding RSA)	534	301	—	—
	11 893	**9 653**	**11 346**	**9 343**

18. Loans and advances to banks

	Group		Company	
At 31 March R'million	**2022**	2021	**2022**	2021
Gross loans and advances to banks	19 611	24 669	12 359	17 850
Expected credit loss on amortised cost	(2)	(3)	—	(2)
Net loans and advances to banks	**19 609**	**24 666**	**12 359**	**17 848**
The country risk of loans and advances to banks lies in the following geographies:				
South Africa	443	8 484	384	8 022
United Kingdom	7 087	1 188	6 338	102
Europe (excluding UK)	5 935	9 723	4 540	7 515
North America	2 032	3 039	685	1 495
Africa (excluding RSA)	3 363	1 316	232	603
Asia	390	744	5	6
Australia	359	172	175	105
	19 609	**24 666**	**12 359**	**17 848**

19. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

	Group		Company	
At 31 March R'million	**2022**	2021	**2022**	2021
Assets				
Gross reverse repurchase agreements and cash collateral on securities borrowed	56 441	30 222	54 979	29 114
Expected credit loss on amortised cost	(4)	(1)	(3)	^
Net reverse repurchase agreements and cash collateral on securities borrowed	**56 437**	**30 221**	**54 976**	**29 114**
Reverse repurchase agreements	48 430	27 222	46 969	26 115
Cash collateral on securities borrowed	8 007	2 999	8 007	2 999
	56 437	**30 221**	**54 976**	**29 114**
As part of the reverse repurchase and securities borrowing agreements the Group and Company have received securities that they are allowed to sell or re-pledge. R49.8 million (2021: R52.2 million) has been re-sold or re-pledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.				
Liabilities				
Repurchase agreements	6 772	16 593	6 772	16 593
Cash collateral on securities lent	5 319	—	5 319	—
	12 091	**16 593**	**12 091**	**16 593**
The assets transferred and not derecognised in the above repurchase agreements are fair valued at R7.7 billion (2021: R18.4 billion) in the Group and Company. They are pledged as security for the term of the underlying repurchase agreement. Refer to note 47.				

^ Less than R1 million.

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20. Sovereign debt securities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Gross sovereign debt securities	57 382	53 014	57 382	53 014
Expected credit loss on amortised cost	(2)	(5)	(2)	(5)
Net sovereign debt securities	**57 380**	**53 009**	**57 380**	**53 009**
The country risk of the sovereign debt securities lies in the following geographies:				
South Africa	54 169	51 995	54 169	51 995
North America	2 406	738	2 406	738
Africa (excluding RSA)	—	276	—	276
Asia	805	—	805	—
	57 380	**53 009**	**57 380**	**53 009**

21. Bank debt securities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Gross bank debt securities	27 964	21 865	27 497	21 369
Expected credit loss on amortised cost	(9)	(3)	(9)	(3)
Net bank debt securities	**27 955**	**21 862**	**27 488**	**21 366**
Bonds	19 124	15 469	18 657	14 973
Floating rate notes	8 831	6 393	8 831	6 393
	27 955	**21 862**	**27 488**	**21 366**
The country risk of the bank debt securities lies in the following geographies:				
South Africa	7 117	5 978	7 117	5 978
United Kingdom	8 588	5 607	8 588	5 607
Europe (excluding UK)	6 543	5 001	6 341	4 785
North America	2 347	1 510	2 347	1 510
Africa (excluding RSA)	265	280	—	—
Asia	2 026	2 420	2 026	2 420
Australia	1 069	1 066	1 069	1 066
	27 955	**21 862**	**27 488**	**21 366**

22. Other debt securities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Gross other debt securities	15 447	14 178	14 582	13 883
Expected credit loss on amortised cost	(8)	(8)	(6)	(7)
Net other debt securities	**15 439**	**14 170**	**14 576**	**13 876**
Bonds	10 430	8 283	9 567	7 989
Commercial paper	22	22	22	22
Floating rate notes	3 405	3 360	3 405	3 360
Asset-based securities	1 582	2 505	1 582	2 505
	15 439	**14 170**	**14 576**	**13 876**
The country risk of the other debt securities lies in the following geographies:				
South Africa	7 576	7 682	7 456	7 682
United Kingdom	4 136	3 846	3 991	3 846
Europe (excluding UK)	466	752	22	458
North America	3 261	1 890	3 107	1 890
	15 439	**14 170**	**14 576**	**13 876**

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23. Derivative financial instruments

The Group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at balance sheet date.

At 31 March R'million	2022 Notional principal amounts	2022 Positive fair value	2022 Negative fair value	2021 Notional principal amounts	2021 Positive fair value	2021 Negative fair value
Group						
Foreign exchange derivatives						
Forward foreign exchange contracts	20 981	4 500	3 987	14 068	497	281
Currency swaps	256 159	1 532	2 363	258 701	7 800	9 037
OTC options bought and sold	44 314	873	908	42 215	700	1 069
Other foreign exchange contracts	1 655	5	—	4 207	60	12
	323 109	**6 910**	**7 258**	**319 191**	**9 057**	**10 399**
Interest rate derivatives						
Caps and floors	18 600	18	88	14 385	37	39
Swaps	954 030	4 553	7 657	1 262 239	6 633	10 214
Forward rate agreements	470 550	157	152	542 466	256	370
OTC options bought and sold	947	11	1	1 266	17	3
Other interest rate contracts	6 869	201	41	2 372	103	35
OTC derivatives	**1 450 996**	**4 940**	**7 939**	**1 822 728**	**7 046**	**10 661**
Exchange traded futures	—	—	—	2 663	—	—
	1 450 996	**4 940**	**7 939**	**1 825 391**	**7 046**	**10 661**
Equity and stock index derivatives						
OTC options bought and sold	54 426	7 796	12 212	12 117	4 272	2 902
Equity swaps and forwards	41 331	185	6 378	10 861	301	9 303
OTC derivatives	**95 757**	**7 981**	**18 590**	**22 978**	**4 573**	**12 205**
Exchange traded futures	—	—	—	6 127	6	—
Exchange traded options	—	156	—	—	—	—
	95 757	**8 137**	**18 590**	**29 105**	**4 579**	**12 205**
Commodity derivatives						
Commodity swaps and forwards	63 845	1 597	1 265	16 701	23	947
	63 845	**1 597**	**1 265**	**16 701**	**23**	**947**
Credit derivatives	**4 647**	**42**	**50**	**9 673**	**73**	**56**
Cash collateral		**(3 968)**	**(7 551)**		**(1 605)**	**(11 257)**
Derivatives per balance sheet		**17 658**	**27 551**		**19 173**	**23 011**

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23. Derivative financial instruments (continued)

At 31 March R'million	2022 Notional principal amounts	2022 Positive fair value	2022 Negative fair value	2021 Notional principal amounts	2021 Positive fair value	2021 Negative fair value
Company						
Foreign exchange derivatives						
Forward foreign exchange contracts	20 981	4 500	3 987	14 068	497	281
Currency swaps	256 039	1 532	2 095	258 581	7 801	8 800
OTC options bought and sold	44 314	873	908	42 215	700	1 069
Other foreign exchange contracts	1 655	5	—	4 207	60	12
	322 989	**6 910**	**6 990**	**319 071**	**9 058**	**10 162**
Interest rate derivatives						
Caps and floors	18 600	18	88	14 385	37	39
Swaps	954 030	4 553	7 657	1 262 239	6 633	10 214
Forward rate agreements	470 550	157	152	542 466	256	370
OTC options bought and sold	947	11	1	1 266	17	3
Other interest rate contracts	6 869	201	41	2 372	103	35
OTC derivatives	**1 450 996**	**4 940**	**7 939**	**1 822 728**	**7 046**	**10 661**
Exchange traded futures	—	—	—	2 663	—	—
	1 450 996	**4 940**	**7 939**	**1 825 391**	**7 046**	**10 661**
Equity and stock index derivatives						
OTC options bought and sold	54 426	7 796	12 212	12 117	4 272	2 902
Equity swaps and forwards	40 064	182	6 333	10 078	295	9 276
OTC derivatives	**94 490**	**7 978**	**18 545**	**22 195**	**4 567**	**12 178**
Exchange traded futures	—	—	—	6 127	6	—
Exchange traded options	—	156	—	—	—	—
	94 490	**8 134**	**18 545**	**28 322**	**4 573**	**12 178**
Commodity derivatives						
Commodity swaps and forwards	63 845	1 597	1 265	16 701	23	947
	63 845	**1 597**	**1 265**	**16 701**	**23**	**947**
Credit derivatives	**4 772**	**40**	**50**	**9 673**	**73**	**56**
Cash collateral		**(3 968)**	**(7 551)**		**(1 605)**	**(11 257)**
Derivatives per balance sheet		**17 653**	**27 238**		**19 168**	**22 747**

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24. Securities arising from trading activities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Bonds	917	1 311	917	1 311
Floating rate notes	766	970	766	970
Government securities	200	—	200	—
Listed equities	393	573	79	26
Other investments	—	15	—	15
	2 276	**2 869**	**1 962**	**2 322**

25. Investment portfolio

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Listed equities^	80	2 144	80	2 144
Unlisted equities*	2 226	1 902	1 923	1 647
Fair value loan investments	559	877	559	877
	2 865	**4 923**	**2 562**	**4 668**

^ During the year, the Group and Company disposed of a 21.9% investment in Investec Property Fund (IPF) shares of R1.8 billion (2021: R1.7 billion) and an investment of R225 million (2021: R225 million) in a portfolio of perpetual preference shares issued by South African listed banks which are measured at FVOCI to Group companies.
The dividends recognised on the IPF shares were R84 million (2021: R200 million). The dividend recognised on the portfolio of preference shares in the prior year were R22 million.
The fair value of the IPF shares disposed of, was R1 778 million and the consideration received was R2 724 million. The difference between consideration received and the fair value has been recognised directly in equity within capital contribution from Group companies on the statement of changes in equity in the Group and Company. The transaction was structured in this manner to align with the principles of section 46 of the South African Income Tax Act. Required regulatory approval was obtained prior to the sale.

* Unlisted equities include loan instruments that are convertible into equity.

As at 31 March 2021, certain equity investments to the value of R474.2 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. The value of unlisted investments at 31 March 2022 that are disclosed in non-current assets held for sale is R497.8 million. These equity investments form part of the Group Investments and Corporate, Investment Banking and Other segments.

26. Loans and advances to customers and other loans and advances

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Gross loans and advances to customers at amortised cost	269 519	253 945	260 565	248 126
Gross loans and advances to customers designated at FVPL at inception^	19 320	22 393	19 320	22 393
Gross loans and advances to customers subject to ECL	288 839	276 338	279 885	270 519
Expected credit loss on amortised cost	(2 667)	(2 703)	(2 605)	(2 584)
	286 172	273 635	277 280	267 935
Loans and advances to customers at fair value	1 357	1 421	1 357	1 421
Net loans and advances to customers	**287 529**	**275 056**	**278 637**	**269 356**
Gross other loans and advances	132	206	222	291
Expected credit loss on other loans and advances	(24)	(25)	(80)	(80)
Net other loans and advances	**108**	**181**	**142**	**211**

^ These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans and advances measured at amortised cost.

For further analysis on loans and advances, refer to pages 140 and 141 in note 56.

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26. Loans and advances to customers and other loans and advances (continued)

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Expected credit losses on loans and advances to customers at amortised cost				
Balance at the beginning of the year	2 703	3 343	2 584	3 213
Charge to the income statement	272	934	298	918
Utilised	(308)	(1 547)	(277)	(1 547)
Exchange adjustment	—	(27)	—	—
Balance at the end of the year	**2 667**	**2 703**	**2 605**	**2 584**

27. Securitised assets and liabilities arising on securitisation

At 31 March R'million	Group 2022	Group 2021
Gross own originated loans and advances to customers securitised	7 255	8 209
Expected credit loss of own originated loans and advances to customers securitised	(27)	(25)
Net own originated loans and advances to customers securitised	**7 228**	**8 184**
Other securitised assets are made up of the following categories of assets:		
Cash and cash equivalents	592	578
Total other securitised assets	**592**	**578**
The associated liabilities are recorded on-balance sheet in the following line items:		
Liabilities arising on securitisation of own originated loans and advances	**4 585**	**3 271**
Expected credit losses on own originated loans and advances to customers securitised at amortised cost		
Balance at the beginning of year	25	16
Charge to the income statement	2	9
Balance at the end of year	**27**	**25**

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28. Interests in associated undertakings

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Analysis of the movement in interests in associated undertakings:				
At the beginning of the year	5 149	5 662	5 117	5 611
Disposals	(5 167)	—	(5 167)	—
Share of post-taxation profit of associates	53	81	50	89
Net equity movements of interests in associated undertakings	—	(406)	—	(406)
Dividends declared by associate	—	(71)	—	(71)
Exchange adjustments	(4)	(19)	—	(8)
Impairment of associates	—	(98)	—	(98)
At the end of the year	**31**	**5 149**	**—**	**5 117**

	Group and Company 2022	Group and Company 2021
Details of material associated company*		
IEP Group Proprietary Limited		
Summarised financial information (R'million):		
For the year to 31 March		
Revenue	6 892	13 410
Profit/(loss) after taxation	383	(26)
Total comprehensive income/(loss)	393	(8)
At 31 March		
Assets		
Non-current assets	—	19 513
Current assets	—	6 168
Liabilities		
Non-current liabilities	—	8 948
Current liabilities	—	2 997
Net asset value	**—**	**13 736**
Non-controlling interest	—	2 792
Shareholders' equity	—	10 944
Effective interest in issued share capital	—%	47.4%
Net asset value^	—	5 117
Carrying value of interest – equity method	**—**	**5 117**

* Details of material associated company is only shown for the five months until date of disposal, 31 August 2021.
^ The Group's share of the net asset value of IEP in 2021 was R5.2 billion (47.4% of R11.0 billion) reduced by the portion of the impairment of IEP that exceeded the value of the goodwill.

During August 2021, Investec Bank Limited (IBL) sold its entire stake of 47.4% in IEP to Investec Limited at fair value for R5.2 billion. The sale was part of the balance sheet reorganisation within the Investec Group to ensure the IBL balance sheet only reflects banking assets. All required regulatory approval was obtained prior to the sale.

In the current year, no impairment on IEP was recognised. In the prior year, management critically evaluated the equity accounted value of the Group's investment in IEP and consequently recognised an impairment of R98 million. The recoverable amount of the investment in IEP was determined to be the value-in-use of the investment. The value-in-use was determined by calculating the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments taking into account management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. This estimate was performed for each of the assets held by IEP, using valuation techniques and assumptions management believed to be most representative of the ultimate realisation of the investments.

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29. Deferred taxation

At 31 March R'million	Group 2022	 2021	Company 2022	 2021
Deferred taxation assets	2 255	2 412	2 227	2 394
Deferred taxation liabilities	(17)	(32)	—	—
Net deferred taxation assets	**2 238**	**2 380**	**2 227**	**2 394**
The net deferred taxation assets arise from:				
Deferred capital allowances	2	2	—	—
Income and expenditure accruals	1 043	1 014	1 040	1 012
Unrealised fair value adjustments on financial instruments	259	484	243	480
Deferred taxation on acquired intangibles	(17)	(32)	—	—
Expected credit loss on loans and advances to customers	403	400	396	390
Finance lease accounting	49	46	49	46
Cash flow hedges	499	466	499	466
Net deferred taxation assets	**2 238**	**2 380**	**2 227**	**2 394**
Reconciliation of net deferred taxation assets/(liabilities):				
At the beginning of the year	2 380	2 856	2 394	2 874
Reversal to income statement – current year taxation	78	268	63	264
Charge directly in other comprehensive income	(220)	(744)	(230)	(744)
At the end of the year	**2 238**	**2 380**	**2 227**	**2 394**

Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections.

During the year, the SA Government announced a decrease in the SA rate of corporation tax from 28% to 27% effective for years of assessment ending on/after 1 March 2023. As a result, the deferred tax balances at 31 March 2022 have been adjusted to reflect this substantively enacted rate change.

30. Other assets

At 31 March R'million	Group 2022	 2021	Company 2022	 2021
Gross other assets	5 746	7 382	5 670	7 008
Expected credit loss on amortised cost	—	—	—	—
Net other assets	**5 746**	**7 382**	**5 670**	**7 008**
Settlement debtors	1 515	1 417	1 515	1 417
Trading properties	97	145	63	53
Prepayments and accruals	1 072	1 167	1 056	1 153
Trading initial margin	1 639	2 448	1 639	2 448
Commodities	788	581	788	581
Building renovations in progress*	—	588	—	588
Fee debtors	76	5	76	5
Other	559	1 031	533	763
	5 746	**7 382**	**5 670**	**7 008**

* During the current year, building renovations in progress was transferred to freehold properties. Refer to note 31.

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31. Property and equipment

At 31 March R'million	Freehold properties	Right-of-use properties*	Leasehold improvements	Furniture and vehicles	Equipment	Total
Group						
2022						
Cost						
At the beginning of the year	2 362	530	72	144	465	3 573
Exchange adjustments	—	(4)	—	—	—	(4)
Additions	665	—	—	19	101	785
Disposals and modifications	—	197	—	(1)	(1)	195
Reclassifications	—	—	(13)	10	(21)	(24)
At the end of the year	**3 027**	**723**	**59**	**172**	**544**	**4 525**
Accumulated depreciation						
At the beginning of the year	(183)	(186)	(62)	(101)	(301)	(833)
Disposals and modifications	—	—	—	—	1	1
Depreciation charge for year	(97)	(83)	(4)	(8)	(98)	(290)
Reclassifications	—	—	15	(15)	24	24
At the end of the year	**(280)**	**(269)**	**(51)**	**(124)**	**(374)**	**(1 098)**
Net carrying value	**2 747**	**454**	**8**	**48**	**170**	**3 427**
2021						
Cost						
At the beginning of the year	2 362	589	66	206	983	4 206
Exchange adjustments	—	—	—	(1)	(2)	(3)
Additions	—	1	6	1	56	64
Disposals and modifications	—	(57)	—	—	(2)	(59)
Write-offs^	—	(3)	—	(62)	(570)	(635)
At the end of the year	**2 362**	**530**	**72**	**144**	**465**	**3 573**
Accumulated depreciation						
At the beginning of the year	(112)	(103)	(58)	(154)	(771)	(1 198)
Disposals and modifications	—	2	—	—	1	3
Depreciation charge for year	(71)	(88)	(4)	(9)	(101)	(273)
Write-offs^	—	3	—	62	570	635
At the end of the year	**(183)**	**(186)**	**(62)**	**(101)**	**(301)**	**(833)**
Net carrying value	**2 179**	**344**	**10**	**43**	**164**	**2 740**

* Right-of-use assets primarily comprises property leases under IFRS 16.
^ Fully depreciated assets with a net book value of zero were written off in the prior year.

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31. Property and equipment (continued)

At 31 March R'million	Freehold properties	Right-of-use properties*	Leasehold improvements	Furniture and vehicles	Equipment	Total
Company						
2022						
Cost						
At the beginning of the year	2 362	512	58	142	448	3 522
Additions	665	—	—	19	101	785
Disposals and modifications	—	197	—	(1)	(1)	195
Reclassifications	—	—	—	2	(23)	(21)
At the end of the year	**3 027**	**709**	**58**	**162**	**525**	**4 481**
Accumulated depreciation						
At the beginning of the year	(183)	(178)	(49)	(100)	(287)	(797)
Depreciation charge for year	(97)	(79)	(4)	(8)	(97)	(285)
Reclassifications	—	—	2	(8)	27	21
At the end of the year	**(280)**	**(257)**	**(51)**	**(116)**	**(357)**	**(1 061)**
Net carrying value	**2 747**	**452**	**7**	**46**	**168**	**3 420**
2021						
Cost						
At the beginning of the year	2 362	570	52	203	967	4 154
Additions	—	—	6	1	51	58
Disposals and modifications	—	(55)	—	—	—	(55)
Write-offs^	—	(3)	—	(62)	(570)	(635)
At the end of the year	**2 362**	**512**	**58**	**142**	**448**	**3 522**
Accumulated depreciation						
At the beginning of the year	(112)	(98)	(45)	(154)	(758)	(1 167)
Depreciation charge for year	(71)	(83)	(4)	(8)	(99)	(265)
Write-offs^	—	3	—	62	570	635
At the end of the year	**(183)**	**(178)**	**(49)**	**(100)**	**(287)**	**(797)**
Net carrying value	**2 179**	**334**	**9**	**42**	**161**	**2 725**

* Right-of-use assets primarily comprises property leases under IFRS 16.
^ Fully depreciated assets with a net book value of zero were written off in the prior year.

