Investec

OUT OF THE ORDINARY

Creating enduring worth

Investec annual report 2023

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 2023 sustainability report which is published and available on our website:
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.

For queries regarding information in this document:

Investor relations
Tel: (27) 11 286 7070
(44) 20 7597 5546
Email: investorrelations@investec.com

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

CONTENTS

Overview of the activities of Investec Bank Limited

IN THIS SECTION

OUR BUSINESS AT A GLANCE

One Investec

Our purpose

Our purpose is to create enduring worth.

Our mission

Investec is a distinctive bank and wealth manager, driven by commitment to our purpose, values, core philosophies and culture. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and the planet.

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-touch and high-tech approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values purposeful thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team, our people are empowered and committed to our values and culture.

Our strategic direction

The One Investec strategy is, first and foremost, a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each client, regardless of specialisation or geography.

One Investec is also about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire Group, not just within specific operating units or geographies.

And in our allocation of capital, the One Investec strategy demands a disciplined approach to optimising returns, not merely for one region or business area but for the Group as a whole.

Our values*

Deep client partnerships, built on trust and out-of-the-ordinary service, are the bedrock of our business

We are dedicated to building meaningful relationships with all our stakeholders

We uphold cast-iron integrity in all we do

We are committed to living in society, not off it

We embrace our responsibility to the environment

We thrive on change and challenge convention with courage, constantly adapting to an ever-changing world

We believe in open and honest dialogue to test decisions, seek consensus and accept responsibility

We trust our people to exercise their judgement, promoting entrepreneurial flair and freedom to operate within the context of prudent risk parameters and unwavering adherence to our values

We embrace diversity in a deeply caring organisation in which everyone can bring their whole selves.

* We have recently realigned our values through extensive consultation and dialogue, across the organisation, with all business areas and geographies, ensuring that they reflect our steadfast beliefs and our aspirations. The processes has been bottom up and top down and then aggregated the wisdom of the organisation to reflect the depth of our thinking and the way we conduct ourselves

01 Overview of the activities of Investec Bank Limited

Investec Bank Limited
Group and Company annual financial statements 2023

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 – ten years in a row (2013 to 2022) and 'Best performing bank in South Africa' by The Banker (Top 1000 World Banks 2022) and the 'Bank of the Year' at the inaugural News24 Business Awards (2023)
- 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

Corporate Governance

02

02 | Corporate governance
Investec Bank Limited
Group and Company annual financial statements 2023

IN THIS SECTION

GOVERNANCE FRAMEWORK

Who we are

Biographies of our directors as at 31 March 2023 are outlined on the following pages, including their relevant skills and experience, key external appointments and any appointments to Board committees.

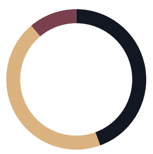
Committee membership key

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	7
Female	2

Age



Age	Count	Percentage
44 – 53	4	45.0%
54 – 63	4	45.0%
64 – 73	1	10.0%

Race

Race	Count	Percentage
African	4	45.0%
White	3	33.0%
Indian	2	22.0%

Khumo Shuenyane

Chair

B D N R S

Age
52

Nationality
South African

Qualifications
BEcon, CA (England and Wales)

Date of appointment
8 August 2014

Independent
Yes

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 2018, he was appointed Chair of Investec Bank Limited. 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

Zarina Bassa

Independent Non-Executive Director

A B C D N R

Age
59

Nationality
South African

Qualifications
BAcc, DipAcc, CA (SA)

Date of appointment
1 November 2014

Independent
Yes

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, Woolworths Holdings Limited and Chair of YeboYethu Limited. This background affords significant audit and risk, financial, leadership, banking and regulatory reporting experience.

External appointments
JSE Limited and Youth Employment Services

GOVERNANCE FRAMEWORK
CONTINUED

Philip A Hourquebie

Independent Non-Executive Director

A B C D N R

Age
69

Nationality
British

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

Date of appointment
12 December 2018

Independent
Yes

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

Age
49

Nationality
South African

Qualifications
BJuris, BProc, LLB, MBA, PhD

Date of appointment
2 March 2020

Independent
Yes

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 he 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 D N

Age
49

Nationality
South African

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

Date of appointment
20 May 2021

Independent
Yes

Relevant skills and experience
Vanessa is a chartered accountant, who has substantial strategic, risk, finance, governance, and technology related experience, having spent seven years abroad at Deloitte and Aviva plc and previously holding a number of senior executive roles, including Chief Enablement Officer (Rest of Africa) at Absa Group, Deputy Chief Executive Officer at Business Connexion Group and Finance Director for Stanbic Bank. She has also established Quantum Change, an advisory and recruitment firm which focuses on enabling strategic change within organisations.

External appointments
None

GOVERNANCE FRAMEWORK
CONTINUED

Mvuleni G Qhena

Independent Non-Executive Director

A B R

Age
57

Nationality
South African

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

Date of appointment
2 March 2020

Independent
Yes

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. Mvuleni completed his articles with KPMG, lectured at the University of Johannesburg and served as senior manager of restructuring for Transnet Group. He also served as the interim Chair of South African Airways (SAA). This industry experience demonstrates his wealth of strategic, risk and financial advisory skills.

External appointments
Chair of Exxaro Resources Limited and Telkom SA SOC Limited

Richard Wainwright

Chief Executive

B

Age
60

Nationality
South African

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

Date of appointment
1 February 2016

Independent
No

Relevant skills and experience
Richard has been with Investec in various capacities since 1995, and the CEO of Investec Bank Limited since 2016, responsible for Investec's operations in South Africa. Richard started the financial products and project finance divisions in 1996. He was appointed as head of the Group's corporate and institutional banking division in 2005. He brings investment banking, tax, risk and industry expertise to the Board.

External appointments
Banking Association of South Africa (BASA)

Fani Titi

Executive Director

B D S

Age
60

Nationality
South African

Qualifications
BSc Hons (cum laude), MA, MBA

Date of appointment
3 July 2002

Independent
No

Relevant skills and experience
Fani was appointed joint CEO of Investec Group on 1 April 2019, and sole Group Chief Executive on 16 March 2020. Prior to that Fani chaired the Investec Group Board since 8 August 2014, and was a member of the Group Board from 30 January 2004. Before joining Investec, Fani was a private equity professional with the private equity groups, Tiso and Kagiso Trust Investments. Fani brings banking and commercial expertise to the board.

External appointments
None

GOVERNANCE FRAMEWORK
CONTINUED

Rupesh Govan

Finance Director

B

Age
48

Nationality
South African

Qualifications
BAcc, BAcc Hons, CA (SA), Dip in Advanced Banking (cum laude)

Date of appointment
1 August 2022

Independent
No

Relevant skills and experience
Rupesh has extensive experience within the financial services sector. He has spent a total of 15 years with 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 also spent four years working at Peregrine Financial Services performing various roles in Finance and Risk Management. Rupesh is a Chartered Accountant with over 22 years experience and has attended various International development leadership programs, with emersion in China, Nigeria, London, Brazil and Dubai.

External appointments
None

GOVERNANCE FRAMEWORK
CONTINUED

Meeting attendance

The Board of Investec Bank Limited met six 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 (six 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		6	6
Fani Titi (Group Chief Executive)	No	3 Jul 2002		6	6
Marlé van der Walt (Finance Director)*	No	8 Apr 2021	31 Jul 2022	2	2
Rupesh Govan (Finance Director)**	No	1 Aug 2022		4	4
Non-Executive Director					
Khumo L Shuenyane (Chair)	Yes	8 Aug 2014		6	6
Zarina BM Bassa	Yes	1 Nov 2014		6	6
David Friedland***	Yes	1 Mar 2013	4 Aug 2022	2	2
Philip A Hourquebie	Yes	12 Dec 2018		6	6
Morris Mthombeni	Yes	2 Mar 2020		6	6
Vanessa Olver	Yes	20 May 2021		6	6
Mvuleni G Qhena	Yes	2 Mar 2020		6	6

* M van der Walt resigned as Finance Director effective 31 July 2022
** R Govan was appointed as Finance Director effective 1 August 2022
*** D Friedland retired as Director of Investec Bank Limited effective 4 August 2022.

Other regular attendees

- IBL Chief Risk Officer
- DLC Chief Risk Officer
- DLC Chief Operating Officer
- Heads of key business units
- DLC Head of People & Organisation

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 Johannesburg Stock Exchange (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 2022 to 31 March 2023 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 United Kingdom 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 United Kingdom 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 133 of Investec Group's 2023 integrated annual and strategic report.

CHAIR'S INTRODUCTION

"The organisation remains committed to the creation of financial, social and environmental value in a sustained manner and in achieving its sustainability goals."

Khumo Shuenyane
Chair

I am pleased to present the annual corporate governance report for the year ended 31 March 2023, 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

Investec Bank Limited had a strong performance during the past financial year, with the Bank's financial and operational performance returning to pre-COVID levels, despite the difficult environment within which we operated.

South Africa and the Bank were challenged by numerous factors including a shrinking economy, inflationary pressure, the consequential impact of the COVID-19 pandemic, policy uncertainty in South Africa, market volatility following the collapse of Silicon Valley Bank and the Credit Suisse takeover by UBS, an energy and water crisis, floods across the country as a result of the La Niña weather phenomenon, socio-political and geopolitical conflict (including labour and political unrest across the country, unstable or collapsing coalition government structures across major municipalities in South Africa and the Russia-Ukraine war) as well as the greylisting of the country by the Financial Action Task Force.

Notwithstanding the above challenges, the Bank demonstrated sustained resilience by maintaining a robust balance sheet throughout the year. By staying true to its innovative and agile nature, the Bank was able to adapt and prosper in a fast-changing world. This approach was well suited for our various stakeholder relationships and supported by a disciplined approach to capital allocation and risk management.

Building on the success of simplifying, focusing, and growing the organisation, the Bank is well placed to pursue disciplined growth in the long-term pursuit of our purpose of creating enduring worth by living in, and not off society. This growth will be pursued through our deep specialisations, with more emphasis being placed on service and support that can be provided to clients by adopting an integrated approach to bringing the best of the organisation to every relationship and interaction. This involves further pursuing cross-business integration strategies and improving internal operating efficiencies

Reaffirming Investec's aim to create life-long partnerships, action has been taken to support employees, community partners and projects as well as clients through the ongoing cost of living, energy as well as water crises.

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 to take up a role at Investec Bank plc.

Vanessa Olver, an independent Non-Executive Director of Investec Bank Limited, took up the role of an independent Non-Executive Director of Investec Limited and Investec plc on 18 May 2022. Vanessa serves as a member of the DLC Audit Committee and was appointed Chair of the IBL and DLC Board Risk and Capital Committees in August 2022.

As noted in last year's report, David Friedland retired from the Board at the 2022 annual general meeting after serving more than nine years as an independent Non-Executive Director. I wish to express my gratitude to David Friedland for his exemplary service, commitment and contribution to the organisation and wish him well in his future endeavours.

Board succession

We have continued to pay attention to Board and management succession from both a short and long-term succession perspective.

CHAIR'S INTRODUCTION
CONTINUED

I will be reaching my nine-year anniversary as an independent Non-Executive Director of Investec Bank Limited and the Investec Group at the annual general meeting in August 2023. Accordingly, I will be stepping down as a director and Chair of IBL at the AGM. Following my retirement as Chair, the Board has resolved to appoint Philip Hourquebie, an existing member of the IBL Board, as IBL Chair. Philip's appointment will be in addition to his current role as Group Chair. Although Philip lives in the United Kingdom, he has spent the vast majority of his executive career in South Africa, continues to have strong personal and business relationships in South Africa and visits South Africa regularly. The Board is confident that he is well placed to lead the Board of IBL and will enhance the strong working relationship between IBL and the Group. The PA has indicated that it has no objection to the Board's decision to appoint Philip as IBL Chair.

Furthermore and in line with the Board approved Non-Executive Director succession plan, the Board also confirms that Zarina Bassa will step down from the Board at the annual general meeting which is scheduled to be held on 8 August 2024, having reached nine years of service to the Investec Group in November 2023. Zarina's successor and an additional Audit Committee member will be confirmed at the conclusion of IBL's ongoing selection process.

The Board will ensure that Investec Bank Limited continues to have an appropriate balance of Executive and Non-Executive Directors, diverse directorate and an appropriate combination of directors who will serve only on the Bank's Board and directors who also serve on the Investec Group Board.

Diversity

In collaboration with the Constitution Hill Trust, the organisation has embarked on a journey to highlight and reiterate the importance of the South African Constitution, human rights and democracy through various initiatives including shared experiences at the Constitution Hill precinct, dialogues and awareness campaigns across the organisation.

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 and leadership team.

Further details relating to the Board's diversity can be found on page 8 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 internally, in the form of a self-assessment questionnaire, which was followed by one-on-one meetings between myself and each of the directors.

Key themes from the review included strategy, Board oversight, shareholder relations and governance structures at both a DLC level and a subsidiary level.

The review indicated that the Board and the individual directors were performing effectively and provided a good perspective on matters concerning IBL. Additionally, the Board engaged well with IBL's sole shareholder and its regulators.

The constructive and healthy interaction between Non-Executive Directors and Executive Directors underpinned the strength of the Board as a collective and was indicative of the strong governance frameworks and clear delegations of authority that had been implemented.

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

- Enhanced understanding of the broader strategy of the Investec Group
- Greater focus on female representation on the Board
- Broader insight into the performance reviews and remuneration of IBL's executive management.

The outcomes and action plans emanating from the 2022/2023 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 2023/24 includes:

- Continued input on strategic developments at a Group level to ensure alignment between IBL and the Investec Group
- Enhanced discussions to be held directly by the Board on certain sustainability related issues – not only at SEC
- More detailed discussions regarding the performance of IBL's executives
- Maintain focus on succession and diversity at a Board and executive management level.

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 issues.

Corporate governance

In the past 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 IVTM 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

We have renewed our commitment to our entrepreneurial spirit and our dedication to supporting clients in an unwavering way post the COVID-19 pandemic. Our strong culture has provided us with an incredible platform for success and we intend to continue to perpetuate this culture across the organisation.

CHAIR'S INTRODUCTION
CONTINUED

We recognise the physical office environment as a 'relational glue' and a conduit for learning, something that was largely lost in the digital 'work from home' experience during, and post, the pandemic. Being together physically enables relationships and interactions that underwrite the 'Out of the Ordinary' experience, a core cultural phenomenon that is fundamental to Investec. It is with this in mind that IBL has maintained its stance on being an 'office-centric' organisation with flexibility.

Notable awards during the year

The organisation was recognised as "The Best Private Bank and Wealth Manager in South Africa"© for the tenth consecutive year by the Financial Times of London. The award comes after similar accolades in recent times, which recognise Investec's unique offering of private banking and wealth management services under one roof. These awards include Best Private Bank and Wealth Manager at the 2022 Euromoney Private Bank and Wealth Management Survey, also for the 10th year in a row, and winner of the Financial Times Wealth Tech award. In addition, Investec has been voted as the 'Bank of the Year' at the inaugural News24 Business Awards (2023).

The year ahead

During the upcoming year, we are looking to build on the gains of the prior year which flowed from our connectivity and linkages to the Investec Group. We will be seeking out new growth opportunities, improve time to market, speed of execution and support to clients. As part of our growth strategy, we will be looking to explore external partnerships in order to enhance offerings, drive scale and access new markets.

IBL is well positioned to use the advantage gained from the investment in our digital and technology platforms to drive growth. The Bank will continue investing strategically in its digital and technological capability.

Board and senior management succession planning 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.

For further details please refer to the Group's sustainability and ESG supplementary report available on our website https://www.investec.com/en_za/

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. Furthermore, I would like to thank all our stakeholders for their unwavering support throughout my tenure as Chair of IBL. It has truly been an honour and a privilege to have served on the Board of IBL over the last nine years, and to have led the Board over the last five.

Khumo Shuenyane
22 June 2023

BOARD COMMITTEES

Board committees

Investec Bank Limited (IBL) has a duly constituted IBL Audit Committee, IBL Board Risk and Capital Committee as well as an IBL Remuneration Committee. The mandate of these committees is in accordance with the relevant legislative, regulatory and governance requirements including, inter alia, the Companies Act No. 71 of 2008 (Companies Act), Banks Act No. 94 of 1990 (Banks Act), JSE Listings Requirements and King IV™ Code.

The reports by the Chairs of the IBL Audit Committee, IBL Board Risk and Capital Committee as well as the IBL Remuneration Committee are contained in the applicable sections of the Investec Bank Limited Annual Report.

In addition to the IBL Audit Committee, IBL Board Risk and Capital Committee as well as the IBL Remuneration Committee, IBL relies on Investec Limited and Investec plc's Social and Ethics Committee (DLC SEC), the Nominations and Directors' Affairs Committee (DLC Nomdac) and DLC IT Risk and Governance Committee to fulfil the relevant functions on IBL's behalf. In line with the delegation of authority to the DLC SEC, DLC Nomdac and DLC IT Risk and Governance Committee, matters specific to IBL are considered at each meeting of the said DLC committees and IBL's Board receives a report on the proceedings of these DLC committees at each IBL Board meeting.

IBL Board member representation at the DLC committees ensures that key matters for IBL and its subsidiaries are visible at a Group level, and likewise matters of mutual interest for the Group and IBL are communicated and addressed, where applicable, in IBL and its subsidiaries.

DLC Social and Ethics Committee

In terms of the Companies Act, the Chair of the DLC Social and Ethics Committee is required to report to stakeholders on matters within its mandate. The DLC SEC performs the necessary functions required on behalf of IBL. Three members of the IBL Board are members of the DLC SEC.

For further details on the role of the Committee refer to pages 97 to 100 of the Investec Group's 2023 risk and governance report.

DLC Nominations and Director's Affairs Committee

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

The report from the DLC Nominations and Directors' Affairs Committee can be found on pages 94 to 95 of the Investec Group's 2023 risk and governance report.

DLC 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 IBL. The Committee oversees the sound management of risk inherent in the use of IT, which includes ongoing oversight of information technology, data, security and cyber risks to the Group. The Committee additionally reviews and assesses the response to emerging technology risks. The strategic alignment of IT and business are also tracked as part of the Committee's responsibility. Two members of IBL's Board are members of the DLC IT Risk and Governance Committee.

For further details on the role of the Committee refer to page 102 of the Investec Group's 2023 risk and governance report.

IBL AUDIT COMMITTEE REPORT

"Robust challenge, integrity and effective governance are the pillars of a successful organisation."

Zarina Bassa
Chair of IBL Audit Committee

Introduction

I am pleased to present the IBL Audit Committee (the Committee) report for the financial year ended 31 March 2023 which provides details on how we accomplished our statutory obligations, as well as the Key Audit Matters (KAMs) we considered.

The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2022/23 annual report and financial statements.

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 and ensuring the integrity of the Bank's financial reporting process, and satisfying itself that 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 the Bank's internal audit functions
- Reviewing the annual work plan, capacity, scope and staffing of internal audit
- Overseeing the Bank's compliance functions
- Overseeing the Bank's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the Bank's 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 regarding the application of accounting principles and external reporting
- Managing the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of Risk Management including Operational Risk, Legal, Regulatory Compliance, internal audit, external audit and other assurance providers.

The Committee's terms of reference can be found at www.investec.com.

Committee composition, skills, experience and operation

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

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

As I will be reaching my nine year tenure on 1 November 2023 I will be stepping down as Chair of the Committee at the August 2024 AGM. The DLC Nomdac will further embark on a process to appoint an additional member and a new Chair of the Committee.

Further details of the experience of the members can be found in their biographies on pages 8 to 11 of the report.

The Chief Executive (CE), the Finance 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, and Tax 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 Bank Executive Team to discuss and gain

IBL AUDIT COMMITTEE REPORT
CONTINUED

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 present, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

Members	Meetings attended/ Eligible to attend
Zarina Bassa (Chair)	5/5
Vanessa Olver	5/5
Geoffrey Qhena	5/5

Structure of the Investec Group Audit Committees

In terms of the DLC structure, the DLC Board has mandated authority to the DLC Audit Committee to be the Audit Committee of the Group. The DLC Audit Committee oversees and considers Group audit-related matters. It has responsibility for audit-related matters that are common to Investec plc and Investec Limited and works in conjunction with these two Committees to address all Group reporting.

The Investec plc Board, the Investec Limited Board, Investec Wealth & Investments Boards, Investec Bank plc Board and Investec Bank Limited Board have mandated authority to their respective Audit Committees to be the Audit Committees for the respective companies and their subsidiaries.

The Committee receives regular reports from the Group's subsidiary audit committees as part of the oversight of subsidiary audit committees.

The IBL Audit Committee Chair is also the Chair of the following Audit Committees:

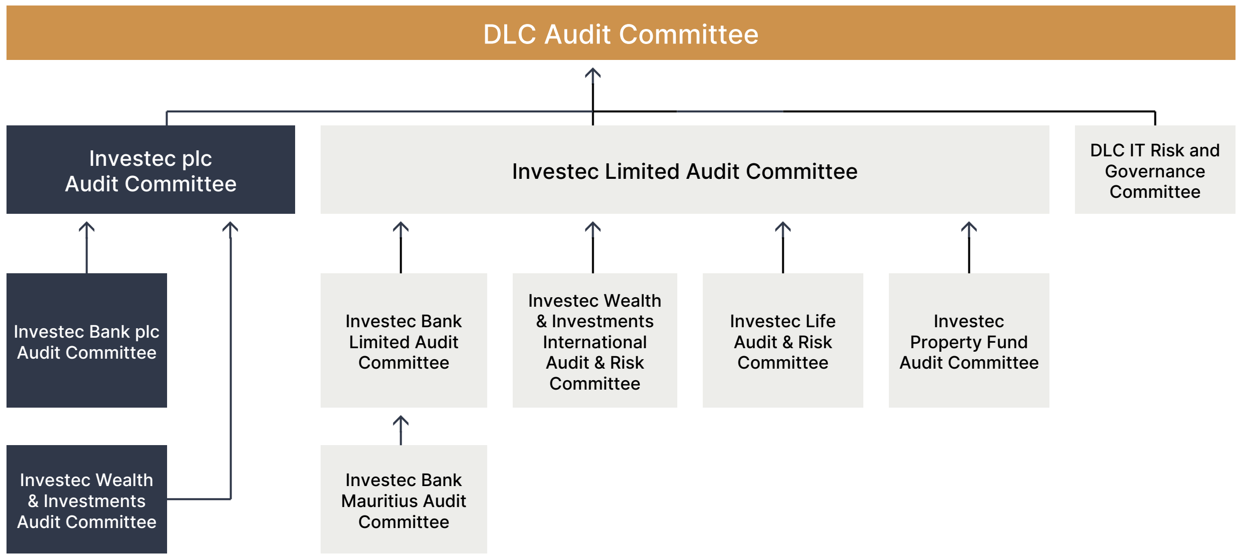
- Investec DLC
- Investec plc
- Investec Limited
- Investec Bank Mauritius (IBM)
- Investec Wealth and Investments International.

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

- Investec Bank plc
- Investec Life
- Investec Wealth and Investments UK.

The IBL Audit Committee Chair attends the following Committee meetings:

- Operational Risk Committee
- DLC IT Risk and Governance Committee.



IBL AUDIT COMMITTEE REPORT
CONTINUED

Areas covered by the IBL 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.

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

Key audit matters	What we did
Expected credit losses (ECL) assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental.	• 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 • Reviewed and satisfied ourselves on in-model adjustments • Assessed the appropriateness of the ECL model overlays maintained for emerging risks for which there was insufficient 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 • Reviewed and satisfied ourselves on staging of key exposures • 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 approved the forward-looking macro-economic scenarios applied • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African peers.
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 and valuations methodology. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.	• Received presentations on the material investments across the Bank, including an analysis of the key judgements and assumptions applied, valuation methodology applied and approved the valuation adjustments proposed by management for the year ended 31 March 2023 • 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 – The appropriateness of the IFRS 13 disclosures regarding fair value.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Going concern	• Considered reports on the Bank's 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 the Bank to continue as a going concern • Considered the impact of strategic corporate actions on the capital plans • Recommended the approval of the going concern assumption underlying the annual financial statements to the IBL Board for approval.
Information technology systems, cyber security and controls impacting financial reporting	• Received and reviewed reports in respect of IT systems, cyber security 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 attendance by the Audit Committee and BRCC Chairs at the DLC IT Risk and Governance Committee • Focused on IT and cyber security throughout the year. Since 2015, Investec has been using Targeted Attack Simulations (TAS) to understand our cyber risk exposure and adequacy of our security controls. Received a presentation on the results of the 2022/23 TAS • Met with IT external auditors to discuss the results of the external audit of IT systems.
External audit	• Managed the relationship with the external auditors, Ernst & Young Inc., and KPMG Inc. • Approved the external audit plan, audit fee and the main areas of focus • Considered the external auditors report on the progress of the DLC review engagement performed on the interim results. Reviewed the results announcements for final results • Met with key members of Ernst & Young Inc. and KPMG Inc. prior to every Audit Committee meeting to discuss the 2022/23 audit plan, key areas of focus, findings, scope and conclusions • Obtained feedback from the cross-reviews performed between the joint firms at an Investec Bank Limited level. Furthermore KPMG International conducted a cross-review of KPMG South Africa • Pre-approved all non-audit services provided by External Audit and confirmed the services to be within the approved non-audit services policy • Discussed external audit feedback on the Bank's critical accounting estimates and judgements • Assessed the independence and objectivity of the external auditors • Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Bank including the Summary of Audit Differences for the year ended 31 March 2023. The Audit Committee ensured that it was comfortable that the level of unadjusted audit differences were within tolerable error for both actual and judgemental differences and that there was no bias towards over or understatement • Noted the unqualified independent auditor's report in relation to the Bank.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
External audit (continued)	• 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 IBL Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners. • Met separately with the leadership of Ernst & Young Inc. and KPMG Inc., to discuss JSE auditor accreditation, Independent Regulatory Board for Auditors (IRBA) ratings and accreditations, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners • Monitored the rotation in the lead KPMG Inc. audit partner at an Investec Bank Limited level • Oversaw the allocation of work to the respective audit firms to ensure that there were no independence breaches • Recommended to the Board the re-appointment of Ernst & Young Inc. and the appointment of PwC Inc. as the joint external auditors of Investec Bank Limited for the year ending 31 March 2024.
Mandatory audit firm rotation (MAFR)	• Managed the process in relation to the commencement of the shadow audit process by PwC Inc. for the audit of Investec Bank Limited. Oversaw the commencement of the shadow audit process by PwC Inc. during the 2022/23 financial year • Concluded the comprehensive competitive tender process for the first joint audit firm rotation for Investec Bank Limited during 2021 where PwC Inc. was appointed to commence as joint auditors for the 2023/24 financial year • Concluded a comprehensive tender process during 2022/23 in respect of the rotation of the second audit firm of Investec Bank Ltd. Deloitte Inc. was nominated as the new joint external auditor for the financial year starting 1 April 2024. A one year shadow period will commence, subject to shareholder approval at the AGM to be held in August 2023 • Monitored the non-audit services performed by PwC Inc. during the shadow audit process.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters considered by the IBL Audit Committee

The Committee considered the following matters during the year:

Other 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 auditors 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 the Bank • Considered regulatory developments and the potential impact on South Africa following the addition of South Africa to the FATF Grey List in February 2023.
Post balance sheet disclosure	• Reviewed and approved the publication of a no-change statement.
Climate, nature and biodiversity and 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.
Uncertain tax and other legal matters	• Received regular updates from the Executive, Tax, Finance and Legal Counsel 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.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
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 those meetings, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • Attended the IBL liquidity simulation on 30 August 2022 facilitated by PwC Inc. which tested the Bank's response to a simulated liquidity crisis. The simulation focused on the liquidity of IBL, the collective behaviour of the Bank in response to the scenario and the Board approved Contingency Funding Plan (CFP) and Recovery Plan • 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 committee of the Bank's subsidiary • Evaluated the impact of working from home on the overall control environment and operational risk • Evaluated reports on the internal control environment from the internal and external auditors with specific emphasis on culture and conduct elements in the internal audit reports. Noted internal audit reports and conclusions on internal controls, internal financial controls and the risk management framework for the year under review • Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the Group's IT controls. 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 and received a presentation on the outcome of the 2022/23 TAS • Reviewed the work performed by Finance to support the control attestation made by the Chief Executive and CFO as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix.
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, including 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.

IBL AUDIT COMMITTEE REPORT
CONTINUED

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.	• 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 refine 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 2023 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 above.
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 of Investec Limited and Investec Bank • Attended the audit committees of all significant subsidiaries of Investec Limited and Investec Bank • 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 IBL Audit Committee by key subsidiaries and associates and considered regular reports from such entities.
Finance function	• Considered the financial reporting as prepared by Finance regarding the interim results for the period ended 30 September 2022 and final results for the 31 March 2023 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 FD, Rupesh Govan, had the appropriate expertise and experience to meet the responsibilities of the position.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
IFRS	• Reviewed various accounting papers prepared by Finance addressing subjective accounting treatments 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 proactive 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 compliance with Investec related party policies.
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 internal audit charter • Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills development 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 of and 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 separately convened Audit Committee to consider audit quality • Discussed and considered the internal audit quality assurance programme. The internal audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) and 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) • 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, including an assessment of internal financial controls, the risk management framework, adherence to the risk appetite and the effectiveness of the overall assurance achieved relative to that planned for the year through the CAM.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Internal audit (continued)	• Discussed and considered the quality 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 • IT Audit and Data Analysis - Internal audit developed automated test scripts, allowing for more comprehensive testing of controls covering the full population. This full population testing provides greater coverage than the traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of the approach on the audit for the Bank • Held a closed session regarding internal audit where the capacity, appropriate skills, independence and quality of the internal audit function was assessed • Considered succession and the skills matrix for internal audit • Assessed the effectiveness of the internal audit function through completion of a questionnaire which is based on the Internal Audit Financial Code of Practice. The results of the exercise were shared with the Committee, together with action plans to address any concerns raised, which will be tracked to completion • Subject to regulatory approval, Viola Gounden was appointed as the new Head of Internal Audit. Stuart Mansfield the previous Head of Internal Audit will assume a new role within the Group.

IBL AUDIT COMMITTEE REPORT
CONTINUED

External Audit

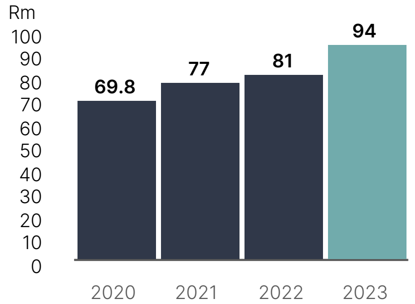
Non-audit services

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 2023 amounted to R94 million (2022: R81 million), of which R0.4 million (2022: 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 auditor, such as regulatory audits and work to be performed as reporting accountant. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment. The Committee also 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 joint external auditor for the financial year started 1 April 2023.

The Committee further required the policy to be applied to any external services provided by Deloitte Inc. to ensure the independence of the firm prior to its appointment as external auditor for the financial year commencing 1 April 2024.

Total Audit Fees



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. and KPMG Inc.

Auditor independence and objectivity and audit quality

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 feedback was received and evaluated.

- 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, if any, to ensure that all auditors on the Bank audit meet the independence criteria
- The 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.

The following is a summary of the key audit partner changes for the Bank:

- Vanessa Mans from KPMG Inc. was appointed as the new designated lead audit partner for Investec Bank Limited for the financial year ended 31 March 2023
- Francois Prinsloo from PwC Inc. will be the new designated lead audit partner for the financial year ending 31 March 2024 subject to the approval of the appointment of PwC at the August 2023 AGM.

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, based on the following:

- 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 DLC auditors
- Limitations on delivering non-audit services, including pre-approval of non-audit work
- The confirmation of the independence of the firms and auditors involved
- Rotation of audit partners
- Formal audit quality process undertaken by the Committee.

Mandatory Audit Firm Rotation (MAFR)

Investec Bank Limited is required by the Banks Act 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 re-appointment 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.

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 auditors for the financial year starting 1 April 2023.

The appointment of PwC Inc. in a shadow capacity, for the 2022 financial year, was recommended and approved by ordinary shareholders at the AGM held in August 2022. A formal transition process commenced during 2022, whereby PwC Inc. shadowed the full audit cycle performed by the incumbent joint external auditors. The purpose of the shadow period was 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 auditor in the following year i.e for the audit commencing 1 April 2023. Non-audit services provided by PwC Inc. were reviewed and considered in advance of their appointment as external auditors to ensure their continued independence.

A competitive tender process for the second rotation was concluded in March 2023 with Deloitte Inc. being proposed as the second incoming audit firm to perform the audit for the financial year starting 1 April 2024. The appointment of Deloitte Inc. in a shadow capacity, for the 2023/24 financial year, will be recommended for approval by the ordinary shareholder at the AGM to be held in August 2023.

IBL AUDIT COMMITTEE REPORT
CONTINUED

Year	Joint Auditors	Shadow Auditors
2022/23	EY Inc.	PwC Inc.
	KPMG Inc.	
2023/24	EY Inc.	Deloitte Inc.
	PwC Inc.	
2024/25	Deloitte Inc.	
	PwC Inc.	

Re-election and appointment of auditors

The Committee has considered the following criteria in selecting 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 or financial services or group which is of systemic importance
- Transformation
- Technology
- Credentials and Partners
- Regulatory reviews
- Legal cases and reputational matters
- 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 auditor
- 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
- JSE Listings Requirements
- Understanding of the Investec business, culture and financial statement risks.

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 IBL 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 and appointment of Investec Bank Limited's auditors, the Board and the IBL 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 appointment of PwC Inc, and the re-election of Ernst & Young Inc. as joint auditors of Investec Bank Limited at the AGM in August 2023 for the financial year ending 31 March 2024.

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
- Monitoring the impact of the FATF greylisting on compliance processes
- Audit quality and independence
- Management's response in respect of future changes to IFRS, legislation and other regulations impacting disclosure requirements
- Ensuring a smooth transition of the external audit firms and maintaining audit quality
- 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
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls
- Identifying an additional Audit Committee member and a successor to take over from me as the Chair of the Committee.

Vote of thanks

I would like to thank the KPMG Inc. audit team for their robust challenge, advice and quality audits during their years of service.

Zarina Bassa
Chair, IBL Audit Committee
22 June 2023

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT

"The key to risk management is inculcating this throughout the organisation, starting at the top. With this in place we can service our clients providing them with our out of the ordinary solutions whilst actively and comprehensively managing the ever changing risk environment we operate in."

Vanessa Olver
Chair of IBL BRCC

Introduction

Following my appointment as Chair of the IBL BRCC (the Committee) in August 2022, I am pleased to report on how the Committee has discharged its responsibilities during the year.

Firstly, on behalf of the Committee, I would like to offer my thanks to David Friedland, who chaired the Committee since its inauguration on 18 January 2019, prior to that the DLC BRCC acted as the Board Risk and Capital Committee for the Bank.

Role of the committee

As a committee mandated by the Investec Bank Limited Board to meet the requirements of the Companies Act, Banks Act and the King IV™ Code, this Committee is mandated to provide effective oversight over the Bank's enterprise risk and capital management framework, processes and people.

The independent oversight of the Bank includes the challenge and review of the risk management framework, the governance structures and risk management reporting. In addition, the Committee considers whether the remit and resources of the Bank's risk management function are adequate, independent, and free from restrictions which may impair its effectiveness.

The Committee met five times during the year and considered the risk reports presented by management and various presentations as requested by the Committee. The Committee challenges management to promote understanding and to ensure risks, both current and emerging, are well understood.

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

The IBL Audit Committee has the primary role of providing assurance to the Board that appropriate controls are in place to mitigate risk. The IBL Audit Committee relies on the output of the IBL BRCC to provide assurance through the Combined Assurance Model, as regards principal risk management.

Technology, information security and cyber risks are delegated to the DLC IT Risk and Governance Committee (DLC ITRG), which submits its reports to the IBL BRCC, IBP BRCC and the DLC BRCC and the Audit Committees of these entities.

Refer to the DLC BRCC report in the Investec Group's 2023 risk and governance report for more information in respect of the functions of DLC ITRG.

2022/ 23 key achievements

- Monitored regulatory developments and the potential impact as it pertains to Basel III post-crises reforms and the South Africa FATF greylisting
- Participated in a Liquidity simulation facilitated by PwC Inc. and observed by both PwC Inc. and the South African Prudential Authority (South African PA)
- The Income Producing Real Estate (IPRE) and High Volatility Commercial Real Estate (HVCRE) on the Foundation Internal Ratings Based (FIRB) approach was approved by the South African PA and effective from January 2023
- Monitored geopolitical and local South African developments and the impact on credit and the business as a whole
- Monitored the actions taken to improve the Bank's operational resilience
- Focused on information security and cyber risk and the Bank's cloud migration plans.

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

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 discharge its responsibilities.

Other regular attendees include:

- Group Chief Risk Officer
- Head of Operational Risk
- Head of Internal Audit
- Head of Liquidity Risk
- Head of Credit Risk
- Head of IT and Information Risk

Members	Meetings attended/ Eligible to attend
Vanessa Olver (Chair)[1]	5/5
Zarina Bassa	5/5
David Friedland[2]	2/2
Philip Hourquebie	5/5
Khumo Shuenyane	5/5
Fani Titi	5/5
Richard J Wainwright	4/5
Morris Mthombeni	5/5
Mvuleni G Qhena	5/5
Kevin Kerr	5/5
Marle' van der Walt[3]	2/2
Rupesh Govan[4]	3/3

1. Vanessa Olver was appointed Chair of the Committee effective 4 August 2022.
2. David Friedland stepped down from the Committee effective 4 August 2022.
3. Marle' van der Walt stepped down from the Committee effective 31 July 2022.
4. Rupesh Govan was appointed to the Committee effective 1 August 2022.

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.

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.

Large Exposure Committee

The Investec Bank Limited's Large Exposure Committee reports into the IBL BRCC and comprises three Non-Executive and four Executive Directors as well as the Group Chief Risk Officer, the IBL Chief Risk Officer, the Head of Credit and two members from Credit.

The main objective of the Committee is to assist the Board in discharging its responsibilities in terms of monitoring credit to a single counterparty or to a group of connected counterparties.

The Committee reports to the IBL BRCC and is chaired by myself.

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

What we did in 2022/23

The standard and regular agenda items of the Committee include comprehensive reports covering the following risks:

Balance sheet and liquidity risk	Market risk	Reputational and legal risk
Capital adequacy	Operational risk	Climate-related and ESG risk
Credit and counterparty risk	Business risk	Regulatory risk
Investment risk	Technology, information and security and cyber risk	Risk data aggregation and reporting

Risk framework and appetite

As in previous years, the Committee discharged its responsibilities as covered in the IBL BRCC terms of reference and as mandated by the Bank's Board. Amendments to the risk appetite statement and framework were considered and approved by the Committee, which is performed annually. Risk limits are reviewed and challenged to ensure the framework is appropriate for the Bank given it size, scale and nature of the Bank's activities. The risk appetite statement and framework is then in turn approved by the IBL Board.

Risk management and reporting

The Committee reviews and challenges the risk and capital reports at each of its meetings, the reporting includes notification of any breaches of risk limits and the remedial action taken by management. In addition, the Committee reviews new and material risks as they are identified and ensures that they are proactively managed.

Balance sheet and liquidity risk

In line with regulatory requirements, IBL conducted a liquidity simulation on 30 August 2022 facilitated by PricewaterhouseCoopers Inc. (PwC Inc.) which tested the Bank's response to a simulated liquidity crisis. The simulation focused on the liquidity of IBL, the collective behaviour of the Bank in response to the scenario and the Board approved Contingency Funding Plan (CFP) and Recovery and Resolution Plan.