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32. Goodwill

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Cost				
At the beginning of the year	184	184	10	10
At the end of the year	**184**	**184**	**10**	**10**
Accumulated impairments				
At the beginning of the year	(9)	(6)	(6)	(3)
Impairments	(3)	(3)	(3)	(3)
At the end of the year	**(12)**	**(9)**	**(9)**	**(6)**
Net carrying value	**172**	**175**	**1**	**4**

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired, by comparing the carrying value to its recoverable amount.

The recoverable amount of goodwill is determined based on expected cash flows within the cash-generating units of the Group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure and loan impairment rates.

Discount rates are based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on the most recent financial budgets for the next financial year and are extrapolated for a period of three to five years, adjusted for expected future events.

Goodwill relates particularly to the businesses in Investec for Business (IFB) which has been identified as a separate cash-generating unit. The goodwill relating to IFB has been tested for impairment, taking into account profitability, being the budgeted profits and the future profit growth for the next five years. The valuation is based on management's assessment of appropriate profit forecasts and discount rates to estimate the fair value. Discount rate applied of 4.25% (2021: 3.50%) is determined using the South African inter-bank lending rate, adjusted for business specific risk.

The valuation of goodwill is a level 3 in the fair value hierarchy.

The remaining goodwill relates to Travel by Investec which was acquired in 2020. The current and prior year impairment of goodwill on the income statement relates to Travel by Investec.

NOTES TO THE FINANCIAL STATEMENTS
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33. Software and other acquired intangible assets

At 31 March R'million	Group: Software – Acquired software	Group: Software – Internally generated software	Group: Software – Total software	Group: Other acquired intangible assets – Client relationships	Group: Other acquired intangible assets – Total other acquired intangible assets	Group: Total	Company: Software – Acquired software	Company: Software – Total
2022								
Cost								
At the beginning of the year	376	—	376	412	412	788	416	416
Additions	13	—	13	—	—	13	13	13
Reclassifications	(26)	—	(26)	(3)	(3)	(29)	(66)	(66)
At the end of the year	**363**	**—**	**363**	**409**	**409**	**772**	**363**	**363**
Accumulated amortisation and impairments								
At the beginning of the year	(281)	—	(281)	(294)	(294)	(575)	(319)	(319)
Amortisation	(65)	—	(65)	(51)*	(51)	(116)	(64)	(64)
Reclassifications	29	—	29	—	—	29	66	66
At the end of the year	**(317)**	**—**	**(317)**	**(345)**	**(345)**	**(662)**	**(317)**	**(317)**
Net carrying value	**46**	**—**	**46**	**64**	**64**	**110**	**46**	**46**
2021								
Cost								
At the beginning of the year	870	6	876	412	412	1 288	910	910
Additions	19	—	19	—	—	19	19	19
Write-offs**	(513)	(6)	(519)	—	—	(519)	(513)	(513)
At the end of the year	**376**	**—**	**376**	**412**	**412**	**788**	**416**	**416**
Accumulated amortisation and impairments								
At the beginning of the year	(721)	(6)	(727)	(243)	(243)	(970)	(759)	(759)
Amortisation	(73)	—	(73)	(51)*	(51)	(124)	(73)	(73)
Write-offs**	513	6	519	—	—	519	513	513
At the end of the year	**(281)**	**—**	**(281)**	**(294)**	**(294)**	**(575)**	**(319)**	**(319)**
Net carrying value	**95**	**—**	**95**	**118**	**118**	**213**	**97**	**97**

* Amortisation of acquired intangibles as disclosed in the income statement.
** Fully depreciated assets with a net book value of zero were written off in the prior year.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

34. Acquisitions

There were no significant acquisitions or disposals of subsidiaries during the current and prior year.

35. Loans to Group companies and loans from Group companies and subsidiaries

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Loans to Group companies				
Loans to holding company – Investec Limited	2 132	1 266	2 132	1 266
Loans to fellow subsidiaries	10 562	10 976	17 406	14 108
Preference share investment in Investec Limited	3 734	319	—	—
Preference share investment in fellow subsidiaries	5 061	4 476	—	—
Intergroup derivative financial instruments	—	373	—	373
	21 489	**17 410**	**19 538**	**15 747**
Loans from Group companies and subsidiaries				
Loans from subsidiaries	—	—	5 099	4 598
Sechold Finance Services Proprietary Limited	—	—	—	118
KWJ Investments Proprietary Limited	—	—	—	130
Investpref Limited	—	—	—	59
Other subsidiaries	—	—	5 099	4 291
Loans from fellow subsidiaries	1 013	1 972	764	1 780
Intergroup derivative financial instruments	53	—	53	—
	1 066	**1 972**	**5 916**	**6 378**

There were no subordinated loan amounts included in the loans to Group companies. Loans from Group companies and subsidiaries are unsecured, interest-bearing, with no fixed terms of repayment.

Included in loans to fellow subsidiaries in the Group, is R301 million (2021: Rnil) of non-sovereign and non-bank cash placements which Investec Property Fund, a material subsidiary of the Investec Group, has placed with Investec Bank Limited. In the Company, these balances are included within non-sovereign and non-bank cash placements line item on the balance sheet for regulatory and risk reporting purposes at a Bank solo level as it appropriately reflects the risks related to these assets.

36. Investment in subsidiaries

At 31 March	Principal activity	Holding %	Shares at book value R'million 2022	Shares at book value R'million 2021	Loan advances to subsidiaries R'million 2022	Loan advances to subsidiaries R'million 2021
Company						
Material direct subsidiaries of Investec Bank Limited						
Investec Bank (Mauritius) Limited^	Banking institution	100	534	534	3 553	1 708
Reichmans Holdings Proprietary Limited and Investec Import Solutions Proprietary Limited^^#	Trade and asset financing and imports logistics	100	107	107	—	—
Sechold Finance Services Proprietary Limited^^	Investment holding	100	*	*	—	—
KWJ Investments Proprietary Limited^^	Investment holding	100	*	*	—	—
AEL Investment Holdings Proprietary Limited^^	Investment holding	100	*	*	134	451
Investpref Limited^^	Investment holding	100	*	*	—	—
Copperleaf Country Estate Proprietary Limited^^#	Property developer	100	—	—	63	61
Other subsidiaries^^#		100	3	3	734	1 609
			644	**644**	**4 484**	**3 829**

Details of subsidiary and associated companies which are not material to the financial position of the Group are not reflected above. Loans to Group companies are unsecured interest-bearing, with no fixed terms of repayment.

^ Mauritius.
^^ South Africa.
* Less than R1 million.
\# Management evaluated the carrying value of the investment in subsidiaries and as a result recognised an impairment of Rnil (2021: R287 million) on these subsidiaries. The recoverable amounts were determined to be the net asset value of the investments. The prior year impairment was as a result of various Group restructures where the business assets of the subsidiaries in the Group were acquired to form Investec for Business.

NOTES TO THE FINANCIAL STATEMENTS
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36. Investment in subsidiaries (continued)

Consolidated structured entities

Investec Bank Limited has subordinated investment interest in the following structured entities which are consolidated. Typically a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the Group has control over these structures include assessing the purpose and design of the entity, considering whether the Group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	Type of structured entity
Fox Street 1 (RF) Limited	Securitised residential mortgages
Fox Street 2 (RF) Limited	Securitised residential mortgages
Fox Street 3 (RF) Limited	Securitised residential mortgages
Fox Street 4 (RF) Limited	Securitised residential mortgages
Fox Street 5 (RF) Limited	Securitised residential mortgages
Fox Street 6 (RF) Limited	Securitised residential mortgages
Fox Street 7 (RF) Limited	Securitised residential mortgages
Integer Home Loans Proprietary Limited	Securitised third party originated residential mortgages
Grayston Drive Autos (RF) Limited	Securitised vehicle instalment sale agreements
Richefond Circle (RF) Limited	Securitised commercial mortgages

For additional detail on the assets and liabilities arising on securitisation refer to note 27.

The key assumptions for the main types of structured entities which the Group consolidates are summarised below:

Securitised residential mortgages

The Group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the Group's holdings of subordinated notes. The Group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Securitised third party originated residential mortgages

The Group has a senior and subordinated investment in a third party originated structured entity. The structured entity is consolidated due to the Group's exposure to residual economic benefits. The Group is not required to fund any losses above those incurred on the investments made.

Securitised vehicle instalment sale agreements

The Group has securitised vehicle instalment sale agreements in order to provide investors with a return on investment on funding provided to Investec Bank Limited secured by, and exposed to, South African vehicle instalment sales agreements. The structured entity is consolidated due to the Group's holdings of subordinated notes. The Group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of instalment sale agreements as those assets have not been derecognised.

Securitised commercial mortgages

The Group has securitised commercial mortgages in order to provide investors with exposure to commercial mortgage risk and to raise funding. The relevant structured entity is consolidated due to the Group’s holding of subordinated notes and a subordinated loan. The Group is not required to fund any losses above those incurred on the notes and subordinated loan it has retained, such losses are reflected in any impairment of securitised commercial mortgages as those assets have not been derecognised.

37. Other trading liabilities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Deposits	2 957	3 341	2 957	3 341
Short positions				
– equities	203	—	203	—
– gilts	149	47	149	47
	3 309	**3 388**	**3 309**	**3 388**

NOTES TO THE FINANCIAL STATEMENTS
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38. Debt securities in issue

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Repayable in:				
Less than three months	1 035	5	1 035	5
Three months to one year	1 571	855	1 021	855
One to five years	239	1 266	9	486
	2 845	**2 126**	**2 065**	**1 346**

39. Other liabilities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Settlement liabilities	1 879	2 002	1 849	1 980
Other creditors and accruals	3 158	3 642	2 524	2 988
Other non-interest bearing liabilities	554	367	531	345
Rewards Programme liability	691	674	691	674
Lease liabilities	567	454	565	444
Long service employee benefits liability	170	208	167	203
Expected credit loss on off-balance sheet commitments and guarantees	70	74	59	66
	7 089	**7 421**	**6 386**	**6 700**

Reconciliation of lease liabilities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Balance at the beginning of the year	454	592	444	576
Interest	34	37	34	37
Additional leases	—	1	—	—
Repayment of lease liabilities	(119)	(117)	(110)	(113)
Modifications	197	—	197	—
Disposals	—	(58)	—	(56)
Exchange adjustments	1	(1)	—	—
Balance at the end of the year	**567**	**454**	**565**	**444**

Lease liabilities included in other liabilities are due in:

At 31 March R'million	2022 Undiscounted payments	2022 Present value	2021 Undiscounted payments	2021 Present value
Group				
Less than one year	113	109	123	117
One to five years	329	272	315	260
Greater than five years	316	186	123	77
	758	**567**	**561**	**454**
Company				
Less than one year	111	107	118	112
One to five years	328	272	309	255
Greater than five years	316	186	123	77
	755	**565**	**550**	**444**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

40. Subordinated liabilities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Issued by Investec Bank Limited				
IV019 indexed rate subordinated unsecured callable bonds	236	199	236	199
IV019A indexed rate subordinated unsecured callable bonds	384	377	384	377
IV035 variable rate subordinated unsecured callable bonds	1 468	1 468	1 468	1 468
IV036 variable rate subordinated unsecured callable bonds	—	32	—	32
IV037 variable rate subordinated unsecured callable bonds	—	1 775	—	1 775
IV038 variable rate subordinated unsecured callable bonds	—	350	—	350
IV039 indexed rate subordinated unsecured callable bonds	—	196	—	196
IV040 variable rate subordinated unsecured callable bonds	—	589	—	589
IV041 fixed rate subordinated unsecured callable bonds	—	190	—	190
IV042 variable rate subordinated unsecured callable bonds	—	50	—	50
IV043 fixed rate subordinated unsecured callable bonds	—	150	—	150
IV044 variable rate subordinated unsecured callable bonds	—	240	—	240
IV045 indexed rate subordinated unsecured callable bonds	—	1 914	—	1 914
IV046 variable rate subordinated unsecured callable bonds	1 200	1 200	1 200	1 200
IV047 variable rate subordinated unsecured callable bonds	1 679	1 593	1 679	1 593
IV049 variable rate subordinated unsecured callable bonds	1 030	977	1 030	977
IV054U variable rate subordinated unsecured callable bonds	1 636	1 636	1 636	1 636
IV058U variable rate subordinated unsecured callable bonds	400	—	400	—
IV059U variable rate subordinated unsecured callable bonds	1 100	—	1 100	—
	9 133	**12 936**	**9 133**	**12 936**
Remaining maturity*:				
In one year or less, or on demand	5 377	5 486	5 377	5 486
In more than one year, but not more than two years	620	5 238	620	5 238
In more than two years, but not more than five years	2 036	2 212	2 036	2 212
In more than five years	1 100	—	1 100	—
	9 133	**12 936**	**9 133**	**12 936**
Reconciliation from opening balance to closing balance:				
Opening balance	12 936	12 037	12 936	12 037
Issue of subordinated liabilities	1 500	1 636	1 500	1 636
Interest accrued on subordinated liabilities	740	803	740	803
Net movements in capitalised interest	(266)	(327)	(266)	(327)
Repayment of interest	(495)	(504)	(495)	(504)
Transfer of interest accrued from other liabilities at the beginning of the year	61	89	61	89
Transfer of interest accrued to other liabilities at the end of the year	(42)	(61)	(42)	(61)
Redemption of subordinated liabilities	(5 596)	(260)	(5 596)	(260)
Consumer Price Index, effective interest rate adjustments and currency adjustments on foreign denominated bonds adjustment	295	(477)	295	(477)
Closing balance	**9 133**	**12 936**	**9 133**	**12 936**

* Maturities have been determined using the date on which the Company is able to call the bonds.

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the issuing entity. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

IV019 indexed rate subordinated unsecured callable bonds
R236 million (2021: R199 million) Investec Bank Limited IV019 locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019 is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

NOTES TO THE FINANCIAL STATEMENTS
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40. Subordinated liabilities (continued)

IV019A indexed rate subordinated unsecured callable bonds
R384 million (2021: R377 million) Investec Bank Limited IV019A locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019A is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

IV035 variable rate subordinated unsecured callable bonds
R1 468 million Investec Bank Limited IV035 locally registered subordinated unsecured callable bonds are due in April 2027. Interest is payable quarterly on 7 April, 7 July, 7 October and 7 January at a rate equal to the three-month JIBAR plus 4.65% up to and excluding 7 April 2027. The maturity date is 7 April 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 7 April 2022.

IV036 variable rate subordinated unsecured callable bonds
Rnil (2021: R32 million) Investec Bank Limited IV036 locally registered subordinated unsecured callable bonds were due in April 2026. Interest was payable quarterly on 22 April, 22 July, 22 October and 22 January at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 22 July 2026. The maturity date was 22 July 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 22 July 2021. These notes were repaid in the current year.

IV037 variable rate subordinated unsecured callable bonds
$nil (2021: $125 million) Investec Bank Limited IV037 locally registered subordinated unsecured Tier II callable bonds were due in October 2026 and were issued at an issue price of $91 million. The notes automatically converted from zero coupon notes to floating rate notes on the first optional redemption date, being 19 October 2021. The maturity date was 19 October 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 19 October 2021. These notes were repaid in the current year.

IV038 variable rate subordinated unsecured callable bonds
Rnil (2021: R350 million) Investec Bank Limited IV038 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 23 March, 23 June, 23 September and 23 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 23 September 2026. The maturity date was 23 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 23 September 2021. These notes were repaid in the current year.

IV039 indexed rate subordinated unsecured callable bonds
Rnil (2021: R196 million) Investec Bank Limited IV039 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 31 January 2027. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

IV040 variable rate subordinated unsecured callable bonds
Rnil (2021: R589 million) Investec Bank Limited IV040 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date was 29 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 29 September 2021. These notes were repaid in the current year.

IV041 fixed rate subordinated unsecured callable bonds
Rnil (2021: R190 million) Investec Bank Limited IV041 locally registered subordinated unsecured callable bonds were due in September 2026. Interest was payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date was 29 September 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 29 September 2021. These notes were repaid in the current year.

IV042 variable rate subordinated unsecured callable bonds
Rnil (2021: R50 million) Investec Bank Limited IV042 locally registered subordinated unsecured callable bonds were due in November 2026. Interest was payable quarterly on 18 February, 18 May, 18 August and 18 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date was 18 November 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 18 November 2021. These notes were repaid in the current year.

IV043 fixed rate subordinated unsecured callable bonds
Rnil (2021: R150 million) Investec Bank Limited IV043 locally registered subordinated unsecured callable bonds were due in November 2026. Interest was payable quarterly on 21 February, 21 May, 21 August and 21 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date was 21 November 2026, but the Company had the option to call the bonds upon regulatory capital disqualification or from 18 November 2021. These notes were repaid in the current year.

IV044 variable rate subordinated unsecured callable bonds
Rnil (2021: R240 million) Investec Bank Limited IV044 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.15% up to and excluding 18 November 2026. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

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40. Subordinated liabilities (continued)

IV045 indexed rate subordinated unsecured callable bonds
Rnil (2021: R1 914 million) Investec Bank Limited IV045 locally registered subordinated unsecured callable bonds were due in January 2027. Interest was payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate of 2.75%. The IV045 was a replica of the R212 South African government bond. The maturity date was 31 January 2027, but the Company had the option to call the bonds upon regulatory capital disqualification or from 31 January 2022. These notes were repaid in the current year.

IV046 variable rate subordinated unsecured callable bonds
R1 200 million Investec Bank Limited IV046 locally registered subordinated unsecured callable bonds are due in June 2027. Interest is payable quarterly on 21 September, 21 December, 21 March and 21 June at a rate equal to the three-month JIBAR plus 3.90%. The maturity date is 21 June 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 21 June 2022.

IV047 variable rate subordinated unsecured callable bonds
$116 million Investec Bank Limited IV047 locally registered subordinated unsecured Tier II callable bonds are due in June 2027 and were issued at an issue price of $86 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 30 June 2022. The implied zero coupon yield is 5.915966% nacq (ACT/360) up until 30 June 2022. If the issuer does not exercise the option to redeem the notes on 30 June 2022, then interest on the floating rate notes shall commence on 30 June 2022 and is payable quarterly on 30 September, 30 December, 30 June at a rate equal to the three-month USD LIBOR plus 4.5% up to and excluding 30 June 2027. The maturity date is 30 June 2027, but the Company has the option to call the bonds upon regulatory capital disqualification or from 30 June 2022.

IV049 variable rate subordinated unsecured callable bonds
R1 030 million (2021: R977 million) Investec Bank Limited IV049 locally registered subordinated unsecured callable bonds are due in December 2028. Interest is payable quarterly in arrears on 4 March, 4 June and 4 September and 4 December at a rate equal to three-month JIBAR plus 3.413% basis points up to and excluding 4 March 2028. The maturity date is 4 December 2028, but the Company has the option to call the bonds upon regulatory capital disqualification or from 4 March 2023.

IV054U variable rate subordinated unsecured callable bonds
R1 636 million Investec Bank Limited IV054U locally registered subordinated unsecured floating rate notes are due in March 2031. Interest is payable quarterly on 9 March, 9 June, 9 September and 9 December at a rate equal to the three-month JIBAR plus 2.60%. The maturity date is 9 March 2031 but the issuer has the option to redeem on 9 March 2026 and on each interest payment date thereafter.

IV058U variable rate subordinated unsecured callable bonds
R400 million Investec Bank Limited IV058U locally registered subordinated unsecured floating rate notes are due December 2031. Interest is payable quarterly on 22 March, 22 June, 22 September and 22 December at a rate equal to the three-month JIBAR plus 2.10%. The maturity date is 22 December 2031 but the issuer has the option to redeem on 22 March 2027 and on each interest payment date thereafter.

IV059U variable rate subordinated unsecured callable bonds
R1 100 million Investec Bank Limited IV059U locally registered subordinated unsecured floating rate notes are due March 2032. Interest is payable quarterly on 25 March, 25 June, 25 September and 25 December at a rate equal to the three-month JIBAR plus 2.20%. The maturity date is 25 March 2032 but the issuer has the option to redeem on 25 June 2027 and on each interest payment date thereafter.

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41. Ordinary share capital

At 31 March R'million	Group		Company	
	2022	2021	**2022**	2021
Authorised				
105 000 000 (2021: 105 000 000) ordinary shares of 50 cents each				
Issued				
64 793 190 (2021: 64 793 190) ordinary shares of 50 cents each, fully paid	32	32	32	32

42. Perpetual preference share capital and premium

At 31 March R'million	Group		Company	
	2022	2021	**2022**	2021
Authorised				
70 000 000 (2021: 70 000 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each (perpetual preference shares)				
20 000 000 (2021: 20 000 000) non-redeemable, non-participating preference shares with a par value of one cent each (non-redeemable programme preference shares)				
Issued				
nil (2021: 14 917 559) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of between R96.46 – R99.99 per share	—	1 481	—	1 481
– Perpetual preference share capital	—^	*	—^	*
– Perpetual preference share premium	—	1 481	—	1 481

* Less than R1 million.
^ All outstanding perpetual preference shares were repurchased during the current year.

Preference shareholders will be entitled to receive dividends, if declared, at a rate limited to 83.33% of the South African prime interest rate on R100 being the deemed value of the issue price of the preference share held.

Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or pari passu with the preference shares.

43. Ordinary share premium

At 31 March R'million	Group		Company	
	2022	2021	**2022**	2021
Share premium on ordinary shares	14 250	14 250	14 250	14 250
	14 250	**14 250**	**14 250**	**14 250**

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44. Other Additional Tier 1 securities in issue

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
IV048 variable rate subordinated unsecured callable bonds	350	350	350	350
IV050 variable rate subordinated unsecured callable bonds	110	110	110	110
IV051U variable rate subordinated unsecured callable bonds	128	128	128	128
IV052U variable rate subordinated unsecured callable bonds	45	45	45	45
IV053U variable rate subordinated unsecured callable bonds	100	100	100	100
IV055U variable rate subordinated unsecured callable bonds	450	450	450	450
IV056U variable rate subordinated unsecured callable bonds	777	—	777	—
IV057U variable rate subordinated unsecured callable bonds	600	—	600	—
	2 560	**1 183**	**2 560**	**1 183**

IV048 variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R350 million other Additional Tier 1 floating rate notes on 22 March 2018. Interest is payable quarterly on 22 June, 22 September, 22 December and 22 March at a rate equal to the three-month JIBAR plus 5.15%. There is no maturity date but the issuer has the option to redeem on 22 March 2023 and on every interest payment date thereafter. The interest is payable at the option of the issuer.

IV050 variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R93 million and R17 million other Additional Tier 1 floating rate notes on 26 March 2019 and 29 March 2019. Interest is payable quarterly on 26 June, 26 September, 26 December and 26 March at a rate equal to the three-month JIBAR plus 4.55%. There is no maturity date but the issuer has the option to redeem on 26 June 2024 and on any interest payment date thereafter. The interest is payable at the option of the issuer.

IV051U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R128 million other Additional Tier 1 floating rate notes on 22 October 2020. Interest is payable quarterly on 22 January, 22 April, 22 July and 22 October at a rate equal to the three-month JIBAR plus 4.85%. There is no maturity date but the issuer has the option to redeem on 22 January 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.

IV052U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R45 million other Additional Tier 1 floating rate notes on 25 November 2020. Interest is payable quarterly on 22 January, 22 April, 22 July and 22 October at a rate equal to the three-month JIBAR plus 4.85%. There is no maturity date but the issuer has the option to redeem on 22 January 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.

IV053U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R100 million other Additional Tier 1 floating rate notes on 15 December 2020. Interest is payable quarterly on 22 January, 22 April, 22 July and 22 October at a rate equal to the three-month JIBAR plus 4.85%. There is no maturity date but the issuer has the option to redeem on 22 January 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.

IV055U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R450 million other Additional Tier 1 floating rate notes on 12 March 2021. Interest is payable quarterly on 12 March, 12 June, 12 September and 12 December at a rate equal to the three-month JIBAR plus 4.80%. There is no maturity date but the issuer has the option to redeem on 12 June 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.

IV056U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R600 and R177 million other Additional Tier 1 floating rate notes on 24 May 2021. Interest is payable quarterly on 24 May, 24 August, 24 November and 24 February at a rate equal to the three-month JIBAR plus 4.40%. There is no maturity date but the issuer has the option to redeem on 24 August 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.

IV057U variable rate subordinated unsecured callable bonds
Investec Bank Limited issued R500 million and R100 million other Additional Tier 1 floating rate notes on 6 December 2021 and 8 February 2022. Interest is payable quarterly on 6 March, 6 June, 6 September and 6 December at a rate equal to the three-month JIBAR plus 4.05%. There is no maturity date but the issuer has the option to redeem on 6 March 2027 or any interest payment date thereafter. The interest is payable at the option of the issuer.

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45. Finance lease disclosures

At 31 March R'million	Group and Company 2022 Total future minimum payments	Group and Company 2022 Present value	Group and Company 2021 Total future minimum payments	Group and Company 2021 Present value
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	489	434	2 027	1 834
One to five years	2 243	1 993	1 261	1 094
	2 732	**2 427**	**3 288**	**2 928**
Unearned finance income	**305**		**360**	

At 31 March 2022 and 31 March 2021, there were no unguaranteed residual values. Finance leases mainly relate to leases on machinery and equipment.

NOTES TO THE FINANCIAL STATEMENTS
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46. Notes to the cash flow statement

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments is derived as follows:				
Profit before taxation	7 193	4 861	6 938	4 477
Adjustment for non-cash, non-operating items and other required adjustments included in net income before taxation:				
Amortisation of acquired intangibles	51	51	—	—
Depreciation, amortisation and impairment on property, equipment, software and intangibles	355	346	349	338
Expected credit loss impairment charges	9	567	18	539
Share of post-taxation profit of associates	(53)	(81)	(50)	(89)
Impairment of goodwill	3	3	3	3
Impairment of subsidiaries	—	—	—	287
Impairment of associates	—	98	—	98
Dividends received from subsidiaries	—	—	(326)	(276)
Dividends received from associates	71	—	71	—
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	**7 629**	**5 845**	**7 003**	**5 377**
Increase in operating assets				
Loans and advances to banks	(1 503)	(14)	114	107
Reverse repurchase agreements and cash collateral on securities borrowed	(26 233)	(4 027)	(25 862)	(4 027)
Sovereign debt securities	(4 270)	12 915	(4 246)	12 914
Bank debt securities	(6 098)	(9 543)	(6 122)	(9 849)
Other debt securities	(988)	3 676	(407)	3 522
Derivative financial instruments	1 426	(1 571)	1 399	(1 580)
Securities arising from trading activities	593	309	360	610
Investment portfolio	279	892	328	944
Loans and advances to customers	(12 672)	(1 594)	(9 316)	(2 498)
Own originated loans and advances to customers securitised	956	(992)	—	—
Other loans and advances	73	61	69	57
Other securitised assets	(14)	(162)	—	—
Other assets	823	(1 228)	525	(932)
Loans to Group companies	899	350	484	(583)
Non-current assets classified as held for sale	(24)	—	(24)	—
	(46 753)	**(928)**	**(42 698)**	**(1 315)**
Increase/(decrease) in operating liabilities				
Deposits by banks	1 578	(20 151)	1 578	(20 151)
Derivative financial instruments	4 540	917	4 491	589
Other trading liabilities	(79)	(1 133)	(79)	(1 133)
Repurchase agreements and cash collateral on securities lent	(4 502)	(10 033)	(4 502)	(10 033)
Customer accounts (deposits)	45 878	1 426	44 134	556
Debt securities in issue	719	(1 132)	719	(1 082)
Liabilities arising on securitisation of own originated loans and advances	1 314	1 572	—	—
Other liabilities	(368)	96	(361)	(286)
Loans from Group companies	(906)	(835)	(462)	488
	48 174	**(29 273)**	**45 518**	**(31 052)**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

47. Commitments

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Undrawn facilities	66 964	64 358	63 507	61 387
	66 964	**64 358**	**63 507**	**61 387**

The Group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on-balance sheet.

At 31 March R'million	Carrying amount of pledged assets 2022	Carrying amount of pledged assets 2021	Related liability 2022	Related liability 2021
Group and Company				
Pledged assets				
Loans and advances to banks	—	295	—	287
Sovereign debt securities	1 780	9 340	1 213	7 958
Bank debt securities	1 357	1 498	1 254	1 468
Other debt securities	1 236	2 828	1 153	2 524
Securities arising from trading activities	166	1 102	166	1 102
Reverse repurchase agreements and cash collateral on securities borrowed	3 134	3 293	3 134	3 293
	7 673	**18 356**	**6 920**	**16 632**

The assets pledged by the Group are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed.

48. Contingent liabilities

At 31 March R'million	Group 2022	Group 2021	Company 2022	Company 2021
Guarantees and assets pledged as collateral security:				
Guarantees and irrevocable letters of credit	22 348	19 701	22 194	20 212
	22 348	**19 701**	**22 194**	**20 212**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec Bank Limited on behalf of third parties and other Group companies. The guarantees are issued as part of the banking business.

Legal proceedings
The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

49. Related party transactions and balances

At 31 March R'million	Group and Company 2022	2021
Transactions, balances, arrangements and agreements involving directors (including key management personnel) and connected persons:		
Particulars of transactions, balances, arrangements and agreements entered into by the Group with directors (including key management personnel and connected persons and companies controlled by them, were as follows:		
Directors (including key management personnel) and connected persons and companies controlled by them		
Loans		
At the beginning of the year	163	184
Increase in loans	123	38
Decrease in loans	(19)	(59)
At the end of the year	**267**	**163**
Guarantees		
At the beginning of the year	22	9
Additional guarantees granted	2	12
Decrease in guarantees	(22)	—
Exchange adjustments	—	1
At the end of the year	**2**	**22**
Deposits		
At the beginning of the year	(138)	(194)
Increase in deposits	(54)	(51)
Decrease in deposits	55	108
Exchange adjustments	—	(1)
At the end of the year	**(137)**	**(138)**

Where a director or key management personnel has been appointed or has resigned in the current year, the prior year's balance will be included in the increase and decrease respectively.

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

For information on overall compensation to directors (including key management personnel), refer to note 55.

NOTES TO THE FINANCIAL STATEMENTS
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49. Related party transactions and balances (continued)

At 31 March R'million	Investec plc and its subsidiaries 2022	2021	Investec Bank (Mauritius) and its subsidiaries 2022	2021
Amount relating to fellow subsidiaries				
Assets				
Loans and advances to banks	75	649	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	314	373	—	—
Loans and advances to customers	151	(11)	—	—
Other debt securities	—	592	3 781	3 867
Derivative financial instruments	65	180	36	63
Other assets	201	1	—	—
Liabilities				
Deposits from banks	157	230	394	2 320
Derivative financial instruments	3	17	72	21
Other liabilities	148	81	10	2
Income statement				
Interest income	6	32	152	190
Interest expense	2	2	105	149
Fee and commission income	—	—	14	9
Off-balance sheet				
Guarantees issued	—	—	—	47

The above balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

In the normal course of business, services are rendered between Investec plc Group and Investec Bank Limited (IBL) entities. In the year to 31 March 2022, this resulted in a net payment by Investec plc Group of R308.3 million (2021: R281.6 million).

During the year ended 31 March 2022, IBL issued IV056U and IV057U other Additional Tier 1 bonds to Investec Limited. These bonds are in addition to the IV048, IV051U, IV052U, IV053U, IV055U, IV056U and IV057U issued to Investec Limited as at 31 March 2021. The value of these bonds at 31 March 2022 are R2.5 billion (2021: R1.1 billion). Refer to note 44 for terms related to these bonds.

During the year ended 31 March 2022, IBL issued IV058U and IV059U subordinated liability bonds to Investec Limited. These bonds are in addition to IV054U issued to Investec Limited as at 31 March 2021. The value of these bonds at 31 March 2022 are R3.1 billion (2021: R1.6 billion). Refer to note 40 for terms related to these bonds.

At 31 March R'million	2022	2021
Amounts relating to associates of the Investec Group		
Amounts due from associates and its subsidiaries	2 533	2 481
Interest income from loans to associates	45	53
Interest expense from loans from associates	—	1

Due to nature of the Group's business, there could be transactions with entities where some of the Group's directors may be mutual directors. These transactions are in the ordinary course of business and are on an arm's length basis

At 31 March 2022, the Group has R229.9 million (2021: R110.3 million) of customer accounts (deposits) and derivative financial instruments valued at R43.3 million (2021: R11.7 million) from an associate in the Investec Group held on-balance sheet.

The above outstanding balances arose in the ordinary course of business and are on the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

In the current year, Investec Bank Limited (IBL) sold its investment in IPF shares to Investec Limited, its parent company. The fair value of the shares sold was R1 778.1 million and the consideration received was R2 724.3 million. The difference between consideration received and the fair value has been recognised directly in equity within capital contribution from Group companies on the statement of changes in equity in the Group and Company. The transaction was structured in this manner to align with the principles of section 46 of the South African Income Tax Act. Required regulatory approval was obtained prior to the sale. In addition, IBL sold its investment in a portfolio of perpetual preference shares to Investec Markets Limited, a fellow Group company, at fair value. Refer to note 25.

IBL also sold its entire stake of 47.4% in IEP to Investec Limited at fair value for R5.2 billion, however IEP still remains a related party in terms of IAS 24 'Related party disclosures'. Refer to note 28.

Refer to note 35 for loans to Group companies and loans from Group companies and subsidiaries and note 36 for loan advances to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
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50. Hedges

The Group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the Central Treasury in the Specialist Bank. Once aggregated and netted off, Central Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependent on the classification between fair value hedges and cash flow hedges and in particular, accounting hedges require the identification of a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the Group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the Group.

Fair value hedges
Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March R'million	Description of financial instrument designated as hedging instrument	Notional value of hedging instrument	Fair value of hedging instrument	Cumulative fair value gains or (losses) on hedging instrument	Current year fair value gains or (losses) on hedging instrument	Cumulative fair value gains or (losses) on hedged item*	Current year fair value gains or (losses) on hedged item
Group and Company							
2022							
Hedged assets	**Interest rate swaps**	**39 934**	**(520)**	**(520)**	**971**	**519**	**(985)**
2021							
Hedged assets	**Interest rate swaps**	**30 616**	**(1 382)**	**(1 382)**	**(360)**	**1 395**	**383**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.

There was no ineffective portion recognised in the income statement.

As at year-end, the hedges were both retrospectively and prospectively effective.

Carrying amount of the hedged items

At 31 March R'million	2022	2021
Assets		
Sovereign debt securities	29 240	26 073
Bank debt securities	10 434	3 632
Other debt securities	1 781	1 207

Maturity analysis of hedged items

At 31 March R'million	Up to one month	One month to three months	Three months to six months	Six months to one year	One to five years	Greater than five years	Total
2022							
Assets – notionals							
Sovereign debt securities	—	250	1 750	2 000	15 564	8 576	**28 140**
Bank debt securities	—	200	2 282	1 304	5 462	—	**9 248**
Other debt securities	—	—	—	85	1 230	1 423	**2 738**
2021							
Assets – notionals							
Sovereign debt securities	—	—	—	1 690	6 228	16 116	24 034
Bank debt securities	—	—	—	500	3 796	—	4 296
Other debt securities	—	—	—	—	941	1 168	2 109

There are no accumulated fair value hedge adjustments for hedged items that have ceased to be adjusted for hedging gains and losses.

NOTES TO THE FINANCIAL STATEMENTS
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50. Hedges (continued)

Cash flow hedges
The Group is exposed to variability in cash flows on future liabilities arising from changes in base interest rates and foreign exchange rates. The aggregate expected cash flows are hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value are initially recognised in other comprehensive income and reclassified to the income statement when the cash flow affects the income statement.

At 31 March R'million	Description of financial instrument being hedged	Fair value of hedging instrument	Period cash flows are expected to occur and affect income statement
Group and Company			
2022			
Cross-currency swap	Bonds	(918)	Three months
Forward exchange contracts	Dividends	(78)	Three months
2021			
Cross-currency swap	Bonds	(867)	Three months
Forward exchange contracts	Dividends	(78)	Three months

Cash flow hedges are held to mitigate interest rate and currency risk. A reconciliation of the cash flow hedge reserve can be found in the statement of changes in equity. There was no ineffective portion recognised in the income statement.

Realisations to the income statement for cash flow hedges of (R53 million) [2021: (R956 million)] are included in net interest income.

There are R78 million (2021: R78 million) accumulated cash flow hedge reserves for hedged items that have ceased to be adjusted for hedging gains and losses.

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51. Liquidity analysis of financial liabilities based on undiscounted cash flows

The balances in the tables below will not agree directly to the balances in the balance sheet as the table incorporates all cash flow on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. Trading liabilities and trading derivatives have been included in the 'Demand' time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time.

For an unaudited analysis based on discounted cash flows refer to page 161.

At 31 March R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Group								
2022								
Liabilities								
Deposits by banks	144	1 566	11	120	23	17 685	52	19 601
Derivative financial instruments	27 063	267	—	(1)	(6)	74	(125)	27 272
– held for trading	27 063	—	—	—	—	—	—	27 063
– held for hedging risk	—	267	—	(1)	(6)	74	(125)	209
Other trading liabilities	3 309	—	—	—	—	—	—	3 309
Repurchase agreements and cash collateral on securities lent	3 152	4	35	42	289	9 341	62	12 925
Customer accounts (deposits)	192 673	26 409	60 068	41 152	44 036	62 241	7 099	433 678
Debt securities in issue	—	215	830	311	1 332	242	—	2 930
Liabilities arising on securitisation of own originated loans and advances	—	1 818	172	118	215	1 303	1 682	5 308
Other liabilities*	2 234	467	2 126	379	646	1 103	330	7 285
Loans from Group companies	1 066	—	—	—	—	—	—	1 066
Subordinated liabilities	—	1 468	2 940	59	1 139	3 426	1 248	10 280
Total on-balance sheet liabilities	**229 641**	**32 214**	**66 182**	**42 180**	**47 674**	**95 415**	**10 348**	**523 654**
Contingent liabilities	4 689	405	1 793	1 081	6 113	6 303	3 031	23 415
Commitments	6 915	932	10 195	2 038	2 500	16 383	28 001	66 964
Total liabilities	**241 245**	**33 551**	**78 170**	**45 299**	**56 287**	**118 101**	**41 380**	**614 033**

* Included within other liabilities are R4 163 million of non-financial instruments scoped out of IFRS 9.