The liquidity stress simulation was designed to assess if:

- The Bank had enough funding sources to withstand unexpected market disruptions given the balance sheet composition, funding profile and business strategy
- Adequate early warning indicators
- Effective escalation processes as well as internal and external communication plans.

The South African Prudential Authority (South African PA) was in attendance to observe the process.

The simulation confirmed that the bank had enough funding sources to withstand unexpected market disruptions; that the bank's early warning indicators were adequate and that escalation processes and communication plans were effective.

The Committee reviewed and approved the Contingency Funding Plan and the Recovery and Resolution Plan and recommended the plan for approval to the IBL Board.

During the year, all regulatory limits for IBL were comfortably met.

Capital adequacy

The Committee reviewed and approved the capital plans for IBL under various stress scenarios, which in turn were approved by the IBL Board.

The Income Producing Real Estate (IPRE) and High Volatility Commercial Real Estate (HVCRE) models on the Foundation Internal Rating Based (FIRB) approach were approved by the South African PA effective from January 2023. The net Risk Weighted Asset (RWA) benefit was R40 billion, a total capital ratio benefit of IBL Solo: 302bps, IBL Group: 286bps.

Capital ratios have remained sound throughout the financial year.

Credit risk

The Committee discussed key names at each meeting considering the current local and global environment with high inflation, increasing interest rates and continued loadshedding.

The Committee also reviews the Top 20 client and bank exposures as well as the staging of these exposures to ensure we have appropriate credit provisions.

Stress testing of the Income Producing Real Estate (IPRE) portfolio was also conducted and presented to the Committee in November 2022.

Operational risk

The Committee continues to focus on all operational risk which includes financial crime, conduct risk, data management, external and internal fraud, legal risk, model risk, operational resilience, people risk, physical security and safety risk, processing and execution risk, regulatory compliance risk, reporting and tax risk, and third party risk.

Given the current power and water challenges in South Africa, the Committee continues to monitor its resilience measures in these key areas.

Information security and cyber risk

The Committee focused on information security and cyber risk throughout the year. Since 2015, Investec has been using Targeted Attack Simulations to understand our cyber risk exposure and adequacy of our security controls.

A specialist external security firm performed the latest assessment from February 2022 to August 2022. External security specialists were also engaged to perform a technical ransomware readiness assessment. Both assessments concluded that Investec's controls were effective.

Investec's cyber posture was benchmarked by an industry-recognised security scoring firm, which placed Investec within the leader's category group, and ahead of its peers.

Technology risk

The Committee received updates on the effectiveness and adequacy of controls in mitigating IT risk.

Technology disruptions were well managed and operational processes were continually enhanced.

Sound governance processes supported value delivery through strategic IT investments and modernisation programmes.

The Committee considered the Bank's strategic adoption of cloud computing services. This has been approached in a risk-conscious manner and relevant safeguards are in place.

A technology resourcing strategy has been established to foster ongoing learning, growth, and development of IT leadership capabilities.

IBL BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Regulatory developments and risk

The Financial Action Task Force (FATF) issued a Mutual Evaluation Report (MER) in respect of South Africa in October 2021 to assess whether sufficient progress was made to prevent South Africa from being added to the FATF Grey List.

In February 2023 South Africa was however added to the FATF Grey List.

Regulatory developments in this regard and the potential impact on South Africa and the Bank was monitored by the Committee during the year.

The implementation of the final phase of the Basel III post-crisis reforms, which sharpens the Credit Risk, Credit Valuation Adjustment, Market Risk (i.e. the Fundamental Review of the Trading Book (FRTB)), Operational Risk and Output Floor frameworks, remains a key focus and the Committee continues to be kept abreast on the effects of the proposed reforms on the Bank's Capital position.

The Committee oversaw and approved the FRTB application submitted to the SA PA in terms of the new requirements, including which trading desks were proposed to be included under the Internal Models Approach.

The Committee will closely monitor the developments relating to the Financial Sector Laws Amendment Act (FSLAA) and the Financial Sector Laws Amendment Bill (FSLAB) in South Africa, which introduces a new tranche of loss-absorbing instruments, that is subordinated to other creditors and intended for bail-in in resolution.

Reputational and legal risk

The Committee received regular updates from the IBL Chief Risk Officer on reputational matters to enable the Committee to discuss and consider the matters and evaluate managements response to such risks and any impact to the Bank.

Climate, nature and biodiversity change and environmental, social and governance (ESG)

A combined IBL and IBP BRCC meeting was held in July 2022 to discuss ESG. The impact of climate change and the latest regulatory requirements were considered by the Committees. The Committees noted that the key risks to be considered were limited data, inconsistent methodologies and Investec's leading reputation in respect of ESG.

Risk data aggregation and risk reporting

The Committee reviewed and approved the IBL Risk Data Aggregation and Risk Reporting Framework and terms of references and confirmed compliance with the BCBS 239 Principles for effective risk data aggregation and risk reporting.

Vote of thanks

I would like to thank the IBL Chief Risk Officer and his team for their continued commitment and focus in highly turbulent times. The team remain vigilant, proactive and forward looking at all times.

2023/24 focus areas

- Monitor global headwinds including the ongoing war in the Ukraine, food shortages, inflation, high interest rates and supply interruptions
- Monitor the impact of regulatory capital reforms
- Continued focus on technology, information security including cyber security
- Monitor emerging risks such as disruptive technology, e.g. Artificial Intelligence (AI), the metaverse and blockchain
- Focus on the maturing of climate change and ESG
- Continued focus on operational resilience.

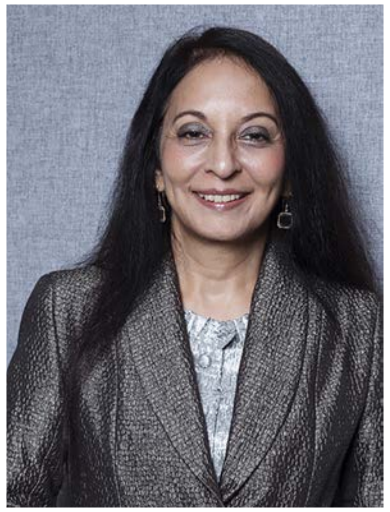
Vanessa Olver
Chair, IBL BRCC
22 June 2023

Remuneration report

03

IN THIS SECTION

REMUNERATION REPORT



"The bank and its people have demonstrated a resilient underlying performance that was delivered in a challenging macro-economic environment."

Zarina Bassa
Chair of the Remuneration Committee

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

I am pleased to present the IBL Remuneration Committee (the Committee) report for the financial year ended 31 March 2023.

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

The Committee is responsible for remuneration within the Bank, however it reports to both the IBL Board and the DLC Remuneration Committee on key matters. Where there are Group reserved matters, the Committee is also required 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 2023 Investec Group remuneration report.

The remuneration framework and performance measures 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. Executive Director remuneration is assessed against financial and non-financial measures including ESG, the details of which can be found in the 2023 Investec Group remuneration report.

Composition of the Committee

The Committee is comprised of independent Non-Executive Directors (as outlined in the table above) who meet predetermined skill, competency, and experience requirements. The members' continued 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 the Board have concluded that the IBL Remuneration Committee has the appropriate balance of knowledge and skills to discharge its duties.

I have served as the Chair of the Committee since 13 November 2021. The other members of the Committee are Henrietta Baldock, Khumo Shuenyane, and Mvuleni G Qhena.

The IBL Remuneration Committee met four times during the year ended 31 March 2023.

REMUNERATION REPORT
CONTINUED

We believe that the Committee has fulfilled its mandate to enhance the Bank's existing independent governance processes, and provide oversight and enquiry of the Bank's remuneration framework, philosophy and its implementation.

The past year in focus

As outlined in our 2023 Annual Report, Investec Bank Limited delivered a strong performance for the year ended 31 March 2023 despite the challenging economic environment. Given the outperformance by the business and employees, we aimed to reward exceptional performers and those who responded to the demands placed on the business and our people.

The Committee reviewed the proposed spend and approved the remuneration payable for June 2023. As part of the review, it is an ongoing and consistent focus of the Committee and management to consider our people in the context of future talent, critical skill, race, gender, and other diversity considerations, with a clear focus on the development and retention of people.

In January 2023 the Committee appointed Bowmans to provide additional advice and insight into remuneration best practice in South Africa. The Committee evaluates the advice received from external advisors annually to ensure that it is both objective and independent.

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 thresholds.

Outcomes for the year

The Bank and its people have demonstrated a resilient underlying performance that was delivered in a challenging macro-economic environment. The year was characterised by subdued growth in the South African economy amid an energy and water crisis, policy uncertainty, market volatility, as well as the grey-listing of the country by the Financial Action Task Force. Notwithstanding the challenges, Investec Bank Limited delivered strong financial and operational performance in the year ended 31 March 2023.

The Bank demonstrated a strong revenue increase of 19.2%, that was positively impacted by higher average interest earning assets, rising interest rates, increased client activity and continued client acquisition in line with our growth strategy. Operating profit increased 19.2% to R8 639 mn (FY2022: R7 247 mn). The cost to income ratio showed improvement at 47.6% (FY2022: 49.3%), however operating costs increased 15.3% driven by higher personnel expenses due to salary increases, increased headcount, variable remuneration and the post-pandemic normalisation of discretionary expenditure.

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

- Reward performance in the context of the Group performance and the 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 2023.

In reaffirming our purpose to create enduring worth for all our stakeholders, we have amended our minimum annual salary to R250,000, effective from 1 June 2023, thereby ensuring all employees are rewarded meaningfully and competitively.

Further details on the philosophy, policy and relevant disclosures per governance requirements, including details on non-financial and ESG measures, can be found throughout the 2023 Investec Group remuneration report on pages 4 to 53.

Conclusion

IBL has demonstrated a strong performance in the past financial 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 and supports the ongoing conversations the business is having to ensure we retain a diverse, motivated and engaged employee population, while ensuring we maintain distinctive performance and our 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.

I would like to extend my thanks to Khumo Shuenyane, for his input, guidance and exemplary contribution as a member of the Committee. We wish him well in his future endeavours.

Zarina Bassa
Chair of the IBL Remuneration Committee
22 June 2023

Annual financial statements

04

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 Company annual financial statements of Investec Bank Limited, comprising the balance sheets as at 31 March 2023 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 International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards), South African Institute of Chartered Accountants (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 22 June 2023 and are signed on its behalf by:

Khumo Shuenyane	**Richard Wainwright**
Chair	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 2023.

Total operating income before expected credit loss (ECL) impairment charges increased by 19.2% to R17 054 million (FY2022: R14 304 million). The components of operating income are analysed further below:

- Net interest income increased 25.0% to R12 765 million (FY2022: R10 210 million) driven by higher average interest earning assets and rising interest rates. Net core loans grew by 7.9% to R318.2 billion (FY2022: R294.8 billion) driven primarily by increased credit demand in corporate lending portfolios and a higher residential mortgage book
- Net fee and commission income increased 10.0% to R3 378 million (FY2022: R3 070 million) reflecting growth in client point of sale activity, higher utilisation of trade finance facilities and increased activity in investment banking
- Investment income grew 13.7% to R274 million (FY2022: R241 million) as improved realised income was partially offset by lower dividend flows
- Trading income declined 12.3% to R639 million (FY2022: R729 million) due to lower deal activity.

ECL impairment charges increased to R289 million from R9 million in the prior year. The higher charge was primarily driven by the idiosyncratic stage 3 ECL charges on certain exposures. Post-model management overlays of R106 million previously held for anticipated migration risk in Private Bank have been released and are now catered for in-model. The remaining management overlay at year end of R113 million (FY2022: R219 million) accounts for emerging risks assessed as inadequately reflected in the forward-looking model for commercial real estate lending clients. The ECL charge included the reversal of impairments and recoveries on previously impaired loans.

The cost to income ratio improved to 47.6% (FY2022: 49.3%). Operating costs increased 15.3% to R8 126 million (FY2022: R7 048 million) driven by higher personnel expenses due to salary increases, increased headcount, variable remuneration and the post-pandemic normalisation of discretionary expenditure.

As a result of the foregoing factors, profit before taxation increased 19.4% to R8 587million (FY2022: R7 193 million) while profit after taxation increased 23.4% to R6 792 million (FY2022: R5 505 million).

The preparation of the Group and Company annual financial statements was supervised by the Finance Director, Rupesh Govan.

Authorised and issued share capital

Details of the share capital are set out in note 41 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 year ended 31 March 2023:

- 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
- R3 billion (three billion rand) was declared on 14 November 2022 and paid to Investec Bank Limited's sole shareholder on 30 December 2022
- R1 billion (one billion rand) was declared on 23 February 2023 and paid to Investec Bank Limited's sole shareholder on 25 February 2023
- R2 billion (two billion rand) was declared on 28 March 2023 and paid to Investec Bank Limited's sole shareholder on 30 March 2023.

Directors

The names of the current directors of Investec Bank Limited, along with their biographical details, are set out on pages 8 to 11. Changes to the composition of the Board since 1 April 2022 up to the date of this report are shown in the table below:

	Date of appointment	Date of resignation/ retirement
D Friedland	1 Mar 2013	4 Aug 2022
R Govan	1 Aug 2022	
M van der Walt	8 Apr 2021	31 Jul 2022

Directors' shareholdings

No director holds any ordinary shares in Investec Bank Limited.

Directors' shareholdings in Investec plc and in Investec Limited's preference shares are set out on page 147.

Directors' remuneration

Directors' remuneration is disclosed on pages 146 to 150.

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 17 to 28.

DIRECTORS' REPORT CONTINUED

Social and Ethics Committee (DLC SEC)

As provided for under the Companies Act, the DLC SEC performs the necessary functions required on behalf of Investec Bank Limited. Three 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 pages 97 to 100 of the Investec Group's 2023 risk and governance report.

Sustainability report

The sustainability report is disclosed on pages 107 to 122 of the Investec Group's 2023 integrated annual and strategic report.

Nominations and Directors' Affairs Committee (DLC Nomdac)

The Board of Investec Bank Limited has delegated the duties of the Directors' Affairs Committee as set out in the Banks Act No. 94 of 1990 (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 pages 94 to 95 of the Investec Group's 2023 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 35 to 36.

DLC 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 pages 101 to 102 of the Investec Group's 2023 risk and governance report.

Large Exposures Committee

Further details of the role and responsibilities of the Large Exposures Committee are set out in the BRCC report on pages 29 to 32.

Auditors

Following a detailed review, which included an assessment of their independence and audit quality, the Audit Committee and Board of Investec Bank Limited, has recommended that Ernst & Young Inc. be reappointed and PwC Inc. be appointed as the joint auditors of Investec Bank Limited. In terms of the Banks Act, Investec Bank Limited has to appoint joint auditors. A resolution pertaining to the above will be proposed at the AGM that is scheduled to take place on 3 August 2023.

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, Deloitte Incorporated (Deloitte Inc.) was nominated as one of the new joint external auditors for the financial year starting on 1 April 2024.

As part of the transition process and with the Board having satisfied itself as to the independence and effectiveness of Deloitte Inc., a resolution will be proposed at the 2023 AGM for Deloitte Inc. to be appointed as one of the joint auditors of Investec Bank Limited in a shadow capacity. Ernst & Young Inc and PwC Inc. will be appointed as joint auditors for the financial year ending 31 March 2024. It is envisaged that Deloitte Inc. will take on the role of joint auditors with PwC Inc. for the 2025 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 28.

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 125 and the associate companies on page 119.

Special resolutions

At the AGM held on 4 August 2022, 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 59 to 68.

Restatements

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

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

Refer to note 53.

DIRECTORS' REPORT
CONTINUED

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 2023 integrated annual and strategic report.

Political donations and expenditure

Investec Bank Limited made no political donations in 2023 (2022: 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.

Climate, nature and biodiversity

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 2023 integrated and strategic annual report.

Going concern

In adopting the going concern basis for preparing the consolidated and separate financial statements, the directors have considered 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. Based on these, the directors confirm that they have a reasonable expectation that 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. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Events after the reporting period

There are no significant events after the reporting date.

Khumo Shuenyane
Chair
22 June 2023

Richard Wainwright
Chief Executive
22 June 2023

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 2023, 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
22 June 2023

CHIEF EXECUTIVE AND FINANCE DIRECTOR RESPONSIBILITY STATEMENT

Chief Executive and Finance Director responsibility statement

“Each of the directors, whose names are stated below, hereby confirm that-

- the annual financial statements set out on pages 50 to 175, 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);
- to the best of our knowledge and belief, 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 as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies”; and
- We are not aware of any fraud involving directors.

Signed by the CEO and the Financial Director

Richard Wainwright
Chief Executive
22 June 2023

Rupesh Govan
Finance Director
22 June 2023

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 2023, 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 50 to 168.

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 2023, 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 as issued by the International Accounting Standards Board (IFRS 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

<table>
<tr><th>KEY AUDIT MATTER</th><th>OUR AUDIT RESPONSE TO THE KEY AUDIT MATTER</th></tr>
<tr><td>
Adequacy of the provision for expected credit losses on loans and advances to customers

Refer to the accounting policy on Financial instruments (page 62); the accounting policy on Key management assumptions (page 69); Note 5 Expected credit loss impairment charges (page 75); Note 26 Loans and advances to customers and other loans and advances (page 117) and Note 55 Risk management (page 151 to 164) to the consolidated and separate financial statements.

The determination of the provision for expected credit losses is highly subjective. The subjectivity includes the impact of increasing social, economic (interest rates, inflation and loadshedding) and geopolitical factors which 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 R314 090 million and R299 673 million; expected credit loss on amortised cost of R3 222 million and R3 191 million; and related expected credit loss impairment charges on loans and advances to customers of R265 million and R273 million respectively.

Disclosures related to the ECL provision on loans and advances to customers are material to the consolidated and separate financial statements.

Given the judgemental nature of the calculation of ECL there is a heightened risk that the ECL provision could be misstated.

The areas of judgement involved in the calculation of ECL include the following:
• <u>Staging and assessment of significant increase in credit risk:</u> Allocation of assets recognised in stages 1, 2 and 3, including the triggers for an asset moving between stages;
• <u>Multiple economic scenarios:</u> 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;
• <u>ECL models:</u> The assumptions used to calculate ECL, including:
– the accounting, 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.
• <u>Post model adjustments:</u> Adequacy and completeness of post model adjustments or overlays, including those in relation to the effect of macro factors including the increasing social, economic (interest rates, inflation and loadshedding) and geopolitical factors;
• <u>Individually assessed provisions</u>: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit values, timing of cash flows, the recovery strategies and discount rates.
</td><td>
To address the risks, we performed the following key procedures:

<u>Staging and assessment of significant increase in credit risk</u>
We assessed the design and tested the operating effectiveness of key controls focusing on the following:
• management's 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 assessed a sample of the assets in stages 1, 2 and 3 to evaluate whether they were included in the appropriate stage and performed sensitivity analysis to assess the impact of different staging criteria on the ECL.

<u>Multiple economic scenarios</u>
We assessed the design and tested the operating effectiveness of key controls focusing on the following:
• management review 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 the social, economic (interest rates, inflation and loadshedding) and geopolitical factors at 31 March 2023.

We involved our credit modelling specialists to assess whether the forecast macroeconomic factors were appropriately incorporated into the ECL models, including in-model adjustments, and tested the incorporation of the forecast multiple economic scenarios into the ECL models.

<u>ECL models</u>
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 made for compliance with IFRS 9, Financial Instruments.

We performed a risk assessment on all models involved in the ECL calculation to identify significant ECL models and involved our credit modelling specialists to test the assumptions used in these 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 in-model adjustments; and
• the programming code to review its consistency with the design documentation.

To evaluate data quality, we also tested a sample of the reporting date data used in the models by tracing back to the source systems.
</td></tr>
</table>

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 portfolio. We further assessed the adjustment made by management by considering the data, judgements, methodology and quantification of these adjustments with our credit modelling specialists. We assessed the governance processes that the Group has put in place to review and approve the post model adjustments. Individually assessed provisions We selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. 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 significant differences arising. 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 social, economic (interest rates, inflation and loadshedding) and geopolitical factors. We performed peer benchmarking, where available, to assess overall staging and provision coverage levels. We evaluated the adequacy of disclosures in the consolidated and separate financial statements in accordance with IFRS Standards including the assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.

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 61); the accounting policy on Key management assumptions (page 69) and Note 14 Financial instruments at fair value (page 96) to the consolidated and separate financial statements. At 31 March 2023, the Group and Company held fair value instruments with higher risk characteristics whose values are dependent upon management's significant judgement. These fair value instruments include unlisted investments, complex model-dependent derivative financial instruments, fair value loans and profit shares. The disclosure included fair value level 3 assets of R3 606 million and R3 183 million respectively, and some of the level 2 categories. Disclosures related to fair value instruments with higher risk characteristics are material to the consolidated and separate financial statements. The valuation of those fair value instruments with higher risk characteristics can include significant judgement and estimation uncertainty and therefore the risk of inappropriate revenue recognition through incorrect valuation, as outlined below. 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. The estimation of the fair value is also subject to the current economic outlook. Management's estimates which required significant judgement include the selection and application of: • Complex valuation models – complex model-dependent derivative financial instruments, which include structured equity derivatives with exotic features; • Valuation techniques – unlisted investments, fair value loans and profit shares in unquoted private companies valued using different valuation techniques (e.g. price-earnings multiples, discounted cash flow and net asset valuations); and • Level 2 and level 3 inputs – level 2 and level 3 inputs (e.g. expected cash flows, discount rates, earnings multiples, EBITDA and the underlying asset values within a business), which impact the valuation of unlisted investments, fair value loans and profit shares.	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 the valuation of fair value instruments and related income statement measurement. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of methodologies applied, 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 economic 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. Complex valuation models We involved our valuation 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. Valuation techniques We performed procedures, with the support of our valuation specialists, on key judgements made by management in the calculation of the fair value of unlisted investments, fair value loans and profit shares, 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 explanations for any adjustments made to the multiples; • confirming the accuracy of information provided by management was free from manipulation or amendment, including management accounts and unaudited financial information used in the determination of earnings in price-earnings multiple valuations and determination of net asset valuations; • assessing the appropriateness of discount rates used in discounted cash flow valuations, with reference to relevant industry and market data; • assessing the appropriateness of any illiquidity or other uncertainty adjustments applied by management; and • performing independent valuation estimates for a sample of financial instruments and comparing them to management's estimate.

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 (continued)	Level 2 and level 3 inputs We performed procedures on key judgements made by management on level 2 and level 3 inputs (e.g. expected cash flows, discount rates, earnings multiples, EBITDA and the underlying asset values within a business) used in the valuation of a sample of unlisted investments, fair value loans and profit shares, including: • for unlisted investments, we independently assessed the reasonability of inputs, using alternative pricing sources where available, to evaluate management's valuation; and • for fair value loans and profit shares, we performed or involved our valuation specialists to independently assess the inputs applied in the valuations of a sample of positions. For all fair value financial instruments tested, we compared our determined ranges and estimates to management's fair values. We assessed the appropriateness of the disclosures in the consolidated and separate financial statements in accordance with the requirements of IFRS 13, Fair value measurement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 177-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 IBL 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.

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 as issued by the International Accounting Standards Board (IFRS 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.

INDEPENDENT AUDITORS' REPORT
CONTINUED

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 financial statements. We are responsible for the direction, supervision and performance of the Group 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 related 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 48 and 29 years, respectively.

Ernst & Young Inc.

Ernst & Young Inc.

Registered Auditor
Per Ranesh P Hariparsad
Chartered Accountant (SA)
Registered Auditor
Director
22 June 2023

102 Rivonia Road
Sandton
2196
South Africa

KPMG Inc.

KPMG Inc.

Registered Auditor
Per Vanessa Mans
Chartered Accountant (SA)
Registered Auditor
Director
22 June 2023

85 Empire Road
Parktown
2193
South Africa

INCOME STATEMENTS

For the year to 31 March R'million	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Interest income	2	38 112	26 230	37 120	25 880
Interest income calculated using the effective interest method		34 626	23 530	33 741	23 361
Other interest income		3 486	2 700	3 379	2 519
Interest expense	2	(25 347)	(16 020)	(25 412)	(16 245)
Net interest income		**12 765**	**10 210**	**11 708**	**9 635**
Fee and commission income	3	4 106	3 609	3 871	3 402
Fee and commission expense	3	(728)	(539)	(698)	(519)
Investment income	4	274	241	193	484
Share of post-taxation (loss)/profit of associates	28	(3)	53	—	50
Trading income arising from					
– customer flow		597	724	397	722
– balance sheet management and other trading activities		42	5	42	5
Other operating income		1	1	2	1
Total operating income before expected credit loss impairment charges		**17 054**	**14 304**	**15 515**	**13 780**
Expected credit loss impairment charges	5	(289)	(9)	(353)	(18)
Operating income		**16 765**	**14 295**	**15 162**	**13 762**
Operating costs	6	(8 126)	(7 048)	(7 829)	(6 821)
Operating profit before goodwill and acquired intangibles		**8 639**	**7 247**	**7 333**	**6 941**
Impairment of goodwill	32	(1)	(3)	(1)	(3)
Amortisation of acquired intangibles	33	(51)	(51)	—	—
Profit before taxation		**8 587**	**7 193**	**7 332**	**6 938**
Taxation on operating profit before acquired intangibles	9	(1 809)	(1 703)	(1 641)	(1 640)
Taxation on acquired intangibles	9	14	15	—	—
Profit after taxation		**6 792**	**5 505**	**5 691**	**5 298**
Profit after taxation attributable to ordinary shareholders		6 536	5 238	5 435	5 031
Profit after taxation attributable to perpetual preference shareholders and Other Additional Tier 1 security holders		256	267	256	267

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March R'million	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Profit after taxation		6 792	5 505	5 691	5 298
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	271	(80)	260	(107)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	9	121	50	167	74
Gain on realisation of debt instruments at FVOCI recycled through the income statement	9	(59)	(35)	(59)	(35)
Foreign currency adjustments on translating foreign operations		1 425	(70)	—	—
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)	—	(158)
Net gain attributable to own credit risk	9	2	1	2	1
Total comprehensive income		**8 552**	**5 213**	**6 061**	**5 073**
Total comprehensive income attributable to ordinary shareholders		8 296	4 946	5 805	4 806
Total comprehensive income attributable to perpetual preference shareholders and Other Additional Tier 1 security holders		256	267	256	267
Total comprehensive income		**8 552**	**5 213**	**6 061**	**5 073**

BALANCE SHEETS

At 31 March R'million	Notes	Group 2023	Group 2022^	Group 2021^
Assets				
Cash and balances at central banks	17	22 761	11 893	9 653
Loans and advances to banks	18	10 502	19 609	24 666
Non-sovereign and non-bank cash placements		14 133	13 176	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	19	49 995	56 437	30 221
Sovereign debt securities	20	77 456	57 380	53 009
Bank debt securities	21	16 019	27 955	21 862
Other debt securities	22	11 676	15 439	14 170
Derivative financial instruments	23	16 449	17 144	18 531
Securities arising from trading activities	24	6 735	2 276	2 869
Investment portfolio	25	2 926	2 865	4 923
Loans and advances to customers	26	312 164	287 529	275 056
Own originated loans and advances to customers securitised	27	5 988	7 228	8 184
Other loans and advances	26	1	108	181
Other securitised assets	27	547	592	578
Interests in associated undertakings	28	33	31	5 149
Current taxation assets		1	2	35
Deferred taxation assets	29	2 077	2 255	2 412
Other assets	30	6 334	7 107	8 850
Property and equipment	31	3 306	3 427	2 740
Investment properties		—	1	1
Goodwill	32	171	172	175
Software	33	127	46	95
Other acquired intangible assets	33	13	64	118
Loans to Group companies	35	37 760	21 489	17 410
Non-current assets held for sale		—	498	474
		597 174	**554 723**	**510 318**
Liabilities				
Deposits by banks		26 420	18 721	17 144
Derivative financial instruments	23	33 242	28 398	23 837
Other trading liabilities	37	1 542	3 309	3 388
Repurchase agreements and cash collateral on securities lent	19	17 933	12 091	16 593
Customer accounts (deposits)		448 718	420 072	374 369
Debt securities in issue	38	2 585	2 845	2 126
Liabilities arising on securitisation of own originated loans and advances	27	3 594	4 585	3 271
Current taxation liabilities		848	557	684
Deferred taxation liabilities	29	19	17	32
Other liabilities	39	7 087	7 089	7 421
Loans from Group companies	35	712	1 066	1 972
		542 700	**498 750**	**450 837**
Subordinated liabilities	40	7 748	9 133	12 936
		550 448	**507 883**	**463 773**
Equity				
Ordinary share capital	41	32	32	32
Ordinary share premium	42	14 250	14 250	14 250
Other reserves		2 910	1 017	411
Retained income		26 824	28 981	29 188
Ordinary shareholders' equity		**44 016**	**44 280**	**43 881**
Perpetual preference share capital and premium		—	—	1 481
Shareholders' equity excluding non-controlling interests		**44 016**	**44 280**	**45 362**
Other Additional Tier 1 securities in issue	43	2 710	2 560	1 183
Total equity		**46 726**	**46 840**	**46 545**
Total liabilities and equity		**597 174**	**554 723**	**510 318**

^ Restated as per note 53.

BALANCE SHEETS CONTINUED

At 31 March R'million	Notes	Company 2023	Company 2022^	Company 2021^
Assets				
Cash and balances at central banks	17	22 159	11 346	9 343
Loans and advances to banks	18	4 020	12 359	17 848
Non-sovereign and non-bank cash placements		14 133	13 477	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	19	43 777	54 976	29 114
Sovereign debt securities	20	70 060	57 380	53 009
Bank debt securities	21	15 100	27 488	21 366
Other debt securities	22	10 327	14 576	13 876
Derivative financial instruments	23	16 447	17 139	18 526
Securities arising from trading activities	24	6 618	1 962	2 322
Investment portfolio	25	2 504	2 562	4 668
Loans and advances to customers	26	297 778	278 637	269 356
Other loans and advances	26	1	142	211
Interests in associated undertakings	28	—	—	5 117
Deferred taxation assets	29	2 056	2 227	2 394
Other assets	30	6 189	7 031	8 476
Property and equipment	31	3 302	3 420	2 725
Investment properties		—	1	1
Goodwill	32	—	1	4
Software	33	127	46	97
Loans to Group companies	35	36 021	19 538	15 747
Investment in subsidiaries	36	5 364	5 128	4 473
Non-current assets held for sale		—	498	474
		555 983	**529 934**	**488 103**
Liabilities				
Deposits by banks		22 052	18 721	17 144
Derivative financial instruments	23	33 226	28 085	23 573
Other trading liabilities	37	1 542	3 309	3 388
Repurchase agreements and cash collateral on securities lent	19	16 991	12 091	16 593
Customer accounts (deposits)		423 126	403 332	359 198
Debt securities in issue	38	1 245	2 065	1 346
Current taxation liabilities		743	525	631
Other liabilities	39	6 827	6 386	6 700
Loans from Group companies	35	4 719	5 916	6 378
		510 471	**480 430**	**434 951**
Subordinated liabilities	40	7 748	9 133	12 936
		518 219	**489 563**	**447 887**
Equity				
Ordinary share capital	41	32	32	32
Ordinary share premium	42	14 250	14 250	14 250
Other reserves		(1 329)	(1 699)	(2 420)
Retained income		22 101	25 228	25 690
Ordinary shareholders' equity		**35 054**	**37 811**	**37 552**
Perpetual preference share capital and premium		—	—	1 481
Shareholders' equity excluding non-controlling interests		**35 054**	**37 811**	**39 033**
Other Additional Tier 1 securities in issue	43	2 710	2 560	1 183
Total equity		**37 764**	**40 371**	**40 216**
Total liabilities and equity		**555 983**	**529 934**	**488 103**

^ Restated as per note 53.

STATEMENTS OF CHANGES IN EQUITY

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

STATEMENTS OF CHANGES IN EQUITY CONTINUED

R'million	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**
			Other reserves										
Group													
At 1 April 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**
Movement in reserves 1 April 2022 – 31 March 2023													
Profit after taxation	—	—	—	—	—	—	—	6 792	6 792	—	6 792	—	6 792
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	—	271	—	—	—	271	—	271	—	271
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	121	—	—	—	—	—	121	—	121	—	121
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(59)	—	—	—	—	—	(59)	—	(59)	—	(59)
Foreign currency adjustments on translating foreign operations	—	—	—	—	—	—	1 425	—	1 425	—	1 425	—	1 425
Net gain attributable to own credit risk	—	—	—	—	—	2	—	—	2	—	2	—	2
Total comprehensive income for the year	**—**	**—**	**62**	**—**	**271**	**2**	**1 425**	**6 792**	**8 552**	**—**	**8 552**	**—**	**8 552**
Dividends paid to ordinary shareholders	—	—	—	—	—	—	—	(8 700)	(8 700)	—	(8 700)	—	(8 700)
Dividends declared to Other Additional Tier 1 security holders	—	—	—	—	—	—	—	(256)	(256)	—	(256)	256	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	—	—	—	(256)	(256)
Issue of Other Additional Tier 1 securities in issue	—	—	—	—	—	—	—	—	—	—	—	500	500
Redemption of Other Additional Tier 1 security instruments	—	—	—	—	—	—	—	—	—	—	—	(350)	(350)
Capital contribution from Group companies	—	—	—	—	—	—	—	225	225	—	225	—	225
Employee benefit liability recognised	—	—	—	—	—	—	—	(85)	(85)	—	(85)	—	(85)
Transfer to regulatory general risk reserve	—	—	—	133	—	—	—	(133)	—	—	—	—	—
At 31 March 2023	**32**	**14 250**	**(6)**	**798**	**(1 349)**	**15**	**3 452**	**26 824**	**44 016**	**—**	**44 016**	**2 710**	**46 726**

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

R'million	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 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**
Movement in reserves 1 April 2022 – 31 March 2023												
Profit after taxation	—	—	—	—	—	—	5 691	5 691	—	5 691	—	5 691
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—	260	—	—	—	260	—	260	—	260
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	167	—	—	—	—	167	—	167	—	167
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	(59)	—	—	—	—	(59)	—	(59)	—	(59)
Net gain attributable to own credit risk	—	—	—	—	2	—	—	2	—	2	—	2
Total comprehensive income for the year	**—**	**—**	**108**	**260**	**2**	**—**	**5 691**	**6 061**	**—**	**6 061**	**—**	**6 061**
Dividends paid to ordinary shareholders	—	—	—	—	—	—	(8 700)	(8 700)	—	(8 700)	—	(8 700)
Dividends declared to Other Additional Tier 1 security holders	—	—	—	—	—	—	(256)	(256)	—	(256)	256	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	—	—	(256)	(256)
Issue of Other Additional Tier 1 security instruments	—	—	—	—	—	—	—	—	—	—	500	500
Redemption of Other Additional Tier 1 security instruments	—	—	—	—	—	—	—	—	—	—	(350)	(350)
Employee benefit liability recognised	—	—	—	—	—	—	(83)	(83)	—	(83)	—	(83)
Capital contribution from Group companies	—	—	—	—	—	—	221	221	—	221	—	221
At 31 March 2023	**32**	**14 250**	**51**	**(1 385)**	**15**	**(10)**	**22 101**	**35 054**	**—**	**35 054**	**2 710**	**37 764**

CASH FLOW STATEMENTS

For the year to 31 March R'million	Notes	Group 2023	Group 2022^	Company 2023	Company 2022^
Cash flows from operating activities					
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	45	9 266	7 629	7 962	7 003
Taxation paid		(1 559)	(1 846)	(1 479)	(1 785)
Dividends received from investment in subsidiaries		—	—	53	326
Increase in operating assets	45	(33 990)	(46 774)	(25 922)	(42 719)
Increase in operating liabilities	45	39 983	48 195	34 208	45 539
Net cash inflow from operating activities		**13 700**	**7 204**	**14 822**	**8 364**
Cash flows from investing activities					
Cash flow on acquisition of property, equipment and intangible assets		(287)	(95)	(287)	(95)
Cash flow on disposal of property, equipment and intangible assets		5	2	5	2
Proceeds on disposal of associates and investment portfolio		—	2 935	—	2 935
Net cash (outflow)/inflow from investing activities		**(282)**	**2 842**	**(282)**	**2 842**
Cash flows from financing activities					
Repurchase of perpetual preference shares		—	(1 462)	—	(1 462)
Dividends paid to ordinary shareholders	11	(8 700)	(5 550)	(8 700)	(5 550)
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	11	(256)	(267)	(256)	(267)
Proceeds on issue of subordinated liabilities	40	2 359	1 500	2 359	1 500
Repayment of subordinated liabilities	40	(4 576)	(5 596)	(4 576)	(5 596)
Proceeds on issue of Other Additional Tier 1 securities in issue	43	500	1 377	500	1 377
Repayment of Other Additional Tier 1 securities in issue	43	(350)	—	(350)	—
Lease liabilities paid	39	(77)	(85)	(76)	(76)
Net cash outflow from financing activities		**(11 100)**	**(10 083)**	**(11 099)**	**(10 074)**
Effects of exchange rates on cash and cash equivalents		**1 135**	**(51)**	**—**	**—**
Net increase/(decrease) in cash and cash equivalents		**3 453**	**(88)**	**3 441**	**1 132**
Cash and cash equivalents at the beginning of the year		42 027	42 115	36 637	35 505
Cash and cash equivalents at the end of the year		**45 480**	**42 027**	**40 078**	**36 637**
Cash and cash equivalents is defined as including:					
Cash and balances at central banks		22 761	11 893	22 159	11 346
On demand loans and advances to banks		8 532	16 923	3 735	11 780
Non-sovereign and non-bank cash placements		14 133	13 176	14 133	13 477
Expected credit loss on cash and cash equivalents		54	35	51	34
Cash and cash equivalents at the end of the year		**45 480**	**42 027**	**40 078**	**36 637**

^ Restated as per note 53.

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 R10.5 billion (2022: R9.4 billion) in the Group and R10.2 billion (2022: R9.2 billion) in the Company. These are included in cash and cash equivalents.

ACCOUNTING POLICIES

Basis of presentation

The Group and Company financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS 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 42 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

ACCOUNTING POLICIES
CONTINUED

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 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 are 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. 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.

ACCOUNTING POLICIES
CONTINUED

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.

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.

ACCOUNTING POLICIES
CONTINUED

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.

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 a 12-month 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

ACCOUNTING POLICIES
CONTINUED

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).

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 or appropriate proxies for PD's 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 their 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.

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

ACCOUNTING POLICIES
CONTINUED

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.

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.

ACCOUNTING POLICIES
CONTINUED

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 applies the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform. 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.

IBOR reform Phase 1 requires 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 also applies the IBOR reform Phase 2. 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 168 in note 55 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 amount of income recognised in accordance with IFRS 15 and the best estimate of expected credit loss calculated for the financial guarantee. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

ACCOUNTING POLICIES
CONTINUED

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.

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.

ACCOUNTING POLICIES
CONTINUED

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.

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.

ACCOUNTING POLICIES
CONTINUED

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 estimates are made include:

- 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.

Details of unlisted investments can be found in note 25 with further analysis contained on page 169.

- 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.
- 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, commercial outcomes 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 are 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 time frame of the cash flows 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.