At 31 March R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Group								
2021								
Liabilities								
Deposits by banks	60	872	40	214	3 192	12 878	294	17 550
Derivative financial instruments	21 515	—	—	—	303	303	1 158	23 279
– held for trading	21 515	—	—	—	—	—	—	21 515
– held for hedging risk	—	—	—	—	303	303	1 158	1 764
Other trading liabilities	3 388	—	—	—	—	—	—	3 388
Repurchase agreements and cash collateral on securities lent	4 357	6 183	1 681	39	2 658	802	2 075	17 795
Customer accounts (deposits)	167 015	38 482	66 253	24 837	40 214	46 270	2 724	385 795
Debt securities in issue	—	—	5	281	628	1 351	—	2 265
Liabilities arising on securitisation of own originated loans and advances	—	—	97	70	99	34	3 420	3 720
Other liabilities**	3 064	861	1 747	300	229	1 256	65	7 522
Loans from Group companies	1 972	—	—	—	—	—	—	1 972
Subordinated liabilities	—	37	77	135	7 022	8 166	—	15 437
Total on-balance sheet liabilities	**201 371**	**46 435**	**69 900**	**25 876**	**54 345**	**71 060**	**9 736**	**478 723**
Contingent liabilities	3 691	502	548	2 463	6 188	7 301	41	20 734
Commitments	6 817	1 525	8 559	2 856	3 437	14 588	26 739	64 521
Total liabilities	**211 879**	**48 462**	**79 007**	**31 195**	**63 970**	**92 949**	**36 516**	**563 978**

** Included within other liabilities are R3 681 million of non-financial instruments scoped out of IFRS 9.

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51. Liquidity analysis of financial liabilities based on undiscounted cash flows (continued)

At 31 March R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Company								
2022								
Liabilities								
Deposits by banks	144	1 566	11	120	23	17 685	52	19 601
Derivative financial instruments	27 018	—	—	(1)	(6)	73	(125)	26 959
– held for trading	27 018	—	—	—	—	—	—	27 018
– held for hedging risk	—	—	—	(1)	(6)	73	(125)	(59)
Other trading liabilities	3 309	—	—	—	—	—	—	3 309
Repurchase agreements and cash collateral on securities lent	3 152	4	35	42	289	9 341	62	12 925
Customer accounts (deposits)	181 934	25 389	56 835	40 779	42 808	62 070	7 099	416 914
Debt securities in issue	—	215	830	293	764	10	—	2 112
Other liabilities*	1 669	430	2 072	366	645	1 082	315	6 579
Loans from Group companies	5 916	—	—	—	—	—	—	5 916
Subordinated liabilities	—	1 468	2 940	59	1 139	3 426	1 248	10 280
Total on-balance sheet liabilities	**223 142**	**29 072**	**62 723**	**41 658**	**45 662**	**93 687**	**8 651**	**504 595**
Contingent liabilities	4 689	92	1 749	1 042	5 298	6 294	3 030	22 194
Commitments	6 915	885	9 349	1 487	2 003	15 034	27 834	63 507
Total liabilities	**234 746**	**30 049**	**73 821**	**44 187**	**52 963**	**115 015**	**39 515**	**590 296**

* Included within other liabilities are R4 093 million of non-financial instruments scoped out of IFRS 9.

At 31 March R'million	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
Company								
2021								
Liabilities								
Deposits by banks	60	872	40	214	3 192	12 878	294	17 550
Derivative financial instruments	21 488	—	—	—	303	299	925	23 015
– held for trading	21 488	—	—	—	—	—	—	21 488
– held for hedging risk	—	—	—	—	303	299	925	1 527
Other trading liabilities	3 388	—	—	—	—	—	—	3 388
Repurchase agreements and cash collateral on securities lent	4 357	6 183	1 681	39	2 658	802	2 075	17 795
Customer accounts (deposits)	158 146	36 954	63 437	24 154	39 071	46 113	2 724	370 599
Debt securities in issue	—	—	5	265	612	537	—	1 419
Other liabilities**	3 040	273	1 696	295	211	1 229	59	6 803
Loans from Group companies	6 378	—	—	—	—	—	—	6 378
Subordinated liabilities	—	37	77	135	7 022	8 166	—	15 437
Total on-balance sheet liabilities	**196 857**	**44 319**	**66 936**	**25 102**	**53 069**	**70 024**	**6 077**	**462 384**
Contingent liabilities	3 691	115	545	2 442	6 078	7 301	41	20 213
Commitments	6 817	1 351	8 464	2 384	1 461	14 413	26 660	61 550
Total liabilities	**207 365**	**45 785**	**75 945**	**29 928**	**60 608**	**91 738**	**32 778**	**544 147**

** Included within other liabilities are R3 599 million of non-financial instruments scoped out of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
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52. Offsetting

At 31 March R'million	Amounts subject to enforceable netting arrangements: Effects of offsetting on-balance sheet: Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset^: Financial instruments (including non-cash collateral)	Net amount
Group					
2022					
Assets					
Cash and balances at central banks	11 893	—	11 893	—	11 893
Loans and advances to banks	27 160	(7 551)	19 609	—	19 609
Non-sovereign and non-bank cash placements	13 176	—	13 176	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	57 423	(986)	56 437	(3 134)	53 303
Sovereign debt securities	57 380	—	57 380	(1 780)	55 600
Bank debt securities	27 955	—	27 955	(1 357)	26 598
Other debt securities	15 439	—	15 439	(1 236)	14 203
Derivative financial instruments	23 551	(5 893)	17 658	(5 499)	12 159
Securities arising from trading activities	2 276	—	2 276	(166)	2 110
Investment portfolio	2 865	—	2 865	—	2 865
Loans and advances to customers	287 529	—	287 529	—	287 529
Own originated loans and advances to customers securitised	7 228	—	7 228	—	7 228
Other loans and advances	108	—	108	—	108
Other securitised assets	592	—	592	—	592
Other assets	5 746	—	5 746	—	5 746
	540 321	**(14 430)**	**525 891**	**(13 172)**	**512 719**
Liabilities					
Deposits by banks	22 689	(3 968)	18 721	—	18 721
Derivative financial instruments	37 027	(9 476)	27 551	(5 499)	22 052
Other trading liabilities	3 309	—	3 309	—	3 309
Repurchase agreements and cash collateral on securities lent	13 077	(986)	12 091	(6 920)	5 171
Customer accounts (deposits)	420 072	—	420 072	—	420 072
Debt securities in issue	2 845	—	2 845	—	2 845
Liabilities arising on securitisation of own originated loans and advances	4 585	—	4 585	—	4 585
Other liabilities	7 089	—	7 089	—	7 089
Subordinated liabilities	9 133	—	9 133	—	9 133
	519 826	**(14 430)**	**505 396**	**(12 419)**	**492 977**

^ The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE FINANCIAL STATEMENTS
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52. Offsetting (continued)

At 31 March R'million	Amounts subject to enforceable netting arrangements: Effects of offsetting on-balance sheet: Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset^: Financial instruments (including non-cash collateral)	Net amount
Group					
2021					
Assets					
Cash and balances at central banks	9 653	—	9 653	—	9 653
Loans and advances to banks	35 923	(11 257)	24 666	(295)	24 371
Non-sovereign and non-bank cash placements	8 956	—	8 956	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	31 206	(985)	30 221	(3 293)	26 928
Sovereign debt securities	53 009	—	53 009	(9 340)	43 669
Bank debt securities	21 862	—	21 862	(1 498)	20 364
Other debt securities	14 170	—	14 170	(2 828)	11 342
Derivative financial instruments	23 762	(4 589)	19 173	(10 165)	9 008
Securities arising from trading activities	2 869	—	2 869	(1 102)	1 767
Investment portfolio	4 923	—	4 923	—	4 923
Loans and advances to customers#	275 056	—	275 056	—	275 056
Own originated loans and advances to customers securitised	8 184	—	8 184	—	8 184
Other loans and advances	181	—	181	—	181
Other securitised assets	578	—	578	—	578
Other assets	7 382	—	7 382	—	7 382
	497 714	**(16 831)**	**480 883**	**(28 521)**	**452 362**
Liabilities					
Deposits by banks	18 749	(1 605)	17 144	—	17 144
Derivative financial instruments	37 252	(14 241)	23 011	(10 165)	12 846
Other trading liabilities	3 388	—	3 388	—	3 388
Repurchase agreements and cash collateral on securities lent	17 578	(985)	16 593	(16 593)	—
Customer accounts (deposits)#	374 369	—	374 369	—	374 369
Debt securities in issue	2 126	—	2 126	—	2 126
Liabilities arising on securitisation of own originated loans and advances	3 271	—	3 271	—	3 271
Other liabilities	7 421	—	7 421	—	7 421
Subordinated liabilities	12 936	—	12 936	—	12 936
	477 090	**(16 831)**	**460 259**	**(26 758)**	**433 501**

^ The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

In the prior year, an amount of R3 032 million was presented as 'amounts offset' in loans and advances to customers and customer accounts (deposits) where the amount should have been Rnil. This has now been disclosed as Rnil.

NOTES TO THE FINANCIAL STATEMENTS
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52. Offsetting (continued)

At 31 March R'million	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
	Amounts subject to enforceable netting arrangements — Effects of offsetting on-balance sheet			Related amounts not offset^	
Company					
2022					
Assets					
Cash and balances at central banks	11 346	—	11 346	—	11 346
Loans and advances to banks	19 910	(7 551)	12 359	—	12 359
Non-sovereign and non-bank cash placements	13 477	—	13 477	—	13 477
Reverse repurchase agreements and cash collateral on securities borrowed	55 962	(986)	54 976	(3 134)	51 842
Sovereign debt securities	57 380	—	57 380	(1 780)	55 600
Bank debt securities	27 488	—	27 488	(1 357)	26 131
Other debt securities	14 576	—	14 576	(1 236)	13 340
Derivative financial instruments	23 546	(5 893)	17 653	(5 499)	12 154
Securities arising from trading activities	1 962	—	1 962	(166)	1 796
Investment portfolio	2 562	—	2 562	—	2 562
Loans and advances to customers	278 637	—	278 637	—	278 637
Other loans and advances	142	—	142	—	142
Other assets	5 670	—	5 670	—	5 670
	512 658	**(14 430)**	**498 228**	**(13 172)**	**485 056**
Liabilities					
Deposits by banks	22 689	(3 968)	18 721	—	18 721
Derivative financial instruments	36 714	(9 476)	27 238	(5 499)	21 739
Other trading liabilities	3 309	—	3 309	—	3 309
Repurchase agreements and cash collateral on securities lent	13 077	(986)	12 091	(6 920)	5 171
Customer accounts (deposits)	403 332	—	403 332	—	403 332
Debt securities in issue	2 065	—	2 065	—	2 065
Other liabilities	6 386	—	6 386	—	6 386
Subordinated liabilities	9 133	—	9 133	—	9 133
	496 705	**(14 430)**	**482 275**	**(12 419)**	**469 856**

^ The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

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52. Offsetting (continued)

At 31 March R'million	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
	Amounts subject to enforceable netting arrangements — Effects of offsetting on-balance sheet			Related amounts not offset^	
Company					
2021					
Assets					
Cash and balances at central banks	9 343	—	9 343	—	9 343
Loans and advances to banks	29 105	(11 257)	17 848	(295)	17 553
Non-sovereign and non-bank cash placements	8 956	—	8 956	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	30 099	(985)	29 114	(3 293)	25 821
Sovereign debt securities	53 009	—	53 009	(9 340)	43 669
Bank debt securities	21 366	—	21 366	(1 498)	19 868
Other debt securities	13 876	—	13 876	(2 828)	11 048
Derivative financial instruments	23 757	(4 589)	19 168	(10 165)	9 003
Securities arising from trading activities	2 322	—	2 322	(1 102)	1 220
Investment portfolio	4 668	—	4 668	—	4 668
Loans and advances to customers#	269 356	—	269 356	—	269 356
Other loans and advances	211	—	211	—	211
Other assets	7 008	—	7 008	—	7 008
	473 076	**(16 831)**	**456 245**	**(28 521)**	**427 724**
Liabilities					
Deposits by banks	18 749	(1 605)	17 144	—	17 144
Derivative financial instruments	36 988	(14 241)	22 747	(10 165)	12 582
Other trading liabilities	3 388	—	3 388	—	3 388
Repurchase agreements and cash collateral on securities lent	17 578	(985)	16 593	(16 593)	—
Customer accounts (deposits)#	359 198	—	359 198	—	359 198
Debt securities in issue	1 346	—	1 346	—	1 346
Other liabilities	6 700	—	6 700	—	6 700
Subordinated liabilities	12 936	—	12 936	—	12 936
	456 883	**(16 831)**	**440 052**	**(26 758)**	**413 294**

^ The Group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The Group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

In the prior year, an amount of R3 032 million was presented as 'amounts offset' in loans and advances to customers and customer accounts (deposits) where the amount should have been Rnil. This has now been disclosed as Rnil.

NOTES TO THE FINANCIAL STATEMENTS
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53. Derecognition

Transfer of financial assets that do not result in derecognition

Investec Bank Limited has been party to securitisation transactions whereby assets continue to be recognised on-balance sheet (either fully or partially) although they have been subject to legal transfer to another entity. Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction.

	2022		2021	
At 31 March R'million	**Carrying amount of assets that are continued to be recognised**	**Carrying amount of associated liabilities**	Carrying amount of assets that are continued to be recognised	Carrying amount of associated liabilities
Company				
No derecognition achieved				
Loans and advances to customers	7 228	7 228	8 184	8 184
	7 228	**7 228**	**8 184**	**8 184**

All the above derecognised assets in the Company relate to Fox Street 1 (RF) Limited, Fox Street 2 (RF) Limited, Fox Street 3 (RF) Limited, Fox Street 4 (RF) Limited, Fox Street 5 (RF) Limited, Fox Street 6 (RF) Limited, Fox Street 7 (RF) Limited and Grayston Drive Autos (RF) Limited.

For transfer of assets in relation to repurchase agreements see note 19 and note 47.

54. Events after the reporting period

Rupesh Govan was appointed as Investec Bank Limited's Finance Director with effect from 1 August 2022, following Marlé van der Walt's resignation from this role on 31 July 2022. Marlé will be taking up a role within the Investec Group's business in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
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55. Directors' remuneration

The following disclosures are those required by the Companies Act in respect of remuneration of directors and prescribed officers.

Directors' annual remuneration

R'000	**Salaries, directors' fees and other remuneration 2022**	**Annual bonus 2022[8]**	**Long-term incentive 2022[1&8]**	**Total remuneration expense 2022**	Salaries, directors' fees and other remuneration 2021	Annual bonus 2021[8]	Total remuneration expense 2021
Executive Directors							
Richard Wainwright[7] (Chief Executive Officer)	12 985	21 791	—	34 776	9 230	12 086	21 316
Fani Titi	10 145	17 024	16 740	43 909	9 631	9 652	19 283
Stuart Spencer[2]	182	—	—	182	8 729	10 759	19 488
Marlé van der Walt[3]	3 375	12 000	—	15 375	—	—	—
Total	**26 687**	**50 815**	**16 740**	**94 242**	**27 590**	**32 497**	**60 087**
Non-executive Directors							
Khumo Shuenyane (Chair)	4 294	—	—	4 294	3 661	—	3 661
David Lawrence (Deputy Chair)[4 5]	1 244	—	—	1 244	2 312	—	2 312
Zarina Bassa[4]	3 675	—	—	3 675	3 739	—	3 739
David Friedland	2 412	—	—	2 412	2 406	—	2 406
Philip Hourquebie	4 103	—	—	4 103	3 373	—	3 373
Morris Mthombeni	878	—	—	878	715	—	715
Vanessa Olver[6]	775	—	—	775	—	—	—
Mvuleni G Qhena	1 031	—	—	1 031	862	—	862
Peter Thomas	—	—	—	—	461	—	461
Total	**18 413**	**—**	**—**	**18 413**	**17 529**	**—**	**17 529**
Total	**45 100**	**50 815**	**16 740**	**112 655**	**45 119**	**32 497**	**77 616**

This disclosures was prepared by including all remuneration for the Executive and Non-Executive Directors for work performed in the Investec Limited Group. This includes all remuneration earned for services provided to Investec Limited and its subsidiaries including Investec Bank Limited. This disclosure is in accordance with the South African Companies Act, s30. The DLC Group remuneration for Richard Wainwright, Fani Titi and Non-Executive Directors who receive remuneration for work performed in the PLC Group as well, can be obtained in the Investec Group Remuneration Report.

The prior year disclosure was updated to reflect the total remuneration received for the Investec Limited Group to align with our interpretation of the requirements of s30 of the South African Companies Act.

1 Long-term incentive – represents the value of the LTI awards that were subject to performance conditions and vested during the year. Only Fani Titi had an award granted in respect of services as an Executive Director vesting to him during the year.
2 Stuart Spencer – resigned from the Board on 8 April 2021.
3 Marlé van der Walt – appointed Executive Director on 8 April 2021 and resigned from the Board effective 31 July 2022. R5 million of the R12 million annual bonus 2022 is a once-off special bonus award recognising her contribution and implementation of key projects.
4 David Lawrence and Zarina Bassa – includes fees received as Non-executive Directors of Investec Bank Mauritius.
5 David Lawrence – resigned from the Board on 30 September 2021.
6 Vanessa Olver – appointed on the Board on 20 May 2021.
7 Pro rata 2021 remuneration disclosed for Richard Wainwright to reflect the period of the year he was an Executive Director.
8 Remuneration figures for the above table were converted to Rand using the average exchange rate of R20.28 for 2022 and R21.33 for 2021. The above table also includes the remuneration earned in respect of services rendered for the Investec Limited Group.

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55. Directors' remuneration (continued)

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2022

	Beneficial and non-beneficial interest		% of shares in issue[1]	Beneficial and non-beneficial interest		% of shares in issue[1]
	Investec plc[2]		Investec plc	Investec Limited[3]		Investec Limited
	31 March 2022	01 April 2021	31 March 2022	31 March 2022	01 April 2021	31 March 2022
Executive Directors						
Richard Wainwright	81 570	–	0.01%	1 131 356	830 316	0.36%
Fani Titi	324 065	541 970	0.05%	–	–	0.00%
Stuart Spencer[4]	–	–	0.00%	128 293	432 468	0.04%
Marlé van der Walt[5]	–	–	0.00%	53 293	–	0.02%
Total	**405 635**	**541 970**	**0.06%**	**1 312 942**	**1 262 784**	**0.42%**
Non-executive directors						
Khumo Shuenyane (Chairman)	19 900	19 900	0.00%	–	–	0.00%
David Lawrence[6]	749 410	749 410	0.11%	100 590	100 590	0.03%
Zarina Bassa	–	–	0.00%	–	–	0.00%
David Friedland	–	–	0.00%	–	–	0.00%
Philip Hourquebie	–	–	0.00%	–	–	0.00%
Morris Mthombeni	–	–	0.00%	–	–	0.00%
Vanessa Olver	–	–	0.00%	–	–	0.00%
Mvuleni G Qhena	–	–	0.00%	–	–	0.00%
Total	**769 310**	**769 310**	**0.11%**	**100 590**	**100 590**	**0.03%**

The table above reflects holdings of shares by current directors.

1 The issued share capital of Investec plc and Investec Limited at 31 March 2022 was 696.1 million and 310.4 million shares, respectively.
2 The market price of an Investec plc share at 31 March 2022 was £5.04 (2021: £2.19), ranging from a low of £5.14 to a high of £2.19 during the financial year.
3 The market price of an Investec Limited share at 31 March 2022 was R97.51 (2021: R43.27), ranging from a low of R42.68 to a high of R98.16 during the financial year.
4 Stuart Spencer – resigned from the Board on 8 April 2021.
5 Marlé van der Walt – appointed Executive Director 8 April 2021.
6 David Lawrence – resigned from the Board on 30 September 2021.

Directors' direct interest in preference shares at 31 March 2022

	Investec Bank Limited		Investec Limited		Investec plc	
	31 March 2022	01 April 2021	31 March 2022	01 April 2021	31 March 2022	01 April 2021
David Lawrence	5 116	5 116	12 659	12 659	—	—
Stuart Spencer	—	900	—	1 000	—	—

There were no changes between the end of the financial year and the date of the approval of the annual financial statements.