Key areas in which judgement is applied include:

- On the basis of current financial projections and having made appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence up to 31 March 2026, which is a period greater than twelve months from the date of issue of the financial statements that aligns with internal budgeting processes. Accordingly, the going concern basis is adopted in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Segmental analysis

For the year to 31 March 2023 R'million	Specialist Banking – Private Client: Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Group					
Net interest income/(expense)	6 133	6 646	(14)	—	12 765
Net fee and commission income	1 193	2 185	—	—	3 378
Investment income/(loss)	310	(40)	4	—	274
Share of post-taxation loss of associates	(3)	—	—	—	(3)
Trading income arising from					
– customer flow	—	597	—	—	597
– balance sheet management and other trading activities	—	42	—	—	42
Other operating income	—	1	—	—	1
Total operating income/(loss) before expected credit loss impairment charges	**7 633**	**9 431**	**(10)**	**—**	**17 054**
Expected credit loss impairment charges	(247)	(42)	—	—	(289)
Operating income/(loss)	**7 386**	**9 389**	**(10)**	**—**	**16 765**
Operating costs	(3 690)	(4 120)	(2)	(314)	(8 126)
Profit/(loss) before goodwill, acquired intangibles and taxation	**3 696**	**5 269**	**(12)**	**(314)**	**8 639**
Cost to income ratio	48.3%	43.7%	n/a	n/a	47.6%
Total assets	229 507	366 989	678	—	597 174

For the year to 31 March 2022 R'million	Specialist Banking – Private Client: Private 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/(loss) before expected credit loss impairment charges	**7 036**	**7 449**	**(181)**	**—**	**14 304**
Expected credit loss impairment releases/(charges)	368	(377)	—	—	(9)
Operating income/(loss)	**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^	223 819	330 174	730	—	554 723

^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. Segmental analysis (continued)

For the year to 31 March 2023 R'million	Specialist Banking – Private Client: Private Banking	Corporate, Investment Banking and Other	Group Investments	Group Costs	Total
Company					
Net interest income/(expense)	5 864	5 858	(14)	—	11 708
Net fee and commission income	1 181	1 992	—	—	3 173
Investment income/(loss)	218	(29)	4	—	193
Trading income arising from					
– customer flow	—	397	—	—	397
– balance sheet management and other trading activities	4	38	—	—	42
Other operating income	—	2	—	—	2
Total operating income/(loss) before expected credit loss impairment charges	**7 267**	**8 258**	**(10)**	**—**	**15 515**
Expected credit loss impairment charges	(221)	(132)	—	—	(353)
Operating income/(loss)	**7 046**	**8 126**	**(10)**	**—**	**15 162**
Operating costs	(3 680)	(3 833)	(2)	(314)	(7 829)
Profit/(loss) before goodwill, acquired intangibles and taxation	**3 366**	**4 293**	**(12)**	**(314)**	**7 333**
Cost to income ratio (%)	50.6%	46.4%	n/a	n/a	50.5%
Total assets	224 471	330 834	678	—	555 983

For the year to 31 March 2022 R'million	Specialist Banking – Private Client: Private 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/(loss) before expected credit loss impairment charges	**6 736**	**7 225**	**(181)**	**—**	**13 780**
Expected credit loss impairment releases/(charges)	369	(387)	—	—	(18)
Operating income/(loss)	**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^	217 320	311 884	730	—	529 934

^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Net interest income

For the year to 31 March R'million	Notes	2023 Average balance sheet value	2023 Interest income	2023 Average yield	2022 Average balance sheet value	2022 Interest income	2022 Average yield
Group							
Cash, near cash and bank debt and sovereign debt securities	1	186 367	9 472	5.08%	167 273	5 582	3.34%
Core loans and advances	2	307 315	26 932	8.76%	290 326	19 518	6.72%
Private client		224 838	19 417	8.64%	217 973	14 106	6.47%
Corporate, institutional and other clients		82 477	7 515	9.11%	72 353	5 412	7.48%
Other debt securities and other loans and advances		12 647	661	5.23%	16 004	636	3.97%
Other	3	28 156	1 047	n/a	22 197	494	n/a
		534 485	**38 112**		**495 800**	**26 230**	

For the year to 31 March R'million	Notes	2023 Average balance sheet value	2023 Interest expense	2023 Average yield	2022 Average balance sheet value	2022 Interest expense	2022 Average yield
Deposits by banks and other debt-related securities	4	37 751	(1 572)	4.16%	33 551	(767)	2.29%
Customer accounts (deposits)		433 434	(22 745)	5.25%	400 266	(14 128)	3.53%
Subordinated liabilities		7 565	(511)	6.75%	11 255	(740)	6.57%
Other	5	4 863	(519)	n/a	5 289	(385)	n/a
		483 613	**(25 347)**		**450 361**	**(16 020)**	
Net interest income			**12 765**			**10 210**	
Net interest margin			**2.39%**			**2.06%**	

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	2023 Average balance sheet value	2023 Interest income	2023 Average yield	2022 Average balance sheet value	2022 Interest income	2022 Average yield
Company							
Cash, near cash and bank debt and sovereign debt securities	1	169 709	8 952	5.27%	158 050	5 521	3.49%
Core loans and advances	2	288 162	25 330	8.79%	274 923	18 436	6.71%
Private Client		217 192	18 641	8.58%	212 496	13 425	6.32%
Corporate, institutional and other clients		70 970	6 689	9.43%	62 427	5 011	8.03%
Other debt securities and other loans and advances		11 596	637	5.49%	15 694	635	4.05%
Other	3	25 291	2 201	n/a	19 910	1 288	n/a
		494 758	**37 120**		**468 577**	**25 880**	

For the year to 31 March R'million	Notes	2023 Average balance sheet value	2023 Interest expense	2023 Average yield	2022 Average balance sheet value	2022 Interest expense	2022 Average yield
Deposits by banks and other debt-related securities	4	33 947	(1 390)	4.09%	32 771	(734)	2.24%
Customer accounts (deposits)		410 401	(22 353)	5.45%	384 329	(14 116)	3.67%
Subordinated liabilities		7 565	(511)	6.75%	11 255	(740)	6.57%
Other	5	4 991	(1 158)	n/a	6 142	(655)	n/a
		456 904	**(25 412)**		**434 497**	**(16 245)**	
Net interest income			**11 708**			**9 635**	
Net interest margin			**2.37%**			**2.06%**	

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 2023	Group 2022	Company 2023	Company 2022
Specialist Banking net fee and commission income	**3 378**	**3 070**	**3 173**	**2 883**
Specialist Banking fee and commission income	4 106	3 609	3 871	3 402
Specialist Banking fee and commission expense	(728)	(539)	(698)	(519)
Net fee and commission income	**3 378**	**3 070**	**3 173**	**2 883**
Annuity fees (net of fees payable)	1 880	1 767	1 849	1 720
Deal fees	1 498	1 303	1 324	1 163

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 and liability categories	**Total**
Group									
2023									
Realised	—	32	—	90	122	200	60	11	393
Unrealised^	(21)	(76)	—	10	(87)	25	—	(122)	(184)
Dividend income	12	96	—	—	108	—	—	—	108
Funding and other net related costs	—	(39)	—	—	(39)	—	(4)	—	(43)
	(9)	**13**	**—**	**100**	**104**	**225**	**56**	**(111)**	**274**
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**

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 and liability categories	**Total**
Company									
2023									
Realised	—	32	—	90	122	199	(1)	12	332
Unrealised^	(21)	(144)	—	10	(155)	25	—	(122)	(252)
Dividend income**	9	96	—	—	105	—	—	53	158
Funding and other net related costs	—	(41)	—	—	(41)	—	(4)	—	(45)
	(12)	**(57)**	**—**	**100**	**31**	**224**	**(5)**	**(57)**	**193**
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**

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised item and recognised in the realised line item.
* Includes income from unlisted equities classified as non-current assets held for sale.
** In the Company, dividend income from investments in subsidiaries is presented in 'other asset and liability categories' above which is eliminated in the Group disclosures.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. Expected credit loss impairment charges

For the year to 31 March R'million	Group **2023**	Group 2022	Company **2023**	Company 2022
Expected credit loss impairment charges/(releases) is recognised on the following assets:				
Loans and advances to customers	265	5	273	30
Expected credit loss impairment charges (refer to note 26)	720	272	800	298
Post write-off recoveries	(455)	(267)	(527)	(268)
Own originated loans and advances to customers securitised	(7)	2	—	—
Core loans	**258**	**7**	**273**	**30**
Other balance sheet assets	39	5	83	(5)
Undrawn commitments and guarantees	(8)	(3)	(3)	(7)
Total expected credit loss impairment charges	**289**	**9**	**353**	**18**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

6. Operating costs

For the year to 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Staff costs	6 222	5 537	6 074	5 436
Salaries and wages*	3 338	3 004	3 250	2 947
Variable remuneration*	1 841	1 600	1 801	1 577
Share-based payments expense*	449	405	441	398
Pensions and provident fund contributions*	351	318	340	307
Other	243	210	242	207
Business expenses**	605	458	539	399
Equipment expenses (excluding depreciation)	432	359	362	310
Premises expenses	318	262	309	248
Premises expenses (excluding depreciation)	135	78	130	68
Premises depreciation	183	184	179	180
Marketing expenses	397	261	395	259
Depreciation, amortisation and impairment on property, equipment, software and intangibles	152	171	150	169
	8 126	**7 048**	**7 829**	**6 821**
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 audit fees	40	34	28	23
Audit of the Group's accounts	27	24	25	20
Audit of the Group's subsidiaries pursuant to legislation	9	6	—	—
Audit-related assurance services	4	4	3	3
Total non-audit fees	^	^	—	—
Audit-related assurance services	^	^	—	—
KPMG Inc. fees				
Total audit fees	54	46	40	35
Audit of the Group's accounts	41	34	36	31
Audit of the Group's subsidiaries pursuant to legislation	6	5	—	—
Audit-related assurance services	7	7	4	4
Total non-audit fees	^	1	—	1
Audit-related assurance services	^	1	—	1
Tax compliance services	—	^	—	—
Total auditors remuneration	**94**	**81**	**68**	**59**

* Details of the directors' emoluments, pensions and their interests are disclosed in note 54.
** 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 2023 remuneration report.

Equity-settled options

For the year to 31 March	Group 2023		Group 2022	
Details of equity-settled awards outstanding during the year	**Number of awards**	**Weighted average exercise price**	**Number of awards**	**Weighted average exercise price**
Outstanding at the beginning of the year	24 396 236	—	22 878 703	—
Re-location of employees during the year	558 851	—	(867 018)	—
Granted during the year	7 897 007	21.68^	7 347 531	—^
Exercised during the year	(5 214 454)	—	(4 233 433)	—
Lapsed during the year	(843 780)	—	(729 547)	—
Outstanding at the end of the year	**26 793 860**	**6.39**	**24 396 236**	**—**
Vested and exercisable at the end of the year	**458 233**	**—**	**361 094**	**—**

For the year to 31 March	Company 2023		Company 2022	
Details of equity-settled awards outstanding during the year	**Number of awards**	**Weighted average exercise price**	**Number of awards**	**Weighted average exercise price**
Outstanding at the beginning of the year	23 978 670	—	22 158 441	—
Re-location of employees during the year	534 512	—	(545 924)	—
Granted during the year	7 744 955	21.82^	7 225 126	—^
Exercised during the year	(5 109 727)	—	(4 135 691)	—
Lapsed during the year	(840 443)	—	(723 282)	—
Outstanding at the end of the year	**26 307 967**	**6.42**	**23 978 670**	**—**
Vested and exercisable at the end of the year	**445 108**	**—**	**357 110**	**—**

^ In the current year, equity-settled options with a strike price and with a zero strike price, were granted to participants. In 2022, only equity-settled options with a zero strike price were granted.

The weighted average share price during the year was R92.95 (2022: R68.09)

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. Share-based payments (continued)

Equity-settled options (continued)

	Group		Company	
For the year to 31 March	**2023**	2022	**2023**	2022
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 with strike price				
Exercise price	R93.31	n/a	R93.31	n/a
Weighted average remaining contractual life of outstanding awards	3.16 years	n/a	3.16 years	n/a
Weighted average fair values of options and long-term grants granted during the period	R14.42	n/a	R14.42	n/a
Long-term incentive shares with no strike price				
Exercise price	Rnil	Rnil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	1.81 years	1.98 years	1.81 years	1.98 years
Weighted average fair values of options and long-term grants granted during the period	R95.87	R59.21	R95.87	R59.23
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	R95.89 - R100.81	R57.61 - R80.10	R95.89 - R100.81	R57.61 - R80.10
Expected volatility	25.42%	n/a	25.42%	n/a
Exercise price	Rnil, R93.31	Rnil	Rnil, R93.31	Rnil
Option life	2.50 - 5.00 years	2.50 - 5.68 years	2.50 - 5.00 years	2.50 - 5.68 years
Expected dividend yields	5.89% - 6.06%	n/a	5.89% - 6.06%	n/a
Risk-free rate	7.07% - 7.52%	n/a	7.07% - 7.52%	n/a

For information on the share options granted to directors, refer to note 54.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. Share-based payments (continued)

Cash-settled options

	Group			
For the year to 31 March	**2023**		2022	
Details of cash-settled awards outstanding during the year	**Number of awards**	**Weighted average exercise price**	**Number of awards**	**Weighted average exercise price**
Outstanding at the beginning of the year	3 222 328	54.03	—	—
Re-location of employees during the year	54 435	—	—	—
Granted during the year	—	—	3 222 328	54.03
Outstanding at the end of the year	**3 276 763**	**54.03**	**3 222 328**	**54.03**
Vested and exercisable at the end of the year	**—**	**—**	**—**	**—**

	Company			
For the year to 31 March	**2023**		2022	
Details of cash-settled awards outstanding during the year	**Number of awards**	**Weighted average exercise price**	**Number of awards**	**Weighted average exercise price**
Outstanding at the beginning of the year	3 185 371	54.03	—	—
Re-location of employees during the year	54 435	—	—	—
Granted during the year	—	—	3 185 371	54.03
Outstanding at the end of the year	**3 239 806**	**54.03**	**3 185 371**	**54.03**
Vested and exercisable at the end of the year	**—**	**—**	**—**	**—**

The cash-settled award to employees was a once-off award in the prior year and has subsequently been replaced by the equity-settled award with a strike price.

The Group liability is valued at R60.6 million (2022: R27.3 million) and R33.3 million (2022: R27.3 million) has been recognised in share-based payments expense within operating costs on the income statement.

The Company liability is valued at R60.0 million (2022: R27.0 million) and R33.0 million (2022: 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	**2023**	2022	**2023**	2022
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	R98.12	R97.51	R98.12	R97.51
Exercise price	R54.03	R54.03	R54.03	R54.03
Expected volatility	30.61%	25.33%	30.61%	25.33%
Option life	1.41 - 3.08 years	2.41 - 4.08 years	1.41 - 3.08 years	2.41 - 4.08 years
Expected dividend yields	5.94% - 6.34%	3.24% - 3.39%	5.94% - 6.34%	3.24% - 3.39%
Risk-free rate	7.75% - 7.92%	6.20% - 6.73%	7.75% - 7.92%	6.20% - 6.73%

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, 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 DLC has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as an other 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.

In the current year, on 30 May 2022, the Group's 15% shareholding in Ninety One DLC was distributed to ordinary shareholders. Each participant of the Investec share option and long-term share incentive plans for employees, received the right to receive 0.13751 Ninety One shares for each Investec share option they had.

In addition, management approved the acceleration of certain remaining Ninety One awards. Participants had 90 days to exercise the acceleration. The acceleration excluded awards made to senior management.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2023 was a loss of R67.6 million (2022: loss of R72.2 million) in the Group and R66.8 million loss (2022: loss of R70.7 million) in the Company.

	Group		Company	
For the year to 31 March	**2023**	2022	**2023**	2022
Details of awards outstanding during the year				
Outstanding at the beginning of the year	4 511 099	7 016 322	4 411 515	6 781 961
Re-location of employees during the year	110 952	(226 578)	105 580	(142 777)
Grant linked to Ninety One Distribution	3 915 572	—	3 847 713	—
Exercised during the year	(7 597 642)	(2 137 364)	(7 440 823)	(2 088 439)
Lapsed during the year	(102 433)	(141 281)	(100 764)	(139 230)
Outstanding at the end of the year	**837 548**	**4 511 099**	**823 221**	**4 411 515**
Exercisable at the end of the year	**724 766**	**189 877**	**710 439**	**187 771**

	Group		Company	
At 31 March	**2023**	2022	**2023**	2022
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	0.94 years	0.92 years	0.94 years	0.92 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	R40.54	R49.01	R40.54	R49.01
Exercise price	Rnil	Rnil	Rnil	Rnil
Expected volatility	31.27%	35.03%	31.27%	35.03%
Option life	0.15 - 3.08 years	0 - 2.16 years	0.15 - 3.08 years	0 - 2.16 years
Expected dividend yields	0% - 8.49%	0% - 6.25%	0% - 8.49%	0% - 6.25%
Risk-free rate	7.63% - 8.02%	4.16% - 6.40%	7.63% - 8.02%	4.16% - 6.40%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Taxation

	Group		Company	
For the year to 31 March R'million	**2023**	2022	**2023**	2022
Income statement tax charge				
Taxation on income				
South Africa	1 667	1 656	1 641	1 640
– Current taxation	1 609	1 734	1 587	1 703
in respect of the current year	1 558	1 670	1 519	1 655
in respect of prior year adjustments	51	64	68	48
– Deferred taxation	58	(78)	54	(63)
Foreign taxation – Mauritius	128	32	—	—
Total taxation charge as per income statement	**1 795**	**1 688**	**1 641**	**1640**
Total taxation charge for the year comprises:				
Taxation on operating profit before acquired intangibles	1 809	1 703	1 641	1 640
Taxation on acquired intangibles	(14)	(15)	—	—
	1 795	**1 688**	**1 641**	**1640**
Tax rate reconciliation:				
Profit before taxation as per income statement	8 587	7 193	7 332	6 938
Total taxation charge as per income statement	1 795	1 688	1 641	1 640
Tax on profit before taxation at 27% (2022: 28%)	2 318	2 014	1 980	1 943
The standard rate of South African normal taxation has been affected by:				
Dividend income	(372)	(363)	(376)	(440)
Foreign earnings*	(165)	(115)	—	—
Prior year tax adjustments	51	64	68	48
Utilisation of assessed losses	—	(10)	—	—
Tax rate differential on profits of a capital nature	(25)	—	(25)	—
Other Additional Tier 1 securities interest	(69)	(44)	(69)	(44)
Tax impact of equity accounted earnings of associate	—	(14)	—	(14)
Change in tax rate	—	64	—	64
Other non-taxable/non-deductible differences	57	92	63	83
Total taxation charge as per income statement	**1 795**	**1 688**	**1 641**	**1640**

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. Taxation (continued)

For the year to 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
The deferred taxation movements in the income statement arise from:				
Deferred capital allowances	1	—	—	—
Income and expenditure accruals	(15)	(29)	(15)	(28)
Unrealised fair value adjustments on financial instruments	221	(28)	205	(26)
Deferred taxation on acquired intangibles	(14)	(15)	—	—
Expected credit losses	(18)	(3)	(21)	(6)
Finance lease accounting	(115)	(3)	(115)	(3)
	60	**(78)**	**54**	**(63)**
Other comprehensive income taxation effects				
Fair value movements on cash flow hedges taken directly to other comprehensive income	271	(80)	260	(107)
– Pre-taxation	461	(89)	446	(116)
– Deferred taxation effect	(81)	33	(78)	33
– Current taxation effect	(109)	(24)	(108)	(24)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	121	50	167	74
– Pre-taxation	183	80	229	104
– Income taxation effect	(62)	(30)	(62)	(30)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(59)	(35)	(59)	(35)
– Pre-taxation	(81)	(49)	(81)	(49)
– Deferred taxation effect	22	14	22	14
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	(158)	—	(158)
– Pre-taxation	—	70	—	70
– Deferred taxation effect	—	(228)	—	(228)
Net gain attributable to own credit risk	2	1	2	1
– Pre-taxation	3	1	3	1
– Income taxation effect	(1)	—	(1)	—

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. Headline earnings

For the year to 31 March R'million	Group 2023	Group 2022
Profit after taxation	6 792	5 505
Dividend paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(256)	(267)
Gain on repurchase of perpetual preference shares	—	19
Earnings attributable to ordinary shareholders	**6 536**	**5 257**
Headline adjustments	1	3
Impairment of goodwill	1	3
Headline earnings attributable to ordinary shareholders	**6 537**	**5 260**

11. Dividends

For the year to 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Ordinary dividend	**8 700**	**5 550**	**8 700**	**5 550**
Perpetual preference dividend				
Final dividend in prior year	—	44	—	44
Interim dividend for current year	—	66	—	66
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**—**	**110**	**—**	**110**
All outstanding perpetual preference shares were repurchased during the prior year. The shares were repurchased at R99.52 per preference share.				
The prior year total dividend per share was 292.45405 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 43 for detail on rates.	256	157	256	157
Total dividends declared to other equity holders including Other Additional Tier 1 securities	**256**	**267**	**256**	**267**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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									
2023									
Interest income	343	1 044	2 089	2 991	—	31 635	10	—	38 112
Interest expense	(188)	(19)	(1 298)	—	—	(23 807)	(35)	—	(25 347)
Fee and commission income	—	—	—	—	—	3 070	123	913	4 106
Fee and commission expense	—	(8)	—	(3)	—	(670)	—	(47)	(728)
Investment income	6	(147)	242	96	—	(7)	37	47	274
Share of post-taxation loss of associates	—	—	—	—	—	—	(3)	—	(3)
Trading income arising from									
– customer flow	647	(20)	—	—	—	(30)	—	—	597
– balance sheet management and other trading activities	(363)	6	326	—	—	73	—	—	42
Other operating income	—	—	—	—	—	—	1	—	1
Total operating income before expected credit loss impairment charges	**445**	**856**	**1 359**	**3 084**	**—**	**10 264**	**133**	**913**	**17 054**
Expected credit loss impairment charges	—	—	(22)	(43)	—	(232)	—	8	(289)
Operating income	**445**	**856**	**1 337**	**3 041**	**—**	**10 032**	**133**	**921**	**16 765**
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**

* 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

For the year to 31 March R'million	At fair value through profit or loss – IFRS 9 mandatory – Trading**	Non-trading**	Designated at inception	At fair value through comprehensive income – Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income*	Total
Company									
2023									
Interest income	240	1 040	2 089	2 846	—	30 895	10	—	37 120
Interest expense	(174)	(1)	(1 298)	—	—	(23 904)	(35)	—	(25 412)
Fee and commission income	—	1	—	—	—	2 854	103	913	3 871
Fee and commission expense	—	(8)	—	(3)	—	(640)	—	(47)	(698)
Investment income	3	(217)	220	96	—	(8)	52	47	193
Trading income arising from									
– customer flow	447	(20)	—	—	—	(30)	—	—	397
– balance sheet management and other trading activities	(353)	6	326	—	—	63	—	—	42
Other operating income	—	—	—	—	—	—	2	—	2
Total operating income before expected credit loss impairment charges	**163**	**801**	**1 337**	**2 939**	**—**	**9 230**	**132**	**913**	**15 515**
Expected credit loss impairment charges	—	—	(22)	(43)	—	(291)	—	3	(353)
Operating income	**163**	**801**	**1 315**	**2 896**	**—**	**8 939**	**132**	**916**	**15 162**
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**

* 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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 2023 **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	—	—	—	—	—	—	22 761	—	22 761
Loans and advances to banks	—	—	—	—	—	—	10 502	—	10 502
Non-sovereign and non-bank cash placements	—	130	—	—	—	130	14 003	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	3 937	9 578	—	—	—	13 515	36 480	—	49 995
Sovereign debt securities	—	8 247	—	43 569	—	51 816	25 640	—	77 456
Bank debt securities	—	1 652	—	7 415	—	9 067	6 952	—	16 019
Other debt securities	—	464	—	6 462	—	6 926	4 750	—	11 676
Derivative financial instruments	16 449	—	—	—	—	16 449	—	—	16 449
Securities arising from trading activities	6 618	117	—	—	—	6 735	—	—	6 735
Investment portfolio	—	2 926	—	—	—	2 926	—	—	2 926
Loans and advances to customers	—	1 296	14 035	—	—	15 331	296 833	—	312 164
Own originated loans and advances to customers securitised	—	—	—	—	—	—	5 988	—	5 988
Other loans and advances	—	—	—	—	—	—	1	—	1
Other securitised assets	—	—	—	—	—	—	547	—	547
Interests in associated undertakings	—	—	—	—	—	—	—	33	33
Current taxation assets	—	—	—	—	—	—	—	1	1
Deferred taxation assets	—	—	—	—	—	—	—	2 077	2 077
Other assets	649	1 724	—	—	—	2 373	1 717	2 244	6 334
Property and equipment	—	—	—	—	—	—	—	3 306	3 306
Goodwill	—	—	—	—	—	—	—	171	171
Software	—	—	—	—	—	—	—	127	127
Other acquired intangible assets	—	—	—	—	—	—	—	13	13
Loans to Group companies	—	—	—	—	—	—	37 760	—	37 760
	27 653	**26 134**	**14 035**	**57 446**	**—**	**125 268**	**463 934**	**7 972**	**597 174**
Liabilities									
Deposits by banks	—	—	—	—	—	—	26 420	—	26 420
Derivative financial instruments	33 242	—	—	—	—	33 242	—	—	33 242
Other trading liabilities	1 542	—	—	—	—	1 542	—	—	1 542
Repurchase agreements and cash collateral on securities lent	3 710	—	—	—	—	3 710	14 223	—	17 933
Customer accounts (deposits)	—	—	69 972	—	—	69 972	378 746	—	448 718
Debt securities in issue	—	—	—	—	—	—	2 585	—	2 585
Liabilities arising on securitisation of own originated loans and advances	—	—	—	—	—	—	3 594	—	3 594
Current taxation liabilities	—	—	—	—	—	—	—	848	848
Deferred taxation liabilities	—	—	—	—	—	—	—	19	19
Other liabilities	1 038	—	—	—	—	1 038	1 932	4 117	7 087
Loans from Group companies	47	—	—	—	—	47	665	—	712
	39 579	**—**	**69 972**	**—**	**—**	**109 551**	**428 165**	**4 984**	**542 700**
Subordinated liabilities	—	—	—	—	—	—	7 748	—	7 748
	39 579	**—**	**69 972**	**—**	**—**	**109 551**	**435 913**	**4 984**	**550 448**

* 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

	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	17 144	—	—	—	—	17 144	—	—	17 144
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	1 719	—	—	—	2 999	2 561	1 547	7 107
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
	27 510	**31 295**	**19 244**	**62 034**	**—**	**140 083**	**407 095**	**7 545**	**554 723**
Liabilities									
Deposits by banks	—	—	—	—	—	—	18 721	—	18 721
Derivative financial instruments	28 398	—	—	—	—	28 398	—	—	28 398
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
	36 019	**—**	**56 663**	**—**	**—**	**92 682**	**401 331**	**4 737**	**498 750**
Subordinated liabilities	—	—	—	—	—	—	9 133	—	9 133
	36 019	**—**	**56 663**	**—**	**—**	**92 682**	**410 464**	**4 737**	**507 883**

* 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.
^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

	At fair value through profit and loss			At fair value through other comprehensive income					
	IFRS 9 mandatory								
At 31 March 2023 **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**
Company									
Assets									
Cash and balances at central banks	—	—	—	—	—	—	22 159	—	22 159
Loans and advances to banks	—	—	—	—	—	—	4 020	—	4 020
Non-sovereign and non-bank cash placements	—	130	—	—	—	130	14 003	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	3 937	9 578	—	—	—	13 515	30 262	—	43 777
Sovereign debt securities	—	8 247	—	36 173	—	44 420	25 640	—	70 060
Bank debt securities	—	1 652	—	6 497	—	8 149	6 951	—	15 100
Other debt securities	—	464	—	5 471	—	5 935	4 392	—	10 327
Derivative financial instruments	16 447	—	—	—	—	16 447	—	—	16 447
Securities arising from trading activities	6 618	—	—	—	—	6 618	—	—	6 618
Investment portfolio	—	2 504	—	—	—	2 504	—	—	2 504
Loans and advances to customers	—	1 296	13 895	—	—	15 191	282 587	—	297 778
Other loans and advances	—	—	—	—	—	—	1	—	1
Deferred taxation assets	—	—	—	—	—	—	—	2 056	2 056
Other assets	649	1 719	—	—	—	2 368	1 666	2 155	6 189
Property and equipment	—	—	—	—	—	—	—	3 302	3 302
Software	—	—	—	—	—	—	—	127	127
Loans to Group companies	—	—	—	—	—	—	36 021	—	36 021
Investment in subsidiaries	—	—	—	—	—	—	4 720	644	5 364
	27 651	**25 590**	**13 895**	**48 141**	**—**	**115 277**	**432 422**	**8 284**	**555 983**
Liabilities									
Deposits by banks	—	—	—	—	—	—	22 052	—	22 052
Derivative financial instruments	33 226	—	—	—	—	33 226	—	—	33 226
Other trading liabilities	1 542	—	—	—	—	1 542	—	—	1 542
Repurchase agreements and cash collateral on securities lent	3 710	—	—	—	—	3 710	13 281	—	16 991
Customer accounts (deposits)	—	—	69 972	—	—	69 972	353 154	—	423 126
Debt securities in issue	—	—	—	—	—	—	1 245	—	1 245
Current taxation liabilities	—	—	—	—	—	—	—	743	743
Other liabilities	1 038	—	—	—	—	1 038	1 769	4 020	6 827
Loans from Group companies and subsidiaries	47	—	—	—	—	47	4 672	—	4 719
	39 563	**—**	**69 972**	**—**	**—**	**109 535**	**396 173**	**4 763**	**510 471**
Subordinated liabilities	—	—	—	—	—	—	7 748	—	7 748
	39 563	**—**	**69 972**	**—**	**—**	**109 535**	**403 921**	**4 763**	**518 219**

* 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.

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

	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**
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	17 139	—	—	—	—	17 139	—	—	17 139
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	1 719	—	—	—	2 999	2 587	1 445	7 031
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
	27 505	**30 678**	**19 244**	**60 995**	**—**	**138 422**	**383 728**	**7 784**	**529 934**
Liabilities									
Deposits by banks	—	—	—	—	—	—	18 721	—	18 721
Derivative financial instruments	28 085	—	—	—	—	28 085	—	—	28 085
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
	35 706	**—**	**56 663**	**—**	**—**	**92 369**	**383 443**	**4 618**	**480 430**
Subordinated liabilities	—	—	—	—	—	—	9 133	—	9 133
	35 706	**—**	**56 663**	**—**	**—**	**92 369**	**392 576**	**4 618**	**489 563**

* 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.
^ Restated as per note 53.

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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 2023 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	130	—	130	—
Reverse repurchase agreements and cash collateral on securities borrowed	13 515	—	13 515	—
Sovereign debt securities	51 816	51 816	—	—
Bank debt securities	9 067	4 528	4 539	—
Other debt securities	6 926	2 239	4 687	—
Derivative financial instruments	16 449	—	16 449	—
Securities arising from trading activities	6 735	6 360	375	—
Investment portfolio	2 926	45	4	2 877
Loans and advances to customers	15 331	—	14 602	729
Other assets	2 373	2 373	—	—
	125 268	**67 361**	**54 301**	**3 606**
Liabilities				
Derivative financial instruments	33 242	—	33 242	—
Other trading liabilities	1 542	494	1 048	—
Repurchase agreements and cash collateral on securities lent	3 710	—	3 710	—
Customer accounts (deposits)	69 972	—	69 972	—
Other liabilities	1 038	—	1 038	—
Loans from Group companies	47	—	47	—
	109 551	**494**	**109 057**	**—**
Net financial assets/(liabilities) at fair value	**15 717**	**66 867**	**(54 756)**	**3 606**

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
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	17 144	—	17 144	—
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	2 999	2 999	—	—
Non-current assets classified as held for sale	498	—	—	498
	140 083	**53 585**	**82 454**	**4 044**
Liabilities				
Derivative financial instruments	28 398	698	27 700	—
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	—
	92 682	**846**	**91 836**	**—**
Net financial assets/(liabilities) at fair value	**47 401**	**52 739**	**(9 382)**	**4 044**

^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. Financial instruments at fair value (continued)

At 31 March 2023 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	130	—	130	—
Reverse repurchase agreements and cash collateral on securities borrowed	13 515	—	13 515	—
Sovereign debt securities	44 420	44 420	—	—
Bank debt securities	8 149	3 610	4 539	—
Other debt securities	5 935	1 248	4 687	—
Derivative financial instruments	16 447	—	16 447	—
Securities arising from trading activities	6 618	6 316	302	—
Investment portfolio	2 504	46	4	2 454
Loans and advances to customers	15 191	—	14 462	729
Other assets	2 368	2 368	—	—
	115 277	**58 008**	**54 086**	**3 183**
Liabilities				
Derivative financial instruments	33 226	—	33 226	—
Other trading liabilities	1 542	494	1 048	—
Repurchase agreements and cash collateral on securities lent	3 710	—	3 710	—
Customer accounts (deposits)	69 972	—	69 972	—
Other liabilities	1 038	—	1 038	—
Loans from Group companies	47	—	47	—
	109 535	**494**	**109 041**	**—**
Net financial assets/(liabilities) at fair value	**5 742**	**57 514**	**(54 955)**	**3 183**

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	17 139	—	17 139	—
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	2 999	2 999	—	—
Non-current assets classified as held for sale	498	—	—	498
	138 422	**52 300**	**82 381**	**3 741**
Liabilities				
Derivative financial instruments	28 085	698	27 387	—
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	—
	92 369	**846**	**91 523**	**—**
Net financial assets/(liabilities) at fair value	**46 053**	**51 454**	**(9 142)**	**3 741**

^ Restated as per note 53.

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
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 2021	2 762	35	474	3 271
Net (losses)/gains 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**
Net gains/(losses) recognised in the income statement	55	(178)	—	(123)
Purchases	130	—	—	130
Sales	(46)	—	(498)	(544)
Issues	14	169	—	183
Settlements	(63)	(39)	—	(102)
Foreign exchange adjustments	18	—	—	18
Balance at 31 March 2023	**2 877**	**729**	**—**	**3 606**

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
Company				
Balance at 1 April 2021	2 507	35	474	3 016
Net (losses)/gains 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**
Net losses recognised in the income statement	(15)	(178)	—	(193)
Purchases	107	—	—	107
Sales	(46)	—	(498)	(544)
Issues	—	169	—	169
Settlements	(63)	(39)	—	(102)
Foreign exchange adjustments	5	—	—	5
Balance at 31 March 2023	**2 454**	**729**	**—**	**3 183**

For the year ended 31 March 2023, there were no transfers into and out of level 3, in the Group and Company.

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.

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

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			
2023			
Total losses included in the income statement for the year			
Investment (loss)/income	(123)	12	(135)
	(123)	**12**	**(135)**
2022			
Total losses included in the income statement for the year			
Investment (loss)/income	(357)	(263)	(94)
	(357)	**(263)**	**(94)**

For the year to 31 March R'million	Total	Realised	Unrealised
Company			
2023			
Total losses included in the income statement for the year			
Investment (loss)/income	(193)	12	(205)
	(193)	**12**	**(205)**
2022			
Total losses included in the income statement for the year			
Investment (loss)/income	(357)	(263)	(94)
	(357)	**(263)**	**(94)**

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 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 2023	**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	2 877				**374**	**(371)**
		Price earnings	EBITDA	*	185	(161)
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	32	(68)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	27	(27)
		Other	Various	**	107	(92)
Loans and advances to customers	729				**330**	**(214)**
		Underlying asset value	Property values	*	328	(212)
		Net asset value	Underlying asset value	^	2	(2)
Total	**3 606**				**704**	**(585)**

					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 asst 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)**

* 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 and earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.
^ Underlying asset values are calculated by reference to 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 2023	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range of unobservable input used	Potential impact on the income statement: Favourable changes R'million	Unfavourable changes R'million
Company						
Assets						
Investment portfolio	2 454				**257**	**(296)**
		Price earnings	EBITDA	*	166	(161)
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	32	(68)
		Discounted cash flow	Precious and industrial metal prices	(5%)- 5%	27	(27)
		Other	Various	**	9	(17)
					330	**(214)**
Loans and advances to customers	729	Underlying asset value	Property values	*	328	(212)
		Net asset value	Underlying asset value	^	2	(2)
Total	**3 183**				**587**	**(510)**

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	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)
Loans and advances to customers	777				**152**	**(241)**
		Underlying asset value	Property values	*	150	(239)
		Net asst 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	**3 741**				**453**	**(568)**

* 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 and earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.
^ Underlying asset values are calculated by reference to 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 investee's 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
CONTINUED

15. Fair value of financial instruments at amortised cost

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.

At 31 March 2023 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Group							
Assets							
Cash and balances at central banks	22 761	22 761	—	—	—	—	—
Loans and advances to banks	10 502	10 502	—	—	—	—	—
Non-sovereign and non-bank cash placements	14 003	14 003	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	36 480	9 770	26 710	26 713	—	26 713	—
Sovereign debt securities	25 640	—	25 640	26 093	26 093	—	—
Bank debt securities	6 952	—	6 952	7 000	7 000	—	—
Other debt securities	4 750	2 081	2 669	2 666	2 666	—	—
Loans and advances to customers	296 833	276 954	19 879	19 866	—	—	19 866
Own originated loans and advances to customers securitised	5 988	5 988	—	—	—	—	—
Other loans and advances	1	1	—	—	—	—	—
Other securitised assets	547	547	—	—	—	—	—
Other assets	1 717	1 717	—	—	—	—	—
Loans to Group companies	37 760	37 760	—	—	—	—	—
	463 934	**382 084**	**81 850**	**82 338**	**35 759**	**26 713**	**19 866**
Liabilities							
Deposits by banks	26 420	5 657	20 763	21 098	—	21 098	—
Repurchase agreements and cash collateral on securities lent	14 223	2 151	12 072	12 694	—	12 694	—
Customer accounts (deposits)	378 746	216 817	161 929	161 014	—	161 014	—
Debt securities in issue	2 585	1 341	1 244	1 245	—	1 245	—
Liabilities arising on securitisation of own originated loans and advances	3 594	3 594	—	—	—	—	—
Other liabilities	1 932	1 932	—	—	—	—	—
Loans from Group companies and subsidiaries	665	665	—	—	—	—	—
Subordinated liabilities	7 748	—	7 748	8 391	8 391	—	—
	435 913	**232 157**	**203 756**	**204 442**	**8 391**	**196 051**	**—**

For the year ended 31 March 2023, gains of R54.8 million were made on the derecognition of debt securities held at amortised cost.

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
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 2023 R'million	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
Company							
Assets							
Cash and balances at central banks	22 159	22 159	—	—	—	—	—
Loans and advances to banks	4 020	4 020	—	—	—	—	—
Non-sovereign and non-bank cash placements	14 003	14 003	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	30 262	3 552	26 710	26 713	—	26 713	—
Sovereign debt securities	25 640	—	25 640	26 093	26 093	—	—
Bank debt securities	6 951	—	6 951	7 000	7 000	—	—
Other debt securities	4 392	1 722	2 670	2 666	2 666	—	—
Loans and advances to customers	282 587	282 587	—	—	—	—	—
Other loans and advances	1	1	—	—	—	—	—
Other assets	1 666	1 666	—	—	—	—	—
Loans to Group companies	36 021	36 021	—	—	—	—	—
Investment in subsidiaries	4 720	4 720	—	—	—	—	—
	432 422	**370 451**	**61 971**	**62 472**	**35 759**	**26 713**	**—**
Liabilities							
Deposits by banks	22 052	1 288	20 764	21 098	—	21 098	—
Repurchase agreements and cash collateral on securities lent	13 281	1 209	12 072	12 694	—	12 694	—
Customer accounts (deposits)	353 154	201 459	151 695	150 876	—	150 876	—
Debt securities in issue	1 245	—	1 245	1 245	—	1 245	—
Other liabilities	1 769	1 769	—	—	—	—	—
Loans from Group companies and subsidiaries	4 672	4 672	—	—	—	—	—
Subordinated liabilities	7 748	—	7 748	8 391	8 391	—	—
	403 921	**210 397**	**193 524**	**194 304**	**8 391**	**185 913**	**—**

For the year ended 31 March 2023, gains of R54.8 million were made on the derecognition of debt securities held at amortised cost.