The market price of an Investec Bank Limited preference share at last listed price on 28 December 2021 was R99.35 (2021: R68.99).
The market price of an Investec Limited preference share at 31 March 2022 was R93.00 (2021: R62.29).
The market price of an Investec plc preference share at 31 March 2022 was R80.05 (2021: R71.00).

Directors' interest in options at 31 March 2022

Investec plc shares
The directors do not have any interest in options over Investec plc shares.

Investec Limited shares
The directors do not have any interest in options over Investec Limited shares.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. Directors' remuneration (continued)

Directors' interest in long-term incentive plans at 31 March 2022
Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 01 April 2021	Exercised during the year	Options/ Conditional granted / lapsed during the year	Balance at 31 Mar 2022	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
Richard Wainwright	02 June 2016	Nil	50 000	(50 000)	–	**—**	R58.15	R2 907 500 28 May 2021	Final third was exercisable on 05 March 2021
	08 June 2017	Nil	83 334	(41 666)	–	**41 668**	R58.15	R2 422 878 28 May 2021	One third was exercisable on 06 February 2020, 06 February 2021 and the final third on 10 March 2022
	31 May 2018	Nil	125 000	(41 666)	–	**83 334**	R62.66	R2 610 954 28 September 2021	One third is exercisable on 30 June 2021, 30 June 2022 and the final third on 02 March 2023
	29 May 2019	Nil	123 864	–	–	**123 864**	–	–	One third is exercisable on 25 July 2022, 25 July 2023 and the final third on 26 February 2024
	05 June 2020[1]	Nil	309 024	–	–	**309 024**	–	–	One third is exercisable on 18 June 2023, 18 June 2024 and the final third on 03 February 2025
Stuart Spencer	08 June 2017	Nil	33 334	(33 334)	–	**—**	91.66	R3 055 331 22 March 2022	The final third was exercisable on 10 March 2022
	31 May 2018	Nil	50 000	(16 666)	–	**33 334**	55.00	R916 630 06 July 2021	One third is exercisable on 30 June 2021, 30 June 2022 and 02 March 2023
	29 May 2019	Nil	35 000	–	–	**35 000**	–	–	One third is exercisable on 25 July 2022, 25 July 2023, 26 February 2024
	05 June 2020	Nil	92 708	–	–	**92 708**	–	–	One third is exercisable on 18 June 2023, 18 June 2024, 03 February 2025
	27 May 2021	Nil	–	–	81 420	**81 420**	–	–	One third is exercisable each year on 27 May commencing 27 May 2024 until 27 May 2026
Marlé van der Walt	31 December 2016	Nil	6 668	(6 668)	–	**—**	64.94	R433 014 29 September 2021	Final third was exercisable on 03 September 2021
	08 December 2017	Nil	16 667	(8 333)	–	**8 334**	82.00	R683 306 23 November 2021	Final third is exercisable on 22 August 2022
	31 May 2018	Nil	16 208	(5 402)	–	**10 806**	57.20	R308 994 13 July 2021	One third is exercisable on 30 June 2021, 30 June 2022 and 02 March 2023
	29 May 2019	Nil	30 000	–	–	**30 000**	–	–	One third is exercisable on 25 July 2022, 25 July 2023, 26 February 2024
	05 June 2020	Nil	38 628	–	–	**38 628**	–	–	One third is exercisable on 18 June 2023, 18 June 2024 and the final third on 03 February 2025
	03 December 2020	Nil	38 780	–	–	**38 780**	–	–	One third is exercisable on 03 December 2023, 03 December 2024 and final third on 04 September 2025
	27 May 2021	Nil	–	–	32 390	**32 390**	–	–	One third is exercisable each year on 27 May commencing 27 May 2024 until 27 May 2026

1 Award is subject to performance conditions.

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CONTINUED

55. Directors' remuneration (continued)

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2022 (audited)
Long-term share awards granted in respect of the 2022 financial year

Name	Date of grant	Exercise price	Number of Investec plc shares as at 01 April 2021	Conditional awards made during the year	**Balance at 31 Mar 2022**	Performance period	Period exercisable	Retention period	Treatment on termination of employment
Fani Titi	29 May 2019	Nil	278 080	–	**278 080**	01 April 2019 to 31 March 2022	One fifth is exercisable on 29 May each year commencing on 29 May 2022 until 29 May 2026 subject to performance criteria being met	A further 12 months retention after vesting date	Will be pro-rated based on the service over the performance period, relative to the performance period of the award.
	05 June 2020	Nil	769 231	–	**769 231**	01 April 2020 to 31 March 2023	One fifth is exercisable on 05 June each year commencing on 05 June 2023 until 05 June 2027 subject to performance criteria being met	A further 12 months retention after vesting date	Will be pro-rated based on the service over the performance period, relative to the performance period of the award.
	27 May 2021	Nil	–	349 651	**349 651**	01 April 2021 to 31 March 2024	One fifth is exercisable on 27 May each year commencing on 27 May 2024 until 27 May 2028 subject to performance criteria being met	A further 12 month retention period after each vesting date	Will be pro-rated based on service over the performance period
Richard Wainwright	27 May 2021	Nil	–	279 721	**279 721**	01 April 2021 to 31 March 2024	One fifth is exercisable on 27 May each year commencing on 27 May 2024 until 27 May 2028 subject to performance criteria being met	A further 12 month retention period after each vesting date	Will be pro-rated based on service over the performance period

Directors' interest in short-term incentive plans at 31 March 2022
Investec Limited and Investec Plc shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 01 April 2021	Exercised during the year	Options/ Conditional granted / lapsed during the year	**Balance at 31 Mar 2022**	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
Richard Wainwright	05 June 2020[1]	Nil	580 965	(385 661)	–	**195 304**	59.80	R23 062 181 02 September 2021	57% is exercisable on 05 June 2021, 17% on 25 July 2022, final 17% on 25 July 2023
Stuart Spencer	27 May 2021	Nil	–	–	86 160	**86 160**			One third is exercisable each year on 27 May commencing 27 May 2022 until 27 May 2024

1 Conditional award in relation to 2020 bonus, not subject to performance conditions.

The number of shares in issue and share prices for Investec plc and Investec Limited are provided below:

	31 March 2022	31 March 2021	High over the year	Low over the year
Investec plc share price	£5.04	£2.19	£5.14	£2.19
Investec Limited share price	R97.51	R43.27	R98.16	R42.68
Number of Investec plc shares in issue (million)	696.1	696.1		
Number of Investec Limited shares in issue (million)	310.4	318.9		

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55. Directors' remuneration (continued)

Non-executive Directors
The fee structure for non-executive directors for the period ending 31 August 2022 and as proposed for 2023 are shown in the table below.

Fees for existing roles were reduced by between 10% and 20% in 2020. A full benchmarking exercise, which assessed the fees against the external market and the relative responsibilities of each role, was undertaken in 2021 and this resulted in a number of changes. Given the benchmarking exercise done in 2021 the Board are proposing a 4% increase for each role this year.

Non-executive directors' remuneration	**Period ending 31 August 2022**	**As proposed by the board for the period from 1 September 2022 to 1 August 2023**	**% Change**
Chair's total fee	R2 750 000 per year	R2 860 000 per year	4%
Basic Non-Executive Director fee	R500 000 per year	R520 000 per year	4%
Member of the IBL board (also member of the DLC board)	R250 000 per year	R260 000 per year	4%
Chair of the IBL Audit Committee (also Chair of the DLC Audit Committee)	R250 000 per year	R260 000 per year	4%
Member of the IBL Audit Committee	R275 000 per year	R286 000 per year	4%
Member of the IBL Audit Committee (also member of the DLC Audit Committee)	R240 000 per year	R250 000 per year	4%
Chair of the IBL BRCC (also Chair of DLC BRCC)	R180 000 per year	R187 500 per year	4%
Member of the IBL BRCC	R175 000 per year	R182 000 per year	4%
Member of the IBL BRCC (also member of the DLC BRCC)	R150 000 per year	R156 000 per year	4%
Chair of the IBL Remuneration Committee	R250 000 per year	R260 000 per year	4%
Member of the IBL Remuneration Committee	R150 000 per year	R156 000 per year	4%
DLC representative on the IBL Remuneration Committee	R135 000 per year	R140 500 per year	4%

Pillar 3 remuneration disclosures – 2022

Investec Bank Ltd 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 Pillar 3 remuneration disclosures will be set out in the Investec Bank Ltd Pillar 3 risk management report to be published on the Investec website.

Key management personnel

Details of Directors' remuneration and interest shares are disclosed on pages 133 to 136.

IAS 24 'Related party disclosures' requires the following additional information for key management compensation.

Compensation of key management personnel R'000	**2022**	2021
Short-term employee benefits	306 533	202 430
Other long-term employee benefits	71 564	85 549
Share-based payment	55 277	50 831
Total	**433 374**	**338 810**

Shareholdings, options and other securities of key management personnel

'000	**2022**	2021
Number of options held over Investec plc or Investec Limited ordinary shares under employee share schemes	5 899	4 675

'000	**2022**	2021
Number of Investec plc or Investec Limited ordinary shares held beneficially and non-beneficially	3 517	3 836

We have defined key management personnel as the executive directors of Investec Bank Ltd, Investec plc and Investec Limited plus those classified as persons discharging managerial responsibility. In addition to the directors listed in the report, those are Ciaran Whelan, Nishlan Samujh, Mark Currie, Marc Kahn, Lyndon Subroyen and Stuart Spencer.

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56. Risk Management

Credit and counterparty risk management

Credit and counterparty risk description

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, through loans and advances to clients and counterparties, creating the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements, where we have placed funds with other financial institutions
- Financial instrument transactions, producing issuer risk where payments due from the issuer of a financial instrument may not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party making required settlements as they fall due but not receiving the performance to which they are entitled
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to fulfil the transaction.

The relevant credit committees will also consider 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 decreases as the probability of default of the borrower or counterparty increases. 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.

Credit and counterparty risk may also arise in other ways and it is the role of the risk management functions and the various independent credit committees to identify risks falling outside these definitions.

Credit and counterparty risk governance structure

To manage, measure, monitor and mitigate credit and counterparty risk, independent credit committees exist in South Africa as well as other relevant jurisdictions such as Mauritius. These committees also have oversight of regions where we assume credit risk and operate under Board-approved delegated limits, policies and procedures. There is a level of executive involvement and oversight in the credit decision-making forums depending on the size and complexity of the deal. It is our policy that all credit committees include voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the credit committees, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Day-to-day arrears management and regular arrears reporting ensure that individual positions and any potential adverse trends are dealt with in a timely manner
- Watchlist Forums and the Arrears, Default and Recovery (ADR) Forum review the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision. These committees review ECL impairments and staging at an asset level as well as potential fair value adjustments to loans and advances to customers. They provide recommendations for the appropriate staging and level of ECL impairment where required
- Impairment Decision Committee (IDC) reviews recommendations from underlying Watchlist Forums and ADR Forums respectively and considers and approves the appropriate level of ECL impairments and staging
- The Risk Model Committee provides an internal screening and validation process for credit models. We have established independent model validation teams who review the models and provide feedback on the accuracy and operation of the models and note items for further development through the forum.

Credit committees and the processes above have incorporated considerations and decisions with respect to the COVID-19 pandemic and resulting relief measures, staging and ECL in line with the Bank's existing governance.

Management and measurement of credit and counterparty risk

Fundamental principles employed in the management of credit and counterparty risk include:

- A clear definition of our target market
- A quantitative and qualitative assessment of the creditworthiness of our counterparties
- Analysis of risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty and geographical concentration)
- Decisions being made with reference to risk appetite limits
- Prudential limits
- Regular monitoring and review of existing and potential exposures once facilities have been approved
- A high level of executive involvement in decision-making with non-executive review and oversight through the IBL BRCC and Large Exposure Committee
- Portfolio reviews and stress testing.

Within the credit approval process, internal and external ratings are included in the assessment of client quality.

A large proportion of the Bank'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.

Regular reporting of credit and counterparty risk exposures within our operating units are made to management, the executives and the Board through the IBL Large Exposure Committee and IBL BRCC. The Board reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents. This is implemented and reviewed by the credit risk management teams.

Portfolio reviews and stress testing are undertaken on all material businesses, where the exposures are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

Credit risk mitigation

Credit risk mitigation techniques can be defined as all methods by which the Bank seeks to decrease the credit risk associated with an exposure. The Bank considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal and not as a separate consideration of mitigation of risk. Credit risk mitigants can include any collateral item over which the Group has a charge over assets, netting and margining agreements, covenants, or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

As the Bank has limited appetite for unsecured debt, the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. Collateral is assessed with reference to the sustainability of value and the likelihood of realisation.

Acceptable collateral generally exhibits characteristics that allow for it to be easily identified and appropriately valued and assists the Bank to recover outstanding exposures.

Where a transaction is supported by a mortgage or charge over property, the primary credit risk is still taken on the borrower. In addition, the relevant credit committee normally requires a suretyship or guarantee in support of a transaction in our private client business.

For property-backed lending we also consider the client's overall balance sheet. The following characteristics of the property are also considered: the type of property; its location; and the ease with which the property could be relet and/or resold. Where the property is secured by lease agreement, the credit committee prefers not to lend for a term beyond the maximum term of the lease. Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. Residential and commercial property valuations will continue to form part of our ongoing focus on collateral assessment. It is our policy to obtain a formal valuation of every commercial property offered as collateral for a lending facility before advancing funds. Residential properties are valued by desktop valuation and/or approved valuers, where appropriate.

Other common forms of collateral in the retail asset class are motor vehicles, cash and share portfolios. Primary collateral in private client lending transactions can also include a high net worth individual's share/investment portfolio. This is typically in the form of a diversified pool of equity, fixed income, managed funds and cash. Often these portfolios are managed by Investec Wealth & Investment. Lending against investment portfolios is typically geared at conservative loan-to-value (LTV) ratios, after considering the quality, diversification, risk profile and liquidity of the portfolio.

Our corporate, government and institutional clients provide a range of collateral including cash, corporate assets, debtors (accounts receivable), trading stock, debt securities (bonds), listed and unlisted shares and guarantees.

The majority of credit mitigation techniques linked to trading activity is in the form of netting agreements and daily margining. Primarily, the market standard legal documents that govern this include the International Swaps and Derivatives Association (ISDA) Master Agreements, Global Master Securities Lending Agreement (GMSLA) and Global Master Repurchase Agreement (GMRA). In addition to having ISDA documentation in place with market and trading counterparties in over-the-counter (OTC) derivatives, the credit committee may require a Credit Support Annex (CSA) to ensure that mark-to-market credit exposure is mitigated daily through the calculation and placement/receiving of cash collateral. Where netting agreements have been signed, the enforceability is supported by an external legal opinion within the legal jurisdiction of the agreement.

Set-off is applied between assets, subject to credit risk and related liabilities in the annual financial statements, where:

- A legally enforceable right to set-off exists
- There is the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/counterparty
- Debit and credit balances are denominated in the same currency and have identical maturities
- Exposures subject to set-off are risk-managed on a net basis
- Market practice considerations.

For this reason, there will be instances where credit and counterparty exposures are displayed on a net basis in these annual financial statements but reported on a gross basis to regulators.

Further information on credit derivatives is provided on page 155.

The Bank implements robust processes to minimise the possibility of legal and/or operational risk through good quality tangible collateral. The legal risk function ensures the enforceability of credit risk mitigants within the laws applicable to the jurisdictions in which the Bank operates. When assessing the potential concentration risk in its credit portfolio, consideration is given to the types of collateral and credit protection that form part of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

All risk tables that follow are at an Investec Bank Limited Group level.

An analysis of gross core loans, asset quality and ECL
The table below summarises the asset quality of our gross core loans.

Asset quality metrics reflect the solid performance of core loans for the period ended 31 March 2022. The annualised credit loss ratio improved to 0.00% at 31 March 2022 from 0.18% reported at 31 March 2021 due to the partial release of management ECL overlay, improvement of the macro-economic outlook, the reversal of certain prior year specific provisions and higher post write-off recoveries.

Gross core loans increased by 4.0% to R297.5 billion since 31 March 2021 mainly due to increased activity in the high net worth and other private client lending portfolio. Stage 2 exposures increased to 5.9% of gross core loans subject to ECL at 31 March 2022 (31 March 2021: 5.3%) mainly due to certain single name exposures migrating from Stage 3 to Stage 2. Stage 3 has reduced to 1.8% of gross core loans subject to ECL at 31 March 2022 (31 March 2021: 2.5%), as a result of these migrations as well as certain settlements.

Overall coverage for Stage 1 and Stage 2 remains flat at 0.5% at 31 March 2022. Stage 3 coverage has improved to 22.5% (31 March 2021: 18.5%).

R'million	31 March 2022	31 March 2021
Loans and advances to customers per the balance sheet	287 529	275 056
Add: Own originated loans and advances to customers per the balance sheet	7 228	8 184
Net core loans	**294 757**	**283 240**
of which subject to ECL*	293 400	281 819
Net core loans at amortised cost	274 156	259 531
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)*	19 244	22 288
of which FVPL (excluding fixed rate loans above)	1 357	1 421
Add: ECL	2 694	2 728
Gross core loans	**297 451**	**285 968**
of which subject to ECL*	296 094	284 547
of which FVPL (excluding fixed rate loans above)	1 357	1 421

R'million	31 March 2022	31 March 2021
Gross core loans subject to ECL	**296 094**	**284 547**
Stage 1	273 138	262 395
Stage 2	17 589	14 969
of which past due greater than 30 days	328	272
Stage 3	5 367	7 183
ECL	**(2 694)**	**(2 728)**
Stage 1	(868)	(984)
Stage 2	(620)	(416)
Stage 3	(1 206)	(1 328)
Coverage ratio		
Stage 1	0.32%	0.38%
Stage 2	3.5%	2.8%
Stage 3	22.5%	18.5%
Credit loss ratio	**0.00%**	**0.18%**
ECL impairment charges on core loans	(7)	(519)
Average gross core loans subject to ECL	290 320	284 842
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	4 161	5 855
Aggregate collateral and other credit enhancements on Stage 3	5 734	8 253
Stage 3 as a % of gross core loans subject to ECL	1.8%	2.5%
Total ECL as a % of Stage 3 exposure	50.2%	38.0%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.4%	2.1%

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the Solely Payments of Principal and Interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (R19 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R76 million (31 March 2021: R105 million).

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56. Risk Management (continued)

An analysis of staging and ECL movements for core loans subject to ECL
The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2021 to 31 March 2022.

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2020	**265 674**	**(1 056)**	**15 111**	**(423)**	**4 353**	**(1 880)**	**285 138**	**(3 359)**
Transfer from Stage 1	(9 234)	36	7 800	(28)	1 434	(8)	—	—
Transfer from Stage 2	4 882	(83)	(7 371)	227	2 489	(144)	—	—
Transfer from Stage 3	148	(29)	56	(13)	(204)	42	—	—
ECL remeasurement arising from transfer of stage	—	88	—	(103)	—	(289)	—	(304)
New lending and repayments/ write-offs	3 535	45	(479)	44	(864)	1 015	2 192	1 104
Changes to risk parameters and models	—	—	—	(120)	—	(74)	—	(194)
Foreign exchange and other	(2 610)	15	(148)	—	(25)	10	(2 783)	25
At 31 March 2021	**262 395**	**(984)**	**14 969**	**(416)**	**7 183**	**(1 328)**	**284 547**	**(2 728)**
Transfer from Stage 1	(8 286)	35	7 756	(20)	530	(15)	—	—
Transfer from Stage 2	3 798	(61)	(5 770)	128	1 972	(67)	—	—
Transfer from Stage 3	239	(35)	2 393	(17)	(2 632)	52	—	—
ECL remeasurement arising from transfer of stage	—	91	—	(205)	—	(296)	—	(410)
New lending and repayments/ write-offs	15 116	(91)	(1 753)	76	(1 683)	326	11 680	311
Changes to risk parameters and models	—	177	—	(166)	—	122	—	133
Foreign exchange and other	(124)	—	(6)	—	(3)	—	(133)	—
At 31 March 2022	**273 138**	**(868)**	**17 589**	**(620)**	**5 367**	**(1 206)**	**296 094**	**(2 694)**

NOTES TO THE FINANCIAL STATEMENTS
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56. Risk Management (continued)

An analysis of credit quality by internal rating grade

The Bank uses a 25-grade internal rating scale which measures the risk of default to an exposure without taking into account any credit mitigation, such as collateral. This internal rating scale allows the Group to measure credit risk consistently across portfolios. The internal rating scale is derived from a mapping to PDs and can also be mapped to external rating agency scales.