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)

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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						
Assets						
2023						
Loans and advances to customers	14 035	(582)	(464)	(294)	(369)	14 499
	14 035	**(582)**	**(464)**	**(294)**	**(369)**	**14 499**
2022						
Loans and advances to customers	19 244	(439)	112	(74)	(270)	19 133
	19 244	**(439)**	**112**	**(74)**	**(270)**	**19 133**

		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**
Company						
Assets						
2023						
Loans and advances to customers	13 895	(583)	(465)	(294)	(369)	14 359
	13 895	**(583)**	**(465)**	**(294)**	**(369)**	**14 359**
2022						
Loans and advances to customers	19 244	(439)	112	(74)	(270)	19 133
	19 244	**(439)**	**112**	**(74)**	**(270)**	**19 133**

			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						
2023						
Customer accounts (deposits)	69 972	70 435	(326)	(443)	(3)	(20)
	69 972	**70 435**	**(326)**	**(443)**	**(3)**	**(20)**
2022						
Customer accounts (deposits)	56 663	56 594	(368)	(137)	(1)	(17)
	56 663	**56 594**	**(368)**	**(137)**	**(1)**	**(17)**

* In order to isolate credit risk, 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

17. Cash and balances at central banks

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Gross cash and balances at central banks	22 761	11 893	22 159	11 346
Expected credit loss on amortised cost	—	—	—	—
Net cash and balances at central banks	**22 761**	**11 893**	**22 159**	**11 346**
The country risk of cash and balances at central banks lies in the following geographies:				
South Africa	22 160	11 359	22 159	11 346
Africa (excluding RSA)	601	534	—	—
	22 761	**11 893**	**22 159**	**11 346**

18. Loans and advances to banks

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Gross loans and advances to banks	10 506	19 611	4 021	12 359
Expected credit loss on amortised cost	(4)	(2)	(1)	—
Net loans and advances to banks	**10 502**	**19 609**	**4 020**	**12 359**
The country risk of loans and advances to banks lies in the following geographies:				
South Africa	873	443	819	384
United Kingdom	1 513	7 087	277	6 338
Europe (excluding UK)	3 650	5 935	1 883	4 540
North America	1 374	2 032	747	685
Africa (excluding RSA)	2 416	3 363	272	232
Asia	286	390	8	5
Australia	390	359	14	175
	10 502	**19 609**	**4 020**	**12 359**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Assets				
Gross reverse repurchase agreements and cash collateral on securities borrowed	49 996	56 441	43 778	54 979
Expected credit loss on amortised cost	(1)	(4)	(1)	(3)
Net reverse repurchase agreements and cash collateral on securities borrowed	**49 995**	**56 437**	**43 777**	**54 976**
Reverse repurchase agreements	45 105	48 430	38 887	46 969
Cash collateral on securities borrowed	4 890	8 007	4 890	8 007
	49 995	**56 437**	**43 777**	**54 976**
As part of the reverse repurchase and securities borrowing agreements the Group and Company has received securities that it is allowed to sell or re-pledge. R52.2 million (2022: R49.8 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	16 724	6 772	15 782	6 772
Cash collateral on securities lent	1 209	5 319	1 209	5 319
	17 933	**12 091**	**16 991**	**12 091**
The assets transferred and not derecognised in the above repurchase agreements are fair valued at R18.6 billion (2022: R7.7 billion) in the Group and Company. They are pledged as security for the term of the underlying repurchase agreement. Refer to note 46.				

20. Sovereign debt securities

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Gross sovereign debt securities	77 485	57 382	70 089	57 382
Expected credit loss on amortised cost	(29)	(2)	(29)	(2)
Net sovereign debt securities	**77 456**	**57 380**	**70 060**	**57 380**
The country risk of the sovereign debt securities lies in the following geographies:				
South Africa	67 573	54 169	67 573	54 169
United Kingdom	2 156	—	—	—
North America	7 453	2 406	2 213	2 406
Africa (excluding RSA)	274	—	274	—
Asia	—	805	—	805
	77 456	**57 380**	**70 060**	**57 380**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

21. Bank debt securities

At 31 March R'million	Group		Company	
	2023	2022	**2023**	2022
Gross bank debt securities	16 023	27 964	15 104	27 497
Expected credit loss on amortised cost	(4)	(9)	(4)	(9)
Net bank debt securities	**16 019**	**27 955**	**15 100**	**27 488**
Bonds	11 339	19 124	10 420	18 657
Floating rate notes	4 680	8 831	4 680	8 831
	16 019	**27 955**	**15 100**	**27 488**
The country risk of the bank debt securities lies in the following geographies:				
South Africa	6 961	7 117	6 960	7 117
United Kingdom	1 942	8 588	1 942	8 588
Europe (excluding UK)	2 683	6 543	2 138	6 341
North America	2 868	2 347	2 868	2 347
Africa (excluding RSA)	460	265	87	—
Asia	—	2 026	—	2 026
Australia	1 105	1 069	1 105	1 069
	16 019	**27 955**	**15 100**	**27 488**

22. Other debt securities

At 31 March R'million	Group		Company	
	2023	2022	**2023**	2022
Gross other debt securities	11 688	15 447	10 338	14 582
Expected credit loss on amortised cost	(12)	(8)	(11)	(6)
Net other debt securities	**11 676**	**15 439**	**10 327**	**14 576**
Bonds	6 809	10 430	5 460	9 567
Commercial paper	—	22	—	22
Floating rate notes	3 316	3 405	3 316	3 405
Asset-based securities	1 551	1 582	1 551	1 582
	11 676	**15 439**	**10 327**	**14 576**
The country risk of the other debt securities lies in the following geographies:				
South Africa	8 813	7 576	8 652	7 456
United Kingdom	1 018	4 136	846	3 991
Europe (excluding UK)	1 369	466	829	22
North America	346	3 261	—	3 107
Asia	130	—	—	—
	11 676	**15 439**	**10 327**	**14 576**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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	2023			2022^		
	Notional principal amounts	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Group						
Foreign exchange derivatives						
Forward foreign exchange contracts	326 515	4 836	4 262	20 981	4 500	3 987
Currency swaps	43 680	826	1 624	256 159	1 532	2 363
OTC options bought and sold	86 956	909	1 278	44 314	873	908
Other foreign exchange contracts	89	—	—	1 655	5	—
	457 240	**6 571**	**7 164**	**323 109**	**6 910**	**7 258**
Interest rate derivatives						
Caps and floors	34 249	58	149	18 600	18	88
Swaps	2 974 675	6 933	7 710	954 030	4 553	7 657
Forward rate agreements	1 170 454	500	441	470 550	157	152
OTC options bought and sold	4 280	22	12	947	11	1
Other interest rate contracts	7 714	364	71	6 869	201	41
OTC derivatives	**4 191 372**	**7 877**	**8 383**	**1 450 996**	**4 940**	**7 939**
Equity and stock index derivatives						
OTC options bought and sold*	70 313	3 779	19 944	54 426	9 207	13 623
Equity swaps and forwards*	52 434	2 959	3 334	41 331	700	6 893
OTC derivatives	**122 747**	**6 738**	**23 278**	**95 757**	**9 907**	**20 516**
Exchange traded futures	86	—	—	—	—	—
Exchange traded options	—	205	—	—	156	—
	122 833	**6 943**	**23 278**	**95 757**	**10 063**	**20 516**
Commodity derivatives						
Commodity swaps and forwards	3 526	1 900	1 815	63 845	1 597	1 265
	3 526	**1 900**	**1 815**	**63 845**	**1 597**	**1 265**
Credit derivatives	**4 707**	**16**	**201**	**4 647**	**42**	**50**
Other derivatives		**—**	**1**		**—**	**—**
Cash collateral		**(3 528)**	**(4 270)**		**(3 968)**	**(6 190)**
Effect of on-balance sheet netting*		**(3 330)**	**(3 330)**		**(2 440)**	**(2 440)**
Derivatives per balance sheet		**16 449**	**33 242**		**17 144**	**28 398**

^ Restated as per note 53.

* In the prior year, amounts that met the netting principles of IAS 32, totalling R1 926 million, were presented net in equity and stock index OTC derivatives and have been grossed up in this year's comparative disclosure. The effect of on-balance sheet netting is now disclosed in a separate line 'Effect of on-balance sheet netting'.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

23. Derivative financial instruments (continued)

	2023			2022^		
At 31 March R'million	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Company						
Foreign exchange derivatives						
Forward foreign exchange contracts	326 515	4 836	4 262	20 981	4 500	3 987
Currency swaps	43 560	826	1 594	256 039	1 532	2 095
OTC options bought and sold	86 956	909	1 278	44 314	873	908
Other foreign exchange contracts	89	—	—	1 655	5	—
	457 120	**6 571**	**7 134**	**322 989**	**6 910**	**6 990**
Interest rate derivatives						
Caps and floors	34 249	58	149	18 600	18	88
Swaps	2 974 675	6 933	7 710	954 030	4 553	7 657
Forward rate agreements	1 170 454	500	441	470 550	157	152
OTC options bought and sold	4 280	22	12	947	11	1
Other interest rate contracts	7 714	364	71	6 869	201	41
OTC derivatives	**4 191 372**	**7 877**	**8 383**	**1 450 996**	**4 940**	**7 939**
Equity and stock index derivatives						
OTC options bought and sold*	70 313	3 779	19 944	54 426	9 207	13 623
Equity swaps and forwards*	52 434	2 959	3 348	40 064	697	6 848
OTC derivatives	**122 747**	**6 738**	**23 292**	**94 490**	**9 904**	**20 471**
Exchange traded futures	86	—	—	—	—	—
Exchange traded options	—	205	—	—	156	—
	122 833	**6 943**	**23 292**	**94 490**	**10 060**	**20 471**
Commodity derivatives						
Commodity swaps and forwards	3 526	1 900	1 815	63 845	1 597	1 265
	3 526	**1 900**	**1 815**	**63 845**	**1 597**	**1 265**
Credit derivatives	**4 854**	**14**	**201**	**4 772**	**40**	**50**
Other derivatives*		**—**	**1**		**—**	**—**
Cash collateral		**(3 528)**	**(4 270)**		**(3 968)**	**(6 190)**
Effect of balance sheet netting*		**(3 330)**	**(3 330)**		**(2 440)**	**(2 440)**
Derivatives per balance sheet		**16 447**	**33 226**		**17 139**	**28 085**

^ Restated as per note 53.
* In the prior year, amounts that met the netting principles of IAS 32, totalling R1 926 million, were presented net in equity and stock index OTC derivatives and have been grossed up in this year's comparative disclosure. The effect of on-balance sheet netting is now disclosed in a separate line 'Effect of on-balance sheet netting'.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. Securities arising from trading activities

	Group		Company	
At 31 March R'million	**2023**	2022	**2023**	2022
Bonds	5 507	917	5 507	917
Floating rate notes	1 105	766	1 105	766
Government securities	—	200	—	200
Listed equities	123	393	6	79
	6 735	**2 276**	**6 618**	**1 962**

25. Investment portfolio

	Group		Company	
At 31 March R'million	**2023**	2022	**2023**	2022
Listed equities	46	80	46	80
Unlisted equities*	2 373	2 226	1 951	1 923
Fair value loan investments	507	559	507	559
	2 926	**2 865**	**2 504**	**2 562**

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

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

	Group		Company	
At 31 March R'million	**2023**	2022	**2023**	2022
Gross loans and advances to customers at amortised cost	299 768	269 519	285 492	260 565
Gross loans and advances to customers designated at FVPL at inception^	14 322	19 320	14 181	19 320
Gross loans and advances to customers subject to ECL	**314 090**	**288 839**	**299 673**	**279 885**
Expected credit loss on amortised cost	(3 222)	(2 667)	(3 191)	(2 605)
Loans and advances to customers at fair value	1 296	1 357	1 296	1 357
Net loans and advances to customers	**312 164**	**287 529**	**297 778**	**278 637**
Gross other loans and advances	1	132	1	222
Expected credit loss on other loans and advances	—	(24)	—	(80)
Net other loans and advances	**1**	**108**	**1**	**142**

^ 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 note 55.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Expected credit losses on loans and advances to customers at amortised cost				
Balance at the beginning of the year	2 667	2 703	2 605	2 584
Charge to the income statement	720	272	800	298
Utilised	(172)	(308)	(201)	(277)
Exchange adjustments	7	—	(13)	—
Balance at the end of the year	**3 222**	**2 667**	**3 191**	**2 605**

27. Securitised assets and liabilities arising on securitisation

At 31 March R'million	Group 2023	Group 2022
Gross own originated loans and advances to customers securitised	6 008	7 255
Expected credit loss of own originated loans and advances to customers securitised	(20)	(27)
Net own originated loans and advances to customers securitised	**5 988**	**7 228**
Other securitised assets are made up of the following category of assets:		
Cash and cash equivalents	547	592
Total other securitised assets	**547**	**592**
The associated liabilities are recorded on-balance sheet in the following line items:		
Liabilities arising on securitisation of own originated loans and advances	**3 594**	**4 585**
Expected credit losses on own originated loans and advances to customers securitised at amortised cost		
Balance at the beginning of year	27	25
(Release)/charge to the income statement	(7)	2
Balance at the end of year	**20**	**27**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

28. Interests in associated undertakings

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Analysis of the movement in interests in associated undertakings:				
At the beginning of the year	31	5 149	—	5 117
Disposals	—	(5 167)	—	(5 167)
Share of post-taxation (loss)/profit of associates	(3)	53	—	50
Exchange adjustments	5	(4)	—	—
At the end of the year	**33**	**31**	**—**	**—**

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.

	Group and Company 2022
Details of material associated company*	
IEP Group Proprietary Limited	
Summarised financial information (R'million):	
For the year to 31 March	
Revenue	6 892
Profit after taxation	383
Total comprehensive income	393

* In the prior year, the IEP summarised information is only shown for the five months until date of disposal, 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

29. Deferred taxation

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Deferred taxation assets	2 077	2 255	2 056	2 227
Deferred taxation liabilities	(19)	(17)	—	—
Net deferred taxation assets	**2 058**	**2 238**	**2 056**	**2 227**
The net deferred taxation assets arise from:				
Deferred capital allowances	1	2	—	—
Income and expenditure accruals	1 058	1 043	1 055	1 040
Unrealised fair value adjustments on financial instruments	(4)	259	(1)	243
Deferred taxation on acquired intangibles	(3)	(17)	—	—
Expected credit loss on loans and advances to customers	421	403	417	396
Finance lease accounting	164	49	164	49
Cash flow hedges	421	499	421	499
Net deferred taxation assets	**2 058**	**2 238**	**2 056**	**2 227**
Reconciliation of net deferred taxation assets/(liabilities):				
At the beginning of the year	2 238	2 380	2 227	2 394
(Charge)/reversal to income statement – current year taxation	(60)	78	(54)	63
Charge directly in other comprehensive income	(120)	(220)	(117)	(230)
At the end of the year	**2 058**	**2 238**	**2 056**	**2 227**

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 prior 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 were adjusted to reflect this substantively enacted rate change.

30. Other assets

At 31 March R'million	Group 2023	Group 2022^	Company 2023	Company 2022^
Gross other assets	6 334	7 107	6 189	7 031
Expected credit loss on amortised cost	—	—	—	—
Net other assets	**6 334**	**7 107**	**6 189**	**7 031**
Settlement debtors	614	1 515	538	1 515
Trading properties	71	97	53	63
Prepayments and accruals	1 377	1 072	1 355	1 056
Trading initial margin	2 368	3 000	2 368	3 000
Commodities	1 457	788	1 457	788
Fee debtors	45	76	45	76
Other	402	559	373	533
	6 334	**7 107**	**6 189**	**7 031**

^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

31. Property and equipment

At 31 March R'million	Freehold properties	Right-of-use assets*	Leasehold improvements	Furniture and vehicles	Equipment	Total
Group						
2023						
Cost						
At the beginning of the year	3 027	723	59	172	544	4 525
Additions	23	10	2	31	100	166
Disposals and modifications	—	(11)	—	(9)	(49)	(69)
Write-offs	—	—	—	—	(2)	(2)
At the end of the year	**3 050**	**722**	**61**	**194**	**593**	**4 620**
Accumulated depreciation						
At the beginning of the year	(280)	(269)	(51)	(124)	(374)	(1 098)
Disposals and modifications	—	15	—	7	45	67
Depreciation charge for year	(99)	(81)	(3)	(14)	(88)	(285)
Reclassifications	—	—	(1)	—	1	—
Write-offs	—	—	—	—	2	2
At the end of the year	**(379)**	**(335)**	**(55)**	**(131)**	**(414)**	**(1 314)**
Net carrying value	**2 671**	**387**	**6**	**63**	**179**	**3 306**
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**

* Right-of-use assets primarily comprises property leases under IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

31. Property and equipment (continued)

At 31 March R'million	Freehold properties	Right-of-use assets*	Leasehold improvements	Furniture and vehicles	Equipment	Total
Company						
2023						
Cost						
At the beginning of the year	3 027	709	58	162	525	4 481
Additions	23	10	2	31	100	166
Disposals and modifications	—	—	—	(9)	(48)	(57)
At the end of the year	**3 050**	**719**	**60**	**184**	**577**	**4 590**
Accumulated depreciation						
At the beginning of the year	(280)	(257)	(51)	(116)	(357)	(1 061)
Disposals	—	—	—	7	45	52
Depreciation charge for year	(99)	(77)	(3)	(13)	(87)	(279)
Reclassifications	—	—	(1)	—	1	—
At the end of the year	**(379)**	**(334)**	**(55)**	**(122)**	**(398)**	**(1 288)**
Net carrying value	**2 671**	**385**	**5**	**62**	**179**	**3 302**
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**

* Right-of-use assets primarily comprises property leases under IFRS 16.

04 Annual financial statements
Investec Bank Limited
Group and Company annual financial statements 2023

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

32. Goodwill

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
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	(12)	(9)	(9)	(6)
Impairments	(1)	(3)	(1)	(3)
At the end of the year	**(13)**	**(12)**	**(10)**	**(9)**
Net carrying value	**171**	**172**	**—**	**1**
Analysis of goodwill by line of business:				
Specialist Banking	171	172	—	1
	171	**172**	**—**	**1**

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 7.25% (2022: 4.25%) is determined using the South African inter-bank lending rate, adjusted for business specific risk.

The current year impairment relates to the write off of goodwill of Travel by Investec. The prior year impairment relates predominantly to the write off of goodwill on a historical acquisition of the wealth business, with the remaining impairment attributable to Travel by Investec.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

33. Software and other acquired intangible assets

At 31 March R'million	Group: Software – Acquired 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
2023							
Cost							
At the beginning of the year	363	363	409	409	772	363	363
Additions	131	131	—	—	131	131	131
Disposals	(70)	(70)	—	—	(70)	(70)	(70)
At the end of the year	**424**	**424**	**409**	**409**	**833**	**424**	**424**
Accumulated amortisation and impairments							
At the beginning of the year	(317)	(317)	(345)	(345)	(662)	(317)	(317)
Disposals	70	70	—	—	70	70	70
Amortisation	(50)	(50)	(51)*	(51)	(101)	(50)	(50)
At the end of the year	**(297)**	**(297)**	**(396)**	**(396)**	**(693)**	**(297)**	**(297)**
Net carrying value	**127**	**127**	**13**	**13**	**140**	**127**	**127**
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**

* Amortisation of acquired intangibles as disclosed in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

34. Acquisitions and disposals

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 2023	Group 2022	Company 2023	Company 2022
Loans to Group companies				
Loans to holding company – Investec Limited	4 690	2 132	4 690	2 132
Loans to fellow subsidiaries#	23 738	10 562	23 305	9 916^
Redeemable preference share investment in Investec Limited*	3 862	3 825^	3 538	3 502^
Preference share investment in fellow subsidiaries	5 470	4 970^	4 488	3 988^
	37 760	**21 489**	**36 021**	**19 538**
Loans from Group companies and subsidiaries				
Loans from subsidiaries	—	—	4 100	5 099
Other subsidiaries	—	—	4 100	5 099
Loans from fellow subsidiaries	665	1 013	572	764
Intergroup derivative financial instruments	47	53	47	53
	712	**1 066**	**4 719**	**5 916**

\# The increase in loans to fellow subsidiaries predominantly relates to an increase in loan to Investec Markets Proprietary Limited, a subsidiary within the Investec Group.
^ The prior year has been re-presented.
* Includes, the funding provided of R3.4 billion (2022: R3.4 billion) in the group and company related to Investec Bank Limited financing of the acquisition IEP and IPF shares in Investec Limited for the year ended 31 March 2022. The funding is secured by the respective shares of the investment companies.