PD range	Investec internal rating scale	Indicative external rating scale
less than 0.538%	IB01 – IB12	AAA to BBB-
0.538% – 6.089%	IB13 – IB19	BB+ to B-
greater than 6.089%	IB20 – IB25	B- and below
	Stage 3	D

The internal credit rating distribution below is based on the 12-month PD at 31 March 2022 for gross core loans subject to ECL by stage. The staging classifications are not only driven by the absolute PD, but on factors that determine a significant increase in credit risk, including relative movement in PD since origination. There is therefore no direct correlation between the credit quality of an exposure and its stage classification as shown in the table below:

At 31 March 2022 R'million	IB01 – IB12	IB13 – IB19	IB20 – IB25	Stage 3	Total
Gross core loans subject to ECL	**138 753**	**134 908**	**17 066**	**5 367**	**296 094**
Stage 1	137 937	123 046	12 155	—	273 138
Stage 2	816	11 862	4 911	—	17 589
Stage 3	—	—	—	5 367	5 367
ECL	**(220)**	**(812)**	**(456)**	**(1 206)**	**(2 694)**
Stage 1	(217)	(432)	(219)	—	(868)
Stage 2	(3)	(380)	(237)	—	(620)
Stage 3	—	—	—	(1 206)	(1 206)
Coverage ratio	**0.2%**	**0.6%**	**2.7%**	**22.5%**	**0.9%**

At 31 March 2021 R'million	IB01 – IB12	IB13 – IB19	IB20 – IB25	Stage 3	Total
Gross core loans subject to ECL	**112 610**	**150 487**	**14 267**	**7 183**	**284 547**
Stage 1	111 986	138 807	11 602	—	262 395
Stage 2	624	11 680	2 665	—	14 969
Stage 3	—	—	—	7 183	7 183
ECL	**(154)**	**(856)**	**(390)**	**(1 328)**	**(2 728)**
Stage 1	(91)	(647)	(246)	—	(984)
Stage 2	(63)	(209)	(144)	—	(416)
Stage 3	—	—	—	(1 328)	(1 328)
Coverage ratio	**0.1%**	**0.6%**	**2.7%**	**18.5%**	**1.0%**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

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

Client quality and expertise are at the core of our credit philosophy. We provide senior debt and other funding for property transactions, with a preference for income-producing assets, supported by an experienced sponsor providing a material level of cash equity investment into the asset. Our exposure to the property market is well diversified with strong bias towards prime locations for residential exposure and focus on property fundamentals, tenant quality and income diversity for commercial assets. Debt service cover ratios are a key consideration in the lending process supported by reasonable loan-to-security value ratios.

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2022										
Commercial real estate	**47 228**	**(200)**	**4 374**	**(116)**	**1 356**	**(309)**	**52 958**	**(625)**	**—**	**52 958**
Commercial real estate – investment	44 645	(193)	4 305	(115)	1 351	(308)	50 301	(616)	—	50 301
Commercial real estate – development	1 997	(6)	52	—	—	—	2 049	(6)	—	2 049
Commercial vacant land and planning	586	(1)	17	(1)	5	(1)	608	(3)	—	608
Residential real estate	**5 647**	**(25)**	**1 581**	**(10)**	**234**	**(2)**	**7 462**	**(37)**	**—**	**7 462**
Residential real estate – investment	2 393	(5)	564	(9)	—	—	2 957	(14)	—	2 957
Residential real estate – development	2 451	(14)	1 003	(1)	—	—	3 454	(15)	—	3 454
Residential vacant land and planning	803	(6)	14	—	234	(2)	1 051	(8)	—	1 051
Total lending collateralised by property*	**52 875**	**(225)**	**5 955**	**(126)**	**1 590**	**(311)**	**60 420**	**(662)**	—	**60 420**
Coverage ratio		**0.43%**		**2.1%**		**19.6%**		**1.1%**		
At 31 March 2021										
Commercial real estate	**46 387**	**(227)**	**2 816**	**(78)**	**2 197**	**(262)**	**51 400**	**(567)**	**—**	**51 400**
Commercial real estate – investment	42 281	(202)	2 704	(77)	2 182	(256)	47 167	(535)	—	47 167
Commercial real estate – development	3 404	(22)	49	(1)	—	—	3 453	(23)	—	3 453
Commercial vacant land and planning	702	(3)	63	—	15	(6)	780	(9)	—	780
Residential real estate	**7 706**	**(29)**	**229**	**(6)**	**105**	**(22)**	**8 040**	**(57)**	**—**	**8 040**
Residential real estate – investment	3 792	(11)	—	—	96	(19)	3 888	(30)	—	3 888
Residential real estate – development	3 189	(15)	226	(6)	—	—	3 415	(21)	—	3 415
Residential vacant land and planning	725	(3)	3	—	9	(3)	737	(6)	—	737
Total lending collateralised by property*	**54 093**	**(256)**	**3 045**	**(84)**	**2 302**	**(284)**	**59 440**	**(624)**	—	**59 440**
Coverage ratio		**0.47%**		**2.8%**		**12.3%**		**1.1%**		

* In addition, 60% of high net worth and specialised lending (31 March 2021: 58%) shown on the next page relates to lending collateralised by property which is supported by high net worth clients.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

An analysis of core loans by risk category – High net worth and other private client lending
Our Private Banking activities target high net worth individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates and sophisticated investors. The Private Bank also targets newly qualified professionals with high-income earning potential.

Lending products are tailored to meet the requirements of our clients and deliver solutions to enable target clients to create and manage their wealth. Central to our credit philosophy is ensuring the sustainability of cash flow and income throughout the cycle. As such, the client base has been defined to include high net worth clients (who, through diversification of income streams, should reduce income volatility) and individuals in defined professions which have historically supported a sustainable income base, irrespective of the stage in the economic cycle.

Credit risk arises from the following activities:

- Mortgages: provides residential mortgage loan facilities to target market clients
- High net worth and specialised lending: provides credit facilities to high net worth individuals and their controlled entities as well as portfolio loans to high net worth clients against their investment portfolios typically managed by Investec Wealth & Investment.

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2022										
Mortgages	80 276	(64)	4 337	(172)	1 169	(204)	85 782	(440)	—	85 782
High net worth and specialised lending*	68 163	(228)	662	(19)	1 466	(157)	70 291	(404)	—	70 291
Total high net worth and other private client lending	**148 439**	**(292)**	**4 999**	**(191)**	**2 635**	**(361)**	**156 073**	**(844)**	—	**156 073**
Coverage ratio		**0.20%**		**3.8%**		**13.7%**		**0.5%**		
At 31 March 2021										
Mortgages	76 604	(133)	3 632	(134)	1 391	(318)	81 627	(585)	—	81 627
High net worth and specialised lending*	63 119	(261)	1 063	(20)	1 471	(324)	65 653	(605)	—	65 653
Total high net worth and other private client lending	**139 723**	**(394)**	**4 695**	**(154)**	**2 862**	**(642)**	**147 280**	**(1 190)**	—	**147 280**
Coverage ratio		**0.28%**		**3.3%**		**22.4%**		**0.8%**		

* 60% of high net worth and specialised lending (31 March 2021: 58%) relates to lending collateralised by property which is supported by high net worth clients.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

An analysis of core loans by risk category – Corporate and other lending
We focus on traditional client-driven corporate lending activities. The credit risk management functions approve specific credit and counterparty limits that govern the maximum credit exposure to each individual counterparty. In addition, further risk management limits exist through industry and country limits to manage concentration risk. The credit appetite for each counterparty is based on the financial strength of the principal borrower, its business model and market positioning, the underlying cash flow to the transaction, the substance and track record of management, and the security package. Political risk insurance, and other insurance is taken where deemed appropriate.

The Bank has limited appetite for unsecured credit risk and facilities are typically secured by the assets of the underlying borrower as well as shares in the borrower.

A summary of the nature of the lending and/or credit risk assumed within some of the key areas in our corporate lending business is provided below:

- **Corporate and acquisition finance:** provides senior secured loans to proven management teams and sponsors. Credit risk is assessed against debt serviceability based upon robust cash generation of the business demonstrated by both historical and forecast information. We typically act as a transaction lead arranger or on a club or bilateral basis, and have a close relationship with management and sponsors
- **Fund finance:** provides debt facilities to asset managers and fund vehicles, principally in private equity. The geographical focus is mainly UK, USA, Europe and Africa where the Bank can support experienced asset managers and their funds which show strong, long-term value creation and good custodianship of investors' money. Debt facilities are typically to a fund entity and secured against undrawn limited partner commitments and/or the underlying assets
- **Financial institutions and governments:** provides senior secured loans to financial institutions or government-backed entities where credit risk is assessed against debt serviceability or mitigated by government guarantees
- **Small ticket asset finance:** provides funding to small- and medium-sized corporates to support asset purchases and other business requirements. The portfolio is highly diversified by industry and number of clients and is secured against the asset being financed
- **Aviation finance:** structures, arranges and provides financing for airlines, leasing companies, operators and corporates secured by aircraft at conservative LTVs. Counterparties include flag and commercial airline carriers, leading aircraft lessors and corporates/operators with strong contracted cash flows
- **Power and infrastructure finance:** arranges and provides typically long-term financing for power and infrastructure assets, in particular renewable and traditional power projects as well as transportation assets, typically against contracted future cash flows of the project(s) from well-established and financially sound off-take counterparties. There is a requirement for a strong upfront equity contribution from an experienced sponsor.

NOTES TO THE FINANCIAL STATEMENTS
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56. Risk Management (continued)

R'million	Gross core loans at amortised cost and FVPL (subject to ECL) – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL (not subject to ECL)	Gross core loans
At 31 March 2022										
Corporate and acquisition finance	49 777	(274)	6 312	(291)	969	(440)	57 058	(1 005)	1 357	58 415
Fund finance	7 461	(12)	—	—	—	—	7 461	(12)	—	7 461
Financial institutions and governments	3 192	(6)	—	—	19	(2)	3 211	(8)	—	3 211
Small ticket asset finance	4 120	(17)	103	(1)	153	(91)	4 376	(109)	—	4 376
Aviation finance*	1 494	(25)	131	(9)	1	(1)	1 626	(35)	—	1 626
Power and infrastructure finance	5 780	(17)	89	(2)	—	—	5 869	(19)	—	5 869
Total corporate and other lending	**71 824**	**(351)**	**6 635**	**(303)**	**1 142**	**(534)**	**79 601**	**(1 188)**	**1 357**	**80 958**
Coverage ratio		**0.49%**		**4.6%**		**46.8%**		**1.5%**		
At 31 March 2021										
Corporate and acquisition finance	44 943	(216)	6 425	(160)	1 462	(339)	52 830	(715)	1 421	54 251
Fund finance	7 624	(29)	—	—	—	—	7 624	(29)	—	7 624
Financial institutions and governments	3 351	(4)	156	(4)	3	—	3 510	(8)	—	3 510
Small ticket asset finance	4 127	(48)	219	(11)	506	(40)	4 852	(99)	—	4 852
Aviation finance*	2 269	(23)	—	—	48	(23)	2 317	(46)	—	2 317
Power and infrastructure finance	6 265	(14)	429	(3)	—	—	6 694	(17)	—	6 694
Total corporate and other lending	**68 579**	**(334)**	**7 229**	**(178)**	**2 019**	**(402)**	**77 827**	**(914)**	**1 421**	**79 248**
Coverage ratio		**0.49%**		**2.5%**		**19.9%**		**1.2%**		

* There are additional aviation exposures of R640 million (31 March 2021: R1.2 billion) in Corporate and acquisition finance and R213 million (31 March 2021: R914 million) in Financial institutions and governments.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

A further analysis of our gross credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

At 31 March 2022 R'million	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	Total assets
Cash and balances at central banks	11 245	—	11 245	—	648	11 893
Loans and advances to banks	19 611	—	19 611	(2)	—	19 609
Non-sovereign and non-bank cash placement	13 209	564	12 645	(33)	—	13 176
Reverse repurchase agreements and cash collateral on securities borrowed	56 441	23 346	33 095	(4)	—	56 437
Sovereign debt securities	57 382	7 161	50 221	(48)	—	57 334
Bank debt securities	27 964	288	27 676	(17)	—	27 947
Other debt securities	15 447	307	15 140	(27)	—	15 420
Derivative financial instruments	6 948	6 948	—	—	10 710	17 658
Securities arising from trading activities	2 197	2 197	—	—	79	2 276
Investment portfolio	—	—	—	—	2 865*	2 865
Loans and advances to customers	290 196	20 677	269 519	(2 667)	—	287 529
Own originated loans and advances to customers securitised	7 255	—	7 255	(27)	—	7 228
Other loans and advances	132	—	132	(24)	—	108
Other securitised assets	—	—	—	—	592^^	592
Interest in associated undertakings	—	—	—	—	31	31
Current taxation assets	—	—	—	—	2	2
Deferred taxation assets	—	—	—	—	2 255	2 255
Other assets	241	—	241	—	5 505**	5 746
Property and equipment	—	—	—	—	3 427	3 427
Investment properties	—	—	—	—	1	1
Goodwill	—	—	—	—	172	172
Other acquired intangible assets	—	—	—	—	64	64
Software	—	—	—	—	46	46
Non-current assets classified as held for resale	—	—	—	—	498	498
Loans to Group companies	—	—	—	—	21 489	21 489
Total on-balance sheet exposures	**508 268**	**61 488**	**446 780**	**(2 849)**	**48 384**	**553 803**
Guarantees	16 984	—	16 984	(5)	1 794	18 773
Committed facilities related to loans and advances to customers	66 964	—	66 964	(65)	—	66 899
Contingent liabilities, letters of credit and other	9 229	4 493	4 736	—	21 971	31 200
Total off-balance sheet exposures	**93 177**	**4 493**	**88 684**	**(70)**	**23 765**	**116 872**
Total exposures	**601 445**	**65 981**	**535 464**	**(2 919)**	**72 149**	**670 675**

^ Includes R73 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

NOTES TO THE FINANCIAL STATEMENTS
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56. Risk Management (continued)

A further analysis of our gross credit and counterparty exposures (continued)

At 31 March 2021 R'million	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	Total assets
Cash and balances at central banks	9 275	—	9 275	—	378	9 653
Loans and advances to banks	24 669	—	24 669	(3)	—	24 666
Non-sovereign and non-bank cash placement	9 005	23	8 982	(49)	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	30 222	12 477	17 745	(1)	—	30 221
Sovereign debt securities	53 014	3 266	49 748	(55)	—	52 959
Bank debt securities	21 865	288	21 577	(9)	—	21 856
Other debt securities	14 177	60	14 117	(23)	—	14 154
Derivative financial instruments	15 461	15 461	—	—	3 712	19 173
Securities arising from trading activities	2 828	2 828	—	—	41	2 869
Investment portfolio	—	—	—	—	4 923*	4 923
Loans and advances to customers	277 759	23 814	253 945	(2 703)	—	275 056
Own originated loans and advances to customers securitised	8 209	—	8 209	(25)	—	8 184
Other loans and advances	205	—	205	(24)	—	181
Other securitised assets	—	—	—	—	578^^	578
Interest in associated undertakings	—	—	—	—	5 149	5 149
Current taxation assets#	—	—	—	—	35	35
Deferred taxation assets	—	—	—	—	2 412	2 412
Other assets#	—	—	—	—	7 382**	7 382
Property and equipment	—	—	—	—	2 740	2 740
Investment properties	—	—	—	—	1	1
Goodwill	—	—	—	—	175	175
Other Intangible assets	—	—	—	—	116	116
Software	—	—	—	—	97	97
Non-current assets classified as held for resale	—	—	—	—	474	474
Loans to Group companies	—	—	—	—	17 410	17 410
Total on-balance sheet exposures	**466 689**	**58 217**	**408 472**	**(2 892)**	**45 623**	**509 420**
Guarantees	14 903	—	14 903	(5)	1 024	15 922
Committed facilities related to loans and advances to customers	64 358	—	64 358	(69)	—	64 289
Contingent liabilities, letters of credit and other	7 525	3 521	4 004	—	22 887	30 412
Total off-balance sheet exposures	**86 786**	**3 521**	**83 265**	**(74)**	**23 911**	**110 623**
Total exposures	**553 475**	**61 738**	**491 737**	**(2 966)**	**69 534**	**620 043**

^ Includes R72 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.
# Current taxation assets previously included in Other assets.

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56. Risk Management (continued)

Key judgements

After careful review of portfolio performance, the current design of the ECL models and updated published market data, management reduced the ECL overlay of R290 million at 31 March 2021 to R219 million at 31 March 2022 in the Private Bank portfolio. As in the prior year, the overlay represents a post-model adjustment designed to account for emerging risks identified for categories of borrowers within the commercial real estate (R189 million) and mortgage portfolios (R30 million). Relevant emerging risks include the reducing risk profile of the COVID-19 pandemic, counterbalanced by increasing social and geopolitical risks. Management believes that these emerging risks are not adequately represented by the historic data used to populate the ECL models. The management ECL overlay was calculated with reference to published market data that best represents the possible exposure to these emerging risks. Stage 3 ECLs continue to be assessed using a combination of scenario analysis, informed by expert judgement and modelled ECL. Management will continue to review the need and basis of calculation for the overlay given the evolving situation and significant uncertainty faced with respect to the economic outlook.

Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and presented at the relevant BRCCs as well as the relevant capital committees for approval, which form part of the principal governance framework for macro-economic scenarios.

A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9 ECL measurement.

For the Bank, five macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process was to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

As at 31 March 2022, all five scenarios were updated to incorporate the latest available data.

The base case is characterised by the view that economic growth lifts to 3% by the end of the five-year period with sufficient domestic policy support measures to support this acceleration, while global financial market risk sentiment is neutral to positive. South Africa remains in the BB credit rating category bracket as fiscal consolidation (debt to GDP stabilisation) occurs. The Rand sees mild weakness and inflation is also impacted by the course of weather patterns via food price inflation. A modest transition to renewable energy and slow move away from fossil fuel usage occurs and measures to alleviate the impact of climate change on the economy are modestly implemented. Little expropriation without compensation occurs and it does not have a negative effect on the economy, and there is no nationalisation. The expected case sees the Russian invasion of Ukraine ease, and not exacerbate. As at 31 March 2022, the weighting of the base case was 51%, while at 31 March 2021 the scenario weighting of the base case was 48%, with the upwards revision due to the improvement in government finances in the period.

The lite down case has the same expected international environment (including global financial market risk sentiment) as the base case, but the domestic environment differs. Under this scenario government debt, and debt projections initially fail to stabilise, and South Africa drops into the single B credit ratings from all three of the key credit rating agencies for local and foreign currency sovereign debt. However, fiscal consolidation ultimately occurs, preventing South Africa's credit ratings from falling into the C grades. Expropriation of private sector property is very limited and has a modestly negative impact on the economy. Business confidence is depressed, with significant load shedding, weak investment growth, civil and political unrest and a recession. Substantial Rand weakness drives high inflation, along with unfavourable weather conditions. Little transition to renewable energy is apparent, while there is increased pressure on government finances from disaster relief due to unfavourable weather conditions driven by climate change. As at 31 March 2022, the weighting of the lite down case was 40%, while at 31 March 2021 it was 44%, with the lower probability on 31 March 2022 mainly due to the improvement in government finances in the period.

The severe down case is characterised by a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures. A depression occurs in the South African economy. Expropriation of private commercial sector property without compensation falls under this scenario, with a marked negative impact on the economy, along with widespread services load shedding, strike action and civil unrest. The state borrows from increasingly wider sources as it sinks deeper into a debt trap. South Africa is rated single B from all three key credit rating agencies, with further rating downgrades into CCC grade and the increased risk of default. Severe Rand weakness is a feature as well as very high domestic inflation, which is also affected by severely unfavourable weather conditions. There is a failure to transition to renewable energy and to implement sufficient measures to alleviate the impact of climate change on the economy. At 31 March 2022, the scenario weighting of the severe down case was 6%, increased from 5% on 31 March 2021 due to some concession to the broadening of the invasion of Ukraine towards a World War III scenario.

The up case is depicted by rising confidence and investment levels as structural constraints to sustained, robust economic growth is increasingly eroded, in an environment of strong global and domestic growth, and the global financial market is risk-on. Low domestic inflation occurs on Rand strength, along with favourable weather conditions for moderate food price inflation. A substantial transition to renewable energy, and a move away from fossil fuel usage occurs, along with comprehensive measures to alleviate the impact of climate change on the economy. There is no nationalisation or expropriation without compensation. No further credit rating downgrades occur and instead the rating outlooks become positive on strong fiscal consolidation (government debt projections fall substantially). As at 31 March 2022, the scenario weighting was 2%, the same as at 31 March 2021.

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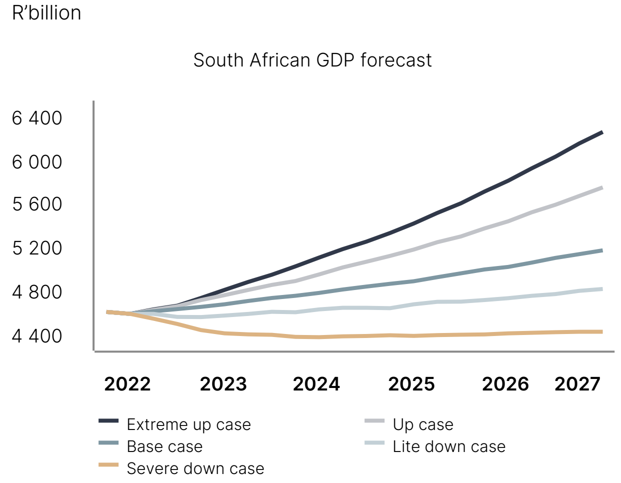
56. Risk Management (continued)

The extreme up case is an acceleration of the up case. Good governance and growth-creating reforms which overcome structural constraints rapidly occur. Business confidence is high, property rights are strong, fixed investment growth rates are very strong, while substantial FDI inflows occur, along with strong fiscal consolidation (and government debt falls back to the low ratios of the early 2000s). Domestic economic growth of 3-5%, then 5-7%, is achieved under this scenario and credit rating upgrades occur. Very subdued domestic inflation on extreme Rand strength is a feature, along with a strong transition away from fossil fuel usage, a quick transition to renewable energy and very favourable weather conditions. There is strong global growth and a commodity boom in this scenario too. This scenario retains a weighting of 1% as the exact domestic characterisations currently retain a very low probability.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 31 March 2022.



The table below shows the key factors that form part of the macro-economic scenarios and the relative applied weightings of these scenarios.

Macro-economic scenarios

	At 31 March 2022 average 2022 – 2027					At 31 March 2021 average 2021 – 2026				
Macro-economic scenarios	**Extreme up case %**	**Up case %**	**Base case %**	**Lite down case %**	**Severe down case %**	Extreme up case %	Up case %	Base case %	Lite down case %	Severe down case %
GDP growth	6.1	4.4	2.4	1.0	(0.6)	5.5	4.4	2.7	1.8	(0.5)
Repo rate	3.9	4.6	6.0	6.5	7.5	3.5	3.8	4.7	5.0	5.6
Bond yield	7.9	9.1	9.7	10.4	11.8	9.2	9.5	10.4	11.1	11.9
Residential property price growth	7.4	6.3	4.8	4.0	2.5	7.1	6.3	5.3	4.1	2.6
Commercial property prices growth	5.9	1.8	0.7	(1.4)	(2.6)	3.6	2.1	0.6	(1.0)	(2.7)
Exchange rates (South African Rand:US Dollar)	12.5	14.2	15.6	16.9	19.9	12.0	13.6	15.8	17.7	18.4
Scenario weightings	**1**	**2**	**51**	**40**	**6**	**1**	**2**	**48**	**44**	**5**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 31 March 2022.

	Financial years				
Base case %	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**
GDP growth	1.9	2.2	2.3	2.6	2.9
Repo rate	4.9	5.8	6.3	6.5	6.5
Bond yield	10.0	9.9	9.6	9.6	9.6
Residential property price growth	4.6	4.6	4.9	5.1	5.1
Commercial property price growth	(2.4)	0.1	1.2	2.0	2.6
Exchange rate (South African Rand:US Dollar)	15.1	15.4	15.7	15.9	16.0

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56. Risk Management (continued)

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 31 March 2022. Baseline represents the five-year base case average. Upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, residential and commercial property price growth (year-on-year), lowest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate. Downside scenario values represent the worst outcomes being lowest quarterly level of GDP, residential and commercial property price growth (year-on-year), highest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate.

Five-year extreme points At 31 March 2022	**Extreme up case %**	**Up case %**	**Baseline: Base case five-year average %**	**Lite down case %**	**Severe down case %**
South Africa					
GDP growth	7.8	5.8	2.4	(0.3)	(3.9)
Repo rate	3.5	4.0	6.0	7.3	9.0
Bond yield	7.2	8.9	9.7	10.7	12.1
CPI inflation	3.1	3.8	4.9	6.1	7.5
Residential property price growth	9.0	7.2	4.8	3.3	1.6
Commercial property price growth	9.8	3.6	0.7	(4.4)	(5.0)
Exchange rate (South African Rand:US Dollar)	11.0	13.4	15.6	17.6	21.5

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56. Risk Management (continued)

Market risk

Traded market risk description

Traded market risk is the risk of potential value changes in 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.

Traded market risk profile

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.

Traded market risk governance structure

Traded market risk is governed by policies that cover the management, identification, measurement and monitoring of market risk. We have an independent market risk team to identify, measure, monitor and manage market risk. This team reports into risk management where limits are approved, managed and monitored.

The market risk team has reporting lines that are separate from the trading function, thereby ensuring independent oversight.The Market Risk Forum, mandated by IBL ERC, manages market risk in accordance with approved principles, policies and risk appetite. Trading desk risk limits are reviewed by the Market Risk Forum and approved by IBL ERC in accordance with the risk appetite defined by the IBL Board. Any significant changes in risk limits would then be taken to IBL ERC for review and approval. The appropriateness of limits is continually re-assessed, with limits reviewed at least annually, or in the event of a significant market event or at the discretion of senior management.

Measurement of traded market risk

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 analyses 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 the ever-changing market environment. Stress scenarios are run daily with analysis presented to IBL Executive Risk Review Forum (ERRF) weekly and IBL BRCC when the committees meet or more often should market conditions require this.

Value at Risk

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 a historic 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 VaR model is based on a 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. 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, being the average of the losses in the tail of the VaR distribution.

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56. Risk Management (continued)

The table below contains the 95% one-day VaR figures for the trading businesses.

95% one-day VaR R'million	31 March 2022 Year end	Average	High	Low	31 March 2021 Year end	Average	High	Low
Commodities	0.2	0.7	1.5	0.2	0.4	0.2	0.7	0.0
Equities	2.6	3.3	9.7	2.1	4.7	5.3	9.8	3.3
Foreign exchange	0.3	0.8	3.8	0.1	0.3	0.8	8.4	0.1
Interest rates	5.4	4.5	9.0	2.0	1.8	3.9	7.7	1.8
Consolidated*	**5.0**	**4.9**	**9.2**	**3.1**	**5.1**	**7.2**	**12.8**	**4.4**

* The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.

Expected shortfall

The ES measure overcomes some of VaR's shortcomings. ES seeks to quantify losses encountered in the tail beyond the VaR level. The 95% one-day ES is the average loss given that the 95% one-day VaR level has been exceeded. The table below contains the 95% one-day ES figures.

95% one-day ES R'million	31 March 2022 Year end	31 March 2021 Year end
Commodities	0.4	0.9
Equities	6.5	7.4
Foreign exchange	0.4	0.5
Interest rates	8.0	4.4
Consolidated*	**8.7**	**8.7**

* The consolidated ES for each desk is lower than the sum of the individual ESs. This arises from the correlation offset between various asset classes.

Stressed VaR

Stressed VaR (sVaR) is calculated using the VaR model but is based on a one-year period through which the relevant market factors experienced stress. The information in the table below contains the 99% one-day sVaR.

R'million	31 March 2022 Year end	31 March 2021 Year end
99% one-day sVaR	**15.3**	12.2

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56. Risk Management (continued)

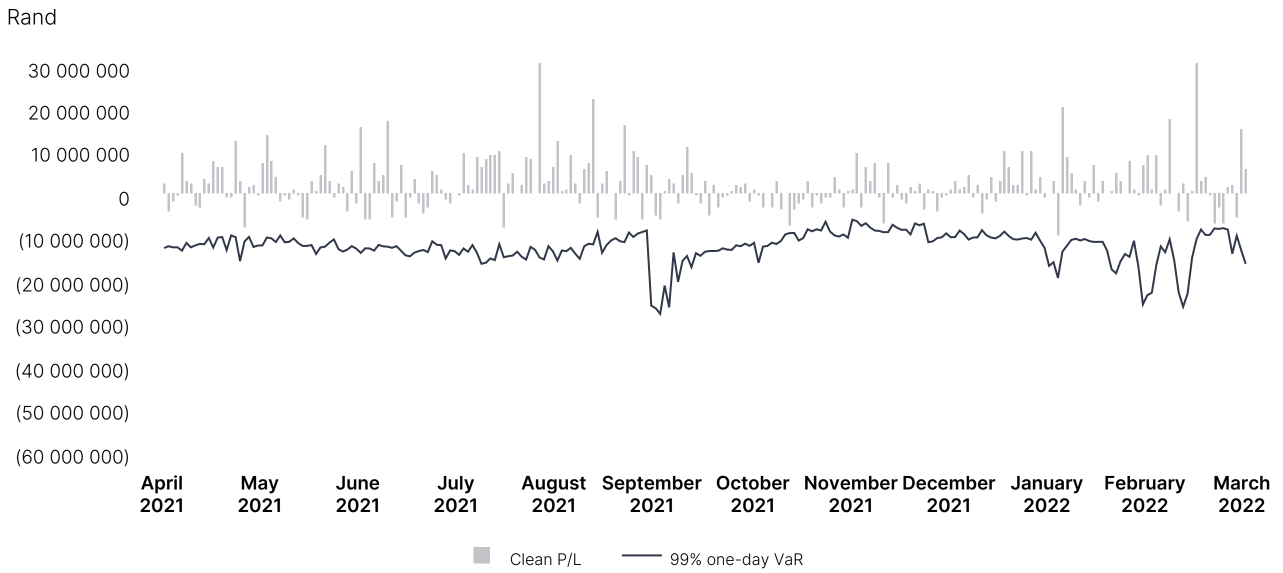
Backtesting

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 graph that follows shows the result of backtesting the total daily 99% one-day VaR against the clean profit and loss figures for our trading activities over the reporting period. Based on this graph, 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.

The average VaR for the year ended 31 March 2022 in the trading book was lower than for the year ended 31 March 2021. Using clean profit and loss data for backtesting resulted in no exceptions over the year (as shown in the graph below), which is below the expected number of two to three exceptions over a one year period that a 99% VaR model implies.

99% one-day VaR backtesting



Stress testing

The table below indicates the potential losses that could arise in the trading book portfolio per EVT at the 99% confidence level. EVT is a methodology widely used to estimate tail-event losses beyond the 95% one-day VaR. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the VaR distribution.

	31 March 2022				31 March 2021			
99% EVT R'million	**Year end**	Average	High	Low	**Year end**	Average	High	Low
Commodities	1.3	4.9	79.0	1.3	5.0	2.3	8.3	0.2
Equities	7.4	25.0	65.0	4.6	24.8	44.0	85.6	14.8
Foreign exchange	0.8	3.5	9.8	0.6	2.0	3.5	11.7	1.0
Interest rates	21.6	41.7	106.5	15.9	22.8	26.1	84.9	6.4
Consolidated#	**25.1**	**34.5**	**91.5**	**10.4**	**27.4**	**49.4**	**89.7**	**16.4**

The consolidated stress testing for each desk is lower than the sum of the individual stress test numbers. This arises from the correlation offset between various asset classes.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

Market risk – derivatives

The Bank enters into various derivatives contracts, largely on the back of customer flow. These are used for hedging foreign exchange, interest rates, commodity, equity and credit exposures and to a small extent as principal for trading purposes. Traded instruments include financial futures, options, swaps and forward rate agreements.

Information showing our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on pages 101 and 102.

The notional principal indicates our activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had we closed out the rights and obligations arising from that instrument in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

Interest rate risk – JIBAR reform

In 2020, the SARB announced that JIBAR would be phased out over time, as it does not comply with the 'Principles for Financial Benchmarks' set out by the International Organisation of Securities Commissions (IOSCO).

The SARB established a Market Practitioners Group (MPG) drawn from a diverse set of market practitioners. The MPG concluded its work on identifying a potential successor rate for JIBAR and has identified the South African Rand Overnight Index Average Rate (ZARONIA) as the most appropriate near risk-free rate that should replace JIBAR. ZARONIA forms part of a suite of interest rate benchmarks that will be administered by the SARB.

The SARB intends to commence publishing ZARONIA daily to allow market participants to observe the rate and implement measures to promote its adoption.

As it is critical that domestic financial markets are systematically transitioned to the successor rate, the MPG will now consider various aspects of the transition and to implement a programme of action that minimises any disruption to market functioning and addresses any hurdles that may ensue. The MPG will focus on specific transition issues related to the adoption of the new reference rate with workstreams around derivatives, legal and accounting and tax.

Interest rate risk – IBOR reform

During the financial year, the Group has successfully transitioned almost all of the GBP assets away from referencing IBOR to referencing alternative rates. A small number of remaining GBP loans are expected to reference Synthetic LIBOR. Furthermore, as from 1 January 2022, all new USD lending is non-LIBOR based. The project will still continue to monitor the transition of existing USD LIBOR linked products to alternative rates, ahead of USD LIBOR cessation on 30 June 2023. For other benchmark interest rates such as EURIBOR that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

Given progress to date, the Group has limited remaining risk with respect to ongoing IBOR reform.

The project was led by senior representatives from functions across the Group including the client facing teams, Treasury, legal, finance, operations, risk and technology and provided regular progress updates to the Risk forums.

IBOR reform exposes the Group to various risks, which the project is managing and monitoring closely.

These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Business risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and risk-free rates are illiquid and unobservable
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to risk-free rates.

The tables that follow summarise the exposures impacted by interest rate benchmark reform.

At 31 March 2022	GBP IBOR - no. of trades	GBP - Notional value (R'million)	USD IBOR - no. of trades	USD - Notional value (R'million)	Other IBOR - no. of trades	Other - Notional value (R'million)
Derivatives	13	1 577	492	89 370	—	—
Other debt securities	—	—	8	667	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	14	731	—	—
Loans and advances to customers	2	514	120	8 174	1	—
Of which undrawn	1	26	5	117	2	406
Customer accounts (deposits)	—	—	54	17 073	—	—
Preference shares	—	—	4	2 796	—	—

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

56. Risk Management (continued)

At 31 March 2021	GBP IBOR - no. of trades	GBP - Notional value (R'million)	Other IBOR - no. of trades	Other - Notional value (R'million)
Pre-2022 dated instruments				
Derivatives	26	8 158	109	31 291
Other debt securities	—	—	1	111
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	18	2 637
Loans and advances to banks	—	—	2	519
Loans and advances to customers	33	1 556	118	9 570
Of which undrawn	4	177	12	1 388
Customer accounts (deposits)	427	1 269	2 451	12 898
Post-2022 dated instruments				
Derivatives	45	8 030	399	64 910
Bank debt securities	—	—	17	496
Other debt securities	2	931	4	2 256
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	11	2 266
Loans and advances to customers	154	7 396	162	11 728
Of which undrawn	7	1 608	13	1 784
Customer accounts (deposits)	6	30	89	15 812

ADDITIONAL RISK INFORMATION

56. Risk Management (continued)

Investment risk

Investment risk in the banking book comprised 0.5% of total assets at 31 March 2022. We have refocused our principal investment activities on clients where we have and can build a broader relationship through other areas of activity in the Bank.

We partner with management and other co-investors by bringing capital raising expertise, working capital management, merger and acquisition and investment experience into client-driven private equity transactions as well as leveraging third party capital into the Bank's funds that are relevant to the Bank's client base. Investments are selected based on:

- The track record and credibility of management
- Attractiveness of the industry and the positioning therein
- Valuation/pricing fundamentals
- Sustainability analyses
- Exit possibilities and timing thereof
- The ability to build value by implementing an agreed strategy.

Investments in listed shares may arise on an IPO or sale of an investment to a listed company. There is limited appetite for listed investments.

In August 2021, IBL restructured its business and sold its investments in IEP and IPF to Investec Limited. The rationale for the restructure included:

- post the sale, IBL's results better reflect banking activities and thereby increase the comparability of the results of IBL with other banking institutions in South Africa
- reducing volatility from fair value adjustments.

Prior to the sale, IBL owned 21.9% of IPF and 47.4% of IEP.

Additionally, from time to time, the manner in which certain lending transactions are structured results in equity, warrants or profit shares being held, predominantly in unlisted companies. We also source development, investment and trading opportunities to create value within agreed risk parameters.

Management of investment risk

As investment risk arises from a variety of activities conducted by the Bank, the monitoring and measurement thereof varies across transactions and/or type of activity.

Nature of investment risk	Management of risk
Principal Investments	Investment committees and IBL BRCC
Listed equities	Investment committees, market risk management and IBL BRCC
Profit shares and investments arising from lending transactions	Credit risk management committees and IBL BRCC
Investment and trading properties	Investment committees and IBL BRCC

Risk appetite limits and targets are set to manage our exposure to equity and investment risk. An assessment of exposures against limits and targets are reported to IBL BRCC. As a matter of course, concentration risk is avoided and investments are spread across geographies and industries.

Valuation and sensitivity assumptions and accounting methodologies

For a description of our valuation principles and methodologies refer to pages 51 to 57 and pages 85 to 94 for factors and sensitivities taken into consideration in determining fair value

Summary of investments held

The balance sheet value of investments is indicated in the table below.

R'million	On-balance sheet value of investments 31 March 2022	On-balance sheet value of investments 31 March 2021
Unlisted investments*	2 786	2 779
Listed equities	79	2 144
Investment and trading properties	98	146
The IEP Group	—	5 117
Total	**2 963**	**10 186**

* Includes the fair value loans investments of R559 million (31 March 2021: R877 million).

Capital requirements

Refer to the Pillar III annual disclosure report on our website.