There were no subordinated loan amounts included in the loans to Group companies. Other than those loans noted above, 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 Rnil (2022: R301 million) of non-sovereign and non-bank cash placements which Investec Property Fund, a material subsidiary of the Investec Group, had 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 2023	Shares at book value R'million 2022	Loan advances to subsidiaries R'million 2023	Loan advances to subsidiaries R'million 2022
Company						
Material direct subsidiaries of Investec Bank Limited						
Investec Bank (Mauritius) Limited^	Banking institution	100	534	534	4 009	3 553
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	—	*	—	—
AEL Investment Holdings Proprietary Limited^^	Investment holding	100	*	*	—	134
Copperleaf Country Estate Proprietary Limited^^	Property developer	100	—	—	63	63
Other subsidiaries^^		100	3	3	648	734
			644	**644**	**4 720**	**4 484**

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

* During the current year, Integer Home Loans Proprietary Limited ceased to be a principal structured entity and is no longer considered to be an investment in subsidiary.

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 exposure to residual economic risks and benefits.The Group is not required to fund any losses above those incurred on the investments made.

Securitised third party originated residential mortgages

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

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 2023	Group 2022	Company 2023	Company 2022
Deposits	1 048	2 957	1 048	2 957
Short positions				
– equities	245	203	245	203
– gilts	249	149	249	149
	1 542	**3 309**	**1 542**	**3 309**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

38. Debt securities in issue

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Repayable in:				
Less than three months	321	1 035	321	1 035
Three months to one year	1 022	1 571	923	1 021
One to five years	1 242	239	1	9
	2 585	**2 845**	**1 245**	**2 065**

39. Other liabilities

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Settlement liabilities	2 328	1 879	2 315	1 849
Other creditors and accruals	2 670	3 109	2 467	2 474
Other non-interest-bearing liabilities	765	554	728	531
Rewards Programme liability	705	691	705	691
Lease liabilities	501	567	499	565
Long service employee benefits liability	34	170	35	167
Indirect taxation liabilities payable*	20	49	22	50
Expected credit loss on undrawn commitments and guarantees	64	70	56	59
	7 087	**7 089**	**6 827**	**6 386**

* In the prior year, this was included in 'Other creditors and accruals'.

Reconciliation of lease liabilities

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Balance at the beginning of the year	567	454	565	444
Interest	35	34	35	34
Additional leases	10	—	10	—
Repayment of lease liabilities	(112)	(119)	(111)	(110)
Modifications	4	197	—	197
Exchange adjustments	(3)	1	—	—
Balance at the end of the year	**501**	**567**	**499**	**565**

Lease liabilities included in other liabilities are due in:

At 31 March R'million	2023 Undiscounted payments	2023 Present value	2022 Undiscounted payments	2022 Present value
Group				
Less than one year	98	97	113	109
One to five years	303	248	329	272
Greater than five years	262	156	316	186
	663	**501**	**758**	**567**
Company				
Less than one year	98	94	111	107
One to five years	303	249	328	272
Greater than five years	262	156	316	186
	663	**499**	**755**	**565**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

40. Subordinated liabilities

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Issued by Investec Bank Limited				
IV019 indexed rate subordinated unsecured callable bonds^	145	136	145	136
IV019A indexed rate subordinated unsecured callable bonds^	522	484	522	484
IV035 variable rate subordinated unsecured callable bonds	—	1 468	—	1 468
IV046 variable rate subordinated unsecured callable bonds	—	1 200	—	1 200
IV047 variable rate subordinated unsecured callable bonds	—	1 679	—	1 679
IV049 variable rate subordinated unsecured callable bonds	1 329	1 030	1 329	1 030
IV054U variable rate subordinated unsecured callable bonds	1 636	1 636	1 636	1 636
IV058U variable rate subordinated unsecured callable bonds	400	400	400	400
IV059U variable rate subordinated unsecured callable bonds	1 100	1 100	1 100	1 100
IV060U variable rate subordinated unsecured callable bonds	2 616	—	2 616	—
	7 748	**9 133**	**7 748**	**9 133**
Remaining maturity*:				
In one year or less, or on demand	1 996	5 377	1 996	5 377
In more than one year, but not more than two years	—	620	—	620
In more than two years, but not more than five years	5 752	2 036	5 752	2 036
In more than five years	—	1 100	—	1 100
	7 748	**9 133**	**7 748**	**9 133**
Reconciliation from opening balance to closing balance:				
Opening balance	9 133	12 936	9 133	12 936
Issue of subordinated liabilities	2 359	1 500	2 359	1 500
Interest accrued on subordinated liabilities	511	740	511	740
Net movements in capitalised interest	(217)	(266)	(217)	(266)
Repayment of interest	(323)	(495)	(323)	(495)
Transfer of interest accrued from other liabilities at the beginning of the year	42	61	42	61
Transfer of interest accrued to other liabilities at the end of the year	(13)	(42)	(13)	(42)
Redemption of subordinated liabilities	(4 576)	(5 596)	(4 576)	(5 596)
Consumer Price Index, effective interest rate adjustments and currency adjustments on foreign-denominated bonds adjustment	832	295	832	295
Closing balance	**7 748**	**9 133**	**7 748**	**9 133**

* Maturities have been determined using the date on which the Company is able to call the bonds.
^ The prior year has been re-presented.

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

R145 million (2022: R136 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
CONTINUED

40. Subordinated liabilities (continued)

IV019A indexed rate subordinated unsecured callable bonds

R522 million (2022: R484 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

Rnil (2022: 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. These notes were repaid in the current year.

IV046 variable rate subordinated unsecured callable bonds

Rnil (2022: 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. These notes were repaid in the current year.

IV047 variable rate subordinated unsecured callable bonds

$nil (2022: $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. These notes were repaid in the current year.

IV049 variable rate subordinated unsecured callable bonds

R1 329 million (2022: R1 030 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% 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. These notes were not called on 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.

IV060U variable rate subordinated unsecured callable bonds

$191 million Investec Bank Limited IV060U locally registered subordinated unsecured Tier II callable bonds are due in July 2032 and were issued at an issue price of $141 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 13 July 2027. The accrual zero coupon yield is 6.1799% up until 13 July 2027. If the issuer does not exercise the option to redeem the notes on 13 July 2027, then interest on the floating rate notes shall commence on 13 July 2027 and is payable annually on 13 July at a rate equal to the SOFR plus 3.16% up to and excluding 13 July 2032. The maturity date is 13 July 2032, but the Company has the option to call the bonds upon regulatory capital disqualification or from 13 July 2027.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

41. Ordinary share capital

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Authorised				
105 000 000 (2022: 105 000 000) ordinary shares of 50 cents each				
Issued				
64 793 190 (2022: 64 793 190) ordinary shares of 50 cents each, fully paid	32	32	32	32

42. Ordinary share premium

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
Share premium on ordinary shares	14 250	14 250	14 250	14 250
	14 250	**14 250**	**14 250**	**14 250**

43. Other Additional Tier 1 securities in issue

At 31 March R'million	Group 2023	Group 2022	Company 2023	Company 2022
IV048 variable rate subordinated unsecured callable bonds	—	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	777	777
IV057U variable rate subordinated unsecured callable bonds	600	600	600	600
IV061U variable rate subordinated unsecured callable bonds	500	—	500	—
	2 710	**2 560**	**2 710**	**2 560**

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. These notes were repaid in the current year.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

43. Other Additional Tier 1 securities in issue (continued)

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 million 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.

IV061U variable rate subordinated unsecured callable bonds

Investec Bank Limited issued R500 million Other Additional Tier 1 floating rate notes on the 28 March 2023. Interest is payable quarterly on the 28 March, 28 June, 28 September and 28 December at a rate equal to the three-month JIBAR plus 3.40%. There is no maturity date but the issuer has the option to redeem on 28 June 2028 or any interest payment date thereafter. The interest is payable at the option of the issuer.

44. Finance lease disclosures

At 31 March R'million	Group and Company 2023 Total future minimum payments	Group and Company 2023 Present value	Group and Company 2022 Total future minimum payments	Group and Company 2022 Present value
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	618	537	489	434
One to five years	2 994	2 604	2 243	1 993
	3 612	**3 141**	**2 732**	**2 427**
Unearned finance income	**471**		**305**	

At 31 March 2023 and 31 March 2022, there were no unguaranteed residual values. Finance leases mainly relate to leases on machinery and equipment.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

45. Notes to the cash flow statement

At 31 March R'million	Group		Company	
	2023	2022^	**2023**	2022^
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments is derived as follows:				
Profit before taxation	8 587	7 193	7 332	6 938
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	335	355	329	349
Expected credit loss impairment charges	289	9	353	18
Share of post-taxation profit of associates	3	(53)	—	(50)
Impairment of goodwill	1	3	1	3
Dividends received from subsidiaries	—	—	(53)	(326)
Dividends received from associates	—	71	—	71
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	**9 266**	**7 629**	**7 962**	**7 003**
Increase in operating assets				
Loans and advances to banks	1 130	(1 503)	294	114
Reverse repurchase agreements and cash collateral on securities borrowed	6 943	(26 233)	11 199	(25 862)
Sovereign debt securities	(19 662)	(4 270)	(12 532)	(4 246)
Bank debt securities	12 051	(6 098)	12 388	(6 122)
Other debt securities	4 793	(988)	5 081	(407)
Derivative financial instruments	1 156	1 298	(2 979)	1 271
Securities arising from trading activities	(4 459)	593	(4 656)	360
Investment portfolio	(49)	279	58	328
Loans and advances to customers	(21 529)	(12 672)	(19 476)	(9 316)
Own originated loans and advances to customers securitised	1 240	956	—	—
Other loans and advances	107	73	141	69
Other securitised assets	45	(14)	—	—
Other assets	726	930	780	632
Investment properties	1	—	1	—
Loans to Group companies	(16 981)	899	(16 719)	484
Non-current assets classified as held for sale	498	(24)	498	(24)
	(33 990)	**(46 774)**	**(25 922)**	**(42 719)**
Increase in operating liabilities				
Deposits by banks	7 518	1 578	3 333	1 578
Derivative financial instruments	4 843	4 561	9 258	4 512
Other trading liabilities	(1 767)	(79)	(1 767)	(79)
Repurchase agreements and cash collateral on securities lent	5 802	(4 502)	4 900	(4 502)
Customer accounts (deposits)	24 954	45 878	19 794	44 134
Debt securities in issue	(263)	719	(820)	719
Liabilities arising on securitisation of own originated loans and advances	(991)	1 314	—	—
Other liabilities	241	(368)	707	(361)
Loans from Group companies	(354)	(906)	(1 197)	(462)
	39 983	**48 195**	**34 208**	**45 539**

^ Restated as per note 53.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

46. Commitments

At 31 March R'million	Group		Company	
	2023	2022	**2023**	2022
Undrawn facilities	75 917	66 964	71 831	63 507
	75 917	**66 964**	**71 831**	**63 507**

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		Related liability	
	2023	2022	**2023**	2022
Group and Company				
Pledged assets				
Loans and advances to banks	266	—	267	—
Sovereign debt securities	11 823	1 780	9 071	1 213
Bank debt securities	1 106	1 357	1 069	1 254
Other debt securities	1 760	1 236	1 665	1 153
Securities arising from trading activities	3 608	166	3 608	166
Reverse repurchase agreements and cash collateral on securities borrowed	69	3 134	69	3 134
	18 632	**7 673**	**15 749**	**6 920**

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.

47. Contingent liabilities

At 31 March R'million	Group		Company	
	2023	2022	**2023**	2022
Guarantees and assets pledged as collateral security:				
Guarantees and irrevocable letters of credit	28 254	22 348	27 793	22 194
	28 254	**22 348**	**27 793**	**22 194**

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 and regulatory matters

The Group operates in a legal and regulatory environment that exposes it to legal, regulatory and litigation risks. As a result, the Group is involved in disputes, legal proceedings and is subject to enquiries and examinations, requests for information, audits, investigations and other proceedings by regulators and competition authorities which arise in the ordinary course of business. The Group evaluates all facts, the probability of the outcome of the proceedings and advice from internal and external legal counsel when considering accounting and regulatory implications. At the present time the Group does not expect the ultimate resolution of any of these ongoing regulatory reviews and other matters to have a material adverse effect on its financial position.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Related party transactions and balances

At 31 March R'million	Group and Company 2023	Group and Company 2022
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	267	163
Increase in loans	45	123
Decrease in loans	(76)	(19)
At the end of the year	**236**	**267**
Guarantees		
At the beginning of the year	2	22
Additional guarantees granted	1	2
Decrease in guarantees	—	(22)
Exchange adjustments	(1)	—
At the end of the year	**2**	**2**
Deposits		
At the beginning of the year	(137)	(138)
Increase in deposits	(56)	(54)
Decrease in deposits	48	55
Exchange adjustments	(1)	—
At the end of the year	**(146)**	**(137)**

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 54.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

48. Related party transactions and balances (continued)

At 31 March R'million	Investec plc and its subsidiaries 2023	Investec plc and its subsidiaries 2022	Investec Bank (Mauritius) and its subsidiaries 2023	Investec Bank (Mauritius) and its subsidiaries 2022
Amount relating to fellow subsidiaries				
Assets				
Loans and advances to banks	74	75	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	443	314	—	—
Loans and advances to customers	140	151	—	—
Other debt securities	—	—	4 501	3 781
Derivative financial instruments	78	65	95	36
Other assets	7	201	—	—
Liabilities				
Deposits from banks	94	157	493	394
Derivative financial instruments	10	3	100	72
Other liabilities	134	148	15	10
Income statement				
Interest income	12	6	507	152
Interest expense	17	2	566	105
Fee and commission income	—	—	24	14

In the normal course of business, services are rendered between Investec plc Group and Investec Bank Limited (IBL) entities. For the year to 31 March 2023, this resulted in a net payment by Investec plc Group of R445.8 million (2022: R308.3 million).

At 31 March R'million	2023	2022
Amounts relating to associates of the Investec Group		
Amounts due from associates and its subsidiaries	—	2 533
Interest income from loans to associates	45	45

Due to the 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.

Following the distribution of the 15% shareholding in May 2022, Ninety One was reclassified from an associate to an investment within the Investec Group. At 31 March 2022, the Investec Limited Group had R229.9 million of customer accounts (deposits) and derivative financial instruments valued at R43.3 million from Ninety One held on-balance sheet.

For the year ended 31 March 2023, IBL issued IV061U Other Additional Tier 1 bonds to Investec Limited. These bonds are in addition to IV051U, IV052U, IV053U, IV055U, IV056U and IV057U issued as at 31 March 2022. The value of these bonds at 31 March 2023 are R2.6 billion (2022: R2.5 billion). During March 2023, there was a redemption of IV048 valued at R350.0 million. Refer to note 43 for terms related to these bonds.

For the year ended 31 March 2023, IBL issued IV060U subordinated liability bonds to Investec Limited. These bonds are in addition to IV054U, IV058U and IV059U issued to Investec Limited as at 31 March 2022. The value of these bonds at 31 March 2023 are R5.8 billion (2022: R3.1 billion). Refer to note 40 for terms related to these bonds.

The Entrepreneurship Development Trust is a Public Benefit Organisation (PBO) and has a Joint Venture relationship with Investec Property Fund Limited. Although not a related party, as at 31 March 2023 the Investec Bank Limited Group had R748.1 million (2022: R744.9 million) loans and advances to customers to the Entrepreneurship Development Trust outstanding.

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.

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
CONTINUED

49. 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							
2023							
Hedged assets	**Interest rate swaps**	**56 191**	**1 098**	**1 098**	**1 232**	**(1 171)**	**(1 303)**
2022							
Hedged assets	**Interest rate swaps**	**39 934**	**(520)**	**(520)**	**971**	**519**	**(985)**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.
^ All included within derivative financial instruments on the balance sheet

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	2023	2022
Assets		
Sovereign debt securities	46 720	29 240
Bank debt securities	7 696	10 434
Other debt securities	4 673	1 781

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
2023							
Assets – notionals							
Sovereign debt securities	2 057	3 975	5 709	2 582	15 531	17 542	**47 396**
Bank debt securities	475	2 830	355	500	3 263	—	**7 423**
Other debt securities	—	394	—	238	3 115	1 104	**4 851**
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

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
CONTINUED

49. 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			
2023			
Cross-currency swap	Bonds	(122)	Three months
2022			
Cross-currency swap	Bonds	(918)	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.

Realisation gains to the income statement for cash flow hedges of R193.3 million (2022: loss of R52.6 million) are included in net interest income.

There are R78 million (2022: R78 million) accumulated cash flow hedge reserves for hedged items that have ceased to be adjusted for hedging gains and losses.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

50. 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 173.

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								
2023								
Liabilities								
Deposits by banks	613	848	956	478	220	25 026	23	28 164
Derivative financial instruments	32 854	—	—	1	29	216	(24)	33 076
– held for trading	32 854	—	—	—	—	—	—	32 854
– held for hedging risk	—	—	—	1	29	216	(24)	222
Other trading liabilities	1 542	—	—	—	—	—	—	1 542
Repurchase agreements and cash collateral on securities lent	3 710	18	5 581	1 272	1 061	7 534	57	19 233
Customer accounts (deposits)	214 350	34 667	51 475	35 041	47 675	81 745	7 927	472 880
Debt securities in issue	—	200	131	242	913	1 500	—	2 986
Liabilities arising on securitisation of own originated loans and advances	—	46	112	113	221	1 574	2 556	4 622
Other liabilities	1 361	124	446	460	166	493	97	3 147
Loans from Group companies	712	—	—	—	—	—	—	712
Subordinated liabilities	—	667	74	74	1 477	6 534	—	8 826
Total on-balance sheet liabilities	**255 142**	**36 570**	**58 775**	**37 681**	**51 762**	**124 622**	**10 636**	**575 188**
Contingent liabilities	4 654	—	1 989	1 212	4 728	15 369	1 185	29 137
Commitments	6 662	890	10 612	2 167	4 150	21 179	30 257	75 917
Total liabilities	**266 458**	**37 460**	**71 376**	**41 060**	**60 640**	**161 170**	**42 078**	**680 242**

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#	27 625	267	—	—	7	368	50	28 317
– held for trading	27 625	—	—	—	—	—	—	27 625
– held for hedging risk	—	267	—	—	7	368	50	692
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*	1 236	283	459	121	367	459	4	2 929
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	**229 205**	**32 030**	**64 515**	**41 923**	**47 408**	**95 065**	**10 197**	**520 343**
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	**240 809**	**33 367**	**76 503**	**45 042**	**56 021**	**117 751**	**41 229**	**610 722**

^ Restated as per note 53.
* In the prior year disclosure, included within other liabilities was R4 355 million of undiscounted non-financial instruments scoped out of IFRS 9.
# In the prior year, derivative assets were included in calculating the undiscounted cash flows on derivative financial instruments, resulting in net total inflows of R198 million.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

50. 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								
2023								
Liabilities								
Deposits by banks	613	488	56	21	220	22 187	23	23 608
Derivative financial instruments	32 867	—	—	1	29	187	(24)	33 060
– held for trading	32 867	—	—	—	—	—	—	32 867
– held for hedging risk	—	—	—	1	29	187	(24)	193
Other trading liabilities	1 542	—	—	—	—	—	—	1 542
Repurchase agreements and cash collateral