An analysis of the investment portfolio by industry (excluding investment and trading properties)

31 March 2022

R2 865 million

Electricity, gas and water (utility services)	24.1%
Communication	17.3%
Business Services	13.4%
Mining and resources	11.1%
Real Estate	8.6%
Agriculture	8.5%
Other	6.1%
Manufacturing and Commerce	5.8%
Finance and Insurance	5.1%

ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Balance sheet risk management

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

Liquidity risk

Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Liquidity risk is further broken down into:

- **Funding liquidity risk:** this relates to the risk that the Group will be unable to meet current and/or future cash flows or collateral requirements in the normal course of business, without adversely affecting its solvency, financial position or its reputation
- **Market liquidity risk:** this relates to the risk that the Group may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

Management and measurement of liquidity risk

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding. As such, the Bank considers ongoing access to appropriate liquidity for all its operations to be of paramount importance, and our core liquidity philosophy is reflected in day-to-day practices which encompass the following robust and comprehensive set of policies and procedures for assessing, measuring and controlling liquidity risk:

- Our liquidity management processes encompass requirements set out within Basel Committee on Banking Supervision (BCBS) guidelines and by the regulatory authorities in each jurisdiction, namely the South African PA and Bank of Mauritius (BOM)
- The risk appetite is clearly defined by the Board and each geographic entity must have its own Board-approved policies with respect to liquidity risk management
- We maintain a liquidity buffer in the form of unencumbered cash, government or rated securities (typically eligible for repurchase with the central bank), and near cash well in excess of the regulatory requirements as protection against unexpected disruptions in cash flows
- Funding is diversified with respect to currency, term, product, client type and counterparty to ensure a varied overall funding mix
- We monitor and evaluate each banking entity's maturity ladder and funding gap (cash flow maturity mismatch) on a 'liquidation', 'going concern' and 'stress' basis
- The balance sheet risk management team independently monitors key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential market disruptions
- The maintenance of sustainable prudent liquidity resources takes precedence over profitability
- The Bank maintains contingency funding plans designed to protect depositors, creditors and shareholders and maintain market confidence during adverse liquidity conditions.

We measure liquidity risk by quantifying and calculating various liquidity risk metrics and ratios to assess potential risks to the liquidity position. These include:

- An internal 'survival horizon' metric which models the number of days it takes before the Bank's cash position is depleted under an internally defined worst-case liquidity stress
- Regulatory metrics for liquidity measurement:
  - Liquidity Coverage Ratio (LCR)
  - Net Stable Funding Ratio (NSFR)
- Modelling a 'business as usual' environment where we apply rollover and reinvestment assumptions under benign market conditions
- An array of liquidity stress tests, based on a range of scenarios and using historical analysis, documented experience and prudent judgement to model the impact on the Bank's balance sheet
- Contractual run-off based actual cash flows with no modelling adjustments
- Additional internally defined funding and balance sheet ratios
- Any other local regulatory requirements.

This suite of metrics ensures the smooth management of the day-to-day liquidity position within conservative parameters and further validates that we are able to generate sufficient liquidity to withstand a range of liquidity stresses or market disruptions.

The parameters used in stress scenarios are reviewed at least annually, taking into account changes in the business environments and input from business units. The objective is to analyse the possible impact of an economic event on the Bank's balance sheet, so as to maintain sufficient liquidity and to continue to operate for a minimum period as detailed in the Board-approved risk appetite.

We further carry out reverse stress tests to identify business model vulnerabilities which tests 'tail risks' that can be missed in normal stress tests. The Bank has calculated the severity of stress required to breach the liquidity requirements. This scenario is considered highly unlikely given the Bank's strong liquidity position, as it requires an extreme withdrawal of deposits combined with the inability to take any management actions to breach liquidity minima that threatens the Group's liquidity position.

The Bank operates an industry-recognised third party risk modelling system in addition to custom-built management information systems designed to measure and monitor liquidity risk on both a current and forward-looking basis.

ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Funding strategy

We maintain a funding structure of stable customer deposits and long-term wholesale funding well in excess of funded assets. We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency. As a result, we are able to generate funding from a broad range of sources in each geographic location, which ensures a varied overall funding mix to support loan growth.

We acknowledge the importance of our retail deposit client base as the principal source of stable and well diversified funding. We continue to develop products to attract and service the investment needs of our client base in line with our risk appetite.

The Bank actively participates in global financial markets and our relationship is continuously enhanced through regular investor presentations internationally. Entities are only allowed to have funding exposure to wholesale markets where they can demonstrate that the market is sufficiently deep and liquid, and then only relative to the size and complexity of their business as part of a diversified funding mix.

The Bank's ability to access funding at cost-effective levels is influenced by maintaining or improving the entity's credit rating. A reduction in these ratings could have an adverse effect on the Group's funding costs, and access to wholesale term funding. Credit ratings are dependent on multiple factors, including operating environment, business model, strategy, capital adequacy levels, quality of earnings, risk appetite and exposure and control framework.

Liquidity buffer

To protect against potential shocks, we hold a liquidity buffer in the form of cash, unencumbered high quality liquid assets (typically in the form of government or rated securities eligible for repurchase with the central bank), and near cash, well in excess of the regulatory requirements as protection against disruptions in cash flows. These portfolios are managed within Board-approved targets, and as well as providing a buffer under going concern conditions, also form an integral part of the broader liquidity generation strategy.The Bank remains a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short-term interbank borrowings. We do not rely on overnight interbank deposits to fund term lending.

Contingency planning

The Bank maintains contingency funding plans which detail the course of actions that can be taken in the event of a liquidity stress. The plans help to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse bank-specific events, while minimising detrimental long-term implications for the business. The plans include:

- Details on the required daily monitoring of the liquidity position
- Description of the early warning indicators to be monitored, and process of escalation if required
- Liquidity stress scenarios to be modelled for Contingency Funding Plan (CFP) purposes (over and above daily stress testing scenarios)
- Funding and management actions available for use in a stress situation
- Roles and responsibilities
- Details of specific escalation bodies and key contacts
- Internal and external communication plans.

The plans have been tested within our core jurisdictions via externally facilitated liquidity crisis simulation exercises which assess the Group's sustainability and ability to adequately contain a liquidity stress.

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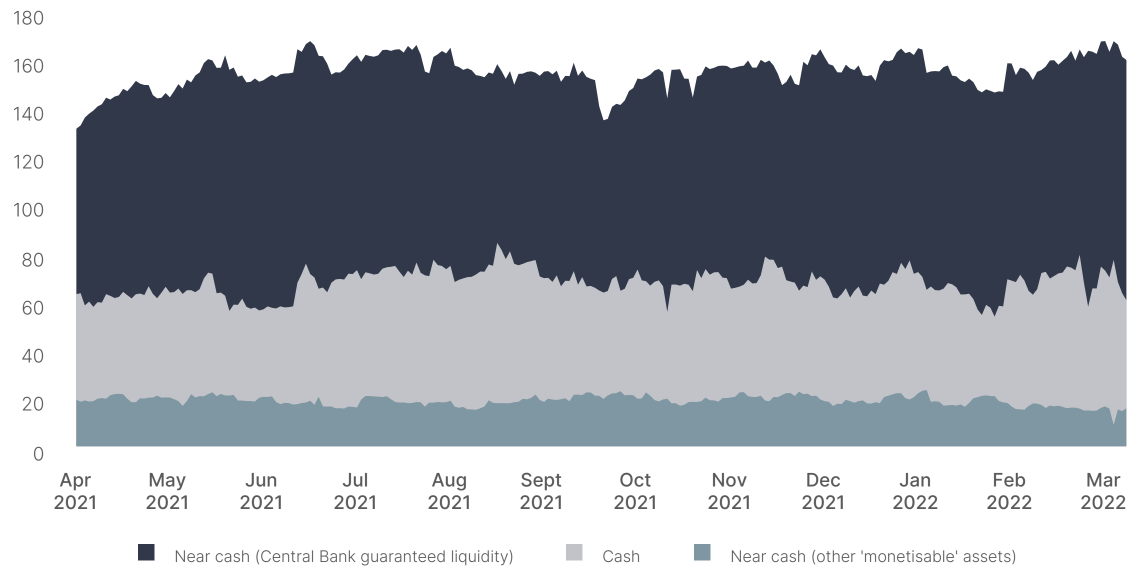
ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Cash and near cash trend

R'billion



An analysis of cash and near cash at 31 March 2022

R159.5 billion

Near cash (Central Bank guaranteed liquidity)	62.2%
Cash	28.4%
Near cash (other 'monetisable' assets)	9.4%

Bank and non-bank depositor concentration by type at 31 March 2022

R438.8 billion

Non-bank financials	47.3%
Individuals	20.6%
Non-financial corporates	18.0%
Public sector	5.9%
Small business	3.9%
Banks	4.3%

ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Liquidity mismatch

The tables that follow show the liquidity mismatch across our business.

The table will not agree directly to the balances disclosed in the balance sheet due to the inclusion of loans to Group companies in the other asset line.

With respect to the contractual liquidity table below, we record all assets and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity gap, we adjust the contractual profile of certain assets and liabilities:

- Liquidity buffer: the actual contractual profile of the assets in the liquidity buffer is of little consequence, as practically the Bank would meet any unexpected net cash outflows by repo'ing or selling these highly liquid securities. Consequently, for the liquidity buffer:
  - The time horizon to monetise our regulatory liquid assets which are guaranteed by the central bank has been adjusted to 'on demand'
  - The time horizon for the cash and near cash portfolio of discretionary treasury assets has been set to one month where there are deep secondary markets for this elective asset class
- Customer deposits: the contractual repayments of many deposits are on demand, or at notice, but in reality withdrawals vary significantly from this. Historical observations of the products are used to model the behavioural lives, and this analysis has identified significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

Contractual liquidity at 31 March 2022

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	**Total**
Cash and short-term funds – banks	28 925	927	412	—	—	—	—	30 264
Cash and short-term funds – non-banks	10 516	301	204	59	—	1 291	805	13 176
Investment/trading assets and statutory liquids	80 925	54 466	8 390	6 278	6 219	15 091	8 673	180 042
Securitised assets	595	78	158	233	455	2 726	3 575	7 820
Advances	4 253	6 851	8 586	11 215	21 523	122 319	114 128	288 875
Other assets	10 064	8 137	234	454	471	3 412	9 861	32 633
Assets	**135 278**	**70 760**	**17 984**	**18 239**	**28 668**	**144 839**	**137 042**	**552 810**
Deposits – banks	(163)	(1 606)	(183)	(89)	—	(16 680)	—	(18 721)
Deposits – non-banks	(193 505)	(19 781)	(67 073)	(39 447)	(42 133)	(53 932)	(4 201)	(420 072)
Negotiable paper	—	(218)	(822)	(287)	(228)	(304)	(986)	(2 845)
Securitised liabilities	—	—	—	—	—	(1 747)	(2 838)	(4 585)
Investment/trading liabilities	(5 833)	(30)	(3 877)	(2 346)	(6 146)	(24 403)	(316)	(42 951)
Subordinated liabilities	—	(1 468)	(2 874)	—	(625)	(4 166)	—	(9 133)
Other liabilities	(267)	(12)	(1 334)	(332)	(81)	(426)	(5 211)	(7 663)
Liabilities	**(199 768)**	**(23 115)**	**(76 163)**	**(42 501)**	**(49 213)**	**(101 658)**	**(13 552)**	**(505 970)**
Total equity	—	—	—	—	—	—	(46 840)	(46 840)
Contractual liquidity gap	**(64 490)**	**47 645**	**(58 179)**	**(24 262)**	**(20 545)**	**43 181**	**76 650**	**—**
Cumulative liquidity gap	(64 490)	(16 845)	(75 024)	(99 286)	(119 831)	(76 650)	—	

Behavioural liquidity as at 31 March 2022

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	**Total**
Behavioural liquidity gap	**89 724**	**5 863**	**(2 016)**	**(2 353)**	**(1 597)**	**(182 121)**	**92 500**	**—**
Cumulative	89 724	95 587	93 571	91 218	89 621	(92 500)	—	

ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity.

Sources of interest rate risk in the banking book include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the Bank to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Embedded option risk:** arises from optional elements embedded in items where the Bank or its customers can alter the level and timing of their cash flows
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest earnings and the economic value of equity.

Measurement and management of non-trading interest rate risk

Non-trading interest rate risk is an inherent consequence of conducting banking activities, and arises from the provision of non-trading banking products and services. The Bank considers the management of banking margin of vital importance, and our non-trading interest rate risk philosophy is reflected in our day-to-day practices.

The aim of non-trading interest rate risk management is to protect and enhance net interest income and economic value of equity in accordance with the Board-approved risk appetite and to ensure a high degree of stability of the net interest margin over an interest rate cycle. Non-trading interest rate risk is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and net present value (NPV) sensitivity to changes in interest rate risk factors:

- Income metrics capture the change in accruals expected over a specified time horizon in response to a change in interest rates
- Economic value metrics capture all future cash flows in order to calculate the Group's net worth and therefore can highlight risks beyond the short-term earnings time horizon.

These metrics are used to assess and to communicate to senior management the financial impact of possible future interest rate scenarios, covering:

- Interest rate expectations and perceived risks to the central view
- Standard shocks to levels and shapes of interest rates and yield curves
- Historically-based yield curve changes.

The repricing gap provides a simple representation of the balance sheet, with the sensitivity of fair values and earnings to changes to interest rates calculated off the repricing gap. This also allows for the detection of interest rate risk concentration in specific repricing buckets. Net interest income sensitivity measures the change in accruals expected over the specified horizon in response to a shift in the yield curve, while economic value sensitivity and stress testing to macro-economic movement or changes to the yield curve measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities. Economic value measures have the advantage that all future cash flows are considered and therefore assess the risk beyond the earnings horizon.

Each banking entity has its own Board-approved non-trading interest rate risk appetite, which is clearly defined in relation to both income risk and economic value risk. The Bank has limited appetite for non-trading interest rate risk.

Operationally, daily management of interest rate risk is centralised within the Treasury of each banking entity and is subject to local independent risk and ALCO review. Treasury mitigates any residual undesirable risk where possible, by changing the duration of the banking book's discretionary liquid asset portfolio, or through derivative transactions. The Treasury mandate allows for a tactical response to market volatility which may arise during changing interest rate cycles, in order to hedge residual exposures. Any resultant interest rate position is managed under the market risk limits. Balance sheet risk management independently monitors a broad range of interest rate risk metrics to changes in interest rate risk factors, detailing the sources of interest rate exposure.

Automatic optionality arising from variable rate products with an embedded minimum lending rate serves as an income protection mechanism for the Group against falling interest rates, while behavioural optionality risk from customers of fixed rate products is mitigated by early repayment charges.

Internal capital is allocated for non-trading interest rate risk.

The Bank complies with the BCBS108 framework which is currently in force for assessing banking book (non-trading) interest rate risk, and is in the process of enhancing its existing framework to adhere to the new BCBS d368 principles which are expected to come into effect in 2022 or 2023.

ADDITIONAL RISK INFORMATION
CONTINUED

56. Risk Management (continued)

Interest rate sensitivity gap at 31 March 2022

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

R'million	Not > three months	> Three months but < six months	> Six months < but one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds – banks	16 945	863	351	—	—	10 642	28 801
Cash and short-term funds – non-banks	13 095	58	—	—	—	23	13 176
Investment/trading assets and statutory liquids	75 824	19 085	9 611	26 430	17 540	2 603	151 093
Securitised assets	7 820	—	—	—	—	—	7 820
Advances	263 839	6 208	1 365	15 551	655	1 253	288 871
Other assets	17 194	(790)	(2 849)	815	(492)	7 628	21 506
Assets	**394 717**	**25 424**	**8 478**	**42 796**	**17 703**	**22 149**	**511 267**
Deposits – banks	(18 223)	(89)	(7)	—	—	(22)	(18 341)
Deposits – non-banks	(337 679)	(20 557)	(26 572)	(14 846)	(1 647)	(18 771)	(420 072)
Negotiable paper	(2 403)	(85)	(228)	(9)	—	(120)	(2 845)
Securitised liabilities	(4 585)	—	—	—	—	—	(4 585)
Investment/trading liabilities	(23)	—	(10)	(1 118)	—	—	(1 151)
Subordinated liabilities	(8 104)	—	—	(1 023)	—	(6)	(9 133)
Other liabilities	—	—	—	—	—	(7 082)	(7 082)
Liabilities	**(371 017)**	**(20 731)**	**(26 817)**	**(16 996)**	**(1 647)**	**(26 001)**	**(463 209)**
Total equity	—	—	—	—	—	(46 840)	(46 840)
Balance sheet	**23 700**	**4 693**	**(18 339)**	**25 800**	**16 056**	**(50 692)**	**1 218**
Off-balance sheet	22 220	(306)	16 700	(24 208)	(15 624)	—	(1 218)
Repricing gap	**45 920**	**4 387**	**(1 639)**	**1 592**	**432**	**(50 692)**	**—**
Cumulative repricing gap	45 920	50 307	48 668	50 260	50 692	—	

Economic value sensitivity at 31 March 2022

For the reasons outlined above, our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

	Sensitivity to the following interest rates (expressed in original currencies)						
million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	All (ZAR)
200bps down	243.6	0.8	(2.6)	0.2	—	0.7	223.9
200bps up	(252.7)	(0.7)	4.1	(0.8)	—	(8.1)	(227.1)

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GLOSSARY

The following abbreviations have been used throughout this report:

AGM	Annual general meeting
ADR	Forum Arrears, Recovery and Default Forum
AIRB	Advanced Internal Ratings-Based
AML	Anti-money laundering
AUM	Assets under management
BASA	Banking Association of South Africa
BCBS	Basel Committee of Banking Supervision
BRCC	Board Risk and Capital Committee
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CAM	Combined Assurance Matrix
CCB	Capital conservation buffer
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CDS	Credit default swap
CEM	Current exposure method
CE	Chief Executive
CET1	Common equity tier 1
CFO	Chief Financial Officer
CFT	Combating the financing of terrorism
CLR	Credit Loss Ratio
COO	Chief Operating Officer
COVID	Corona Virus Disease
CRO	Chief Risk Officer
CVA	Credit valuation adjustment
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC SEC	DLC Social and Ethics Committee
D-SIB	Domestic systemically important bank
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECL	Expected credit loss
EIR	Effective interest rate
EP	Equator Principles
EQAR	Engagement Quality Assurance Review
ESG	Environmental, social and governance
FIRB	Foundation Internal Ratings-Based
FRC	Financial Regulatory Council
FSLAB	Financial Sector Laws Amendment Bill
FSR Act	Financial Sector Regulation Act No, 9 of 2017
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GISD	UN Global Investment for Sustainable Development
GERC	Group Executive Risk Committee
HLA	Higher loss-absorbency
HNW	High net worth
IAM	Investec Asset Management
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBL Review ERRF	IBL Review Executive Risk Review Forum
IBM	Investec Bank Mauritius
ICAAP	Internal Capital Adequacy Assessment Process
ICR	Individual capital requirement
IEP	IEP Group
IFB	Investec for Business
IFC	International Finance Corporation
IFRIC	International Financial Reporting Committee
IFRS	International Financial Reporting Standard
IP	Investec Property
IPF	Investec Property Fund
IRB	Internal Ratings-Based
IRBA	International Regulatory Board for Auditors
IRRBB	Interest Rate Risk in the Banking Book
IW&I	Investec Wealth & Investment
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
LHS	Left hand side
LSE	London Stock Exchange
MAFR	Mandatory Audit Firm Rotation
NSFR	Net stable funding ratio
NAV	Net asset value
NACQ	Nominal annual compounded quarterly in arrears
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
PCCC	Prudential Conduct and Controls Committee
PRA	Prudential Regulation Authority
RHS	Right hand side
ROU	Right of use asset
RWA	Risk-weighted asset
SA-CCR	Standardised Approach to Counterparty Credit Risk
SDGs	Sustainable Development Goals
SIFI	Systemically important financial institution
SOE	State-owned Enterprise
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SPPI	Solely payments of principal and interest
SREP	Supervisory Review and Evaluation Process
TAS	Targeted Attack Simulation
TCFD	Task Force on Climate-related Financial Disclosures
VaR	Value at Risk
WACC	Weighted average cost of capital

CORPORATE INFORMATION

Corporate information

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Directorate
Executive directors
Richard Wainwright (Chief Executive)
Marlé van der Walt (Finance Director)*
Fani Titi (Executive Director)
Rupesh Govan (Finance Director)**
Non-executive directors
Khumo Shuenyane (Chair)
Zarina Bassa
David Friedland
Philip Hourquebie
Morris Mthombeni
Geoffrey Qhena
Vanessa Olver

* Marlé resigned as Finance Director with effect from 31 July 2022

** Rupesh was appointed as Finance Director with effect from 1 August 2022

For queries regarding information in this document

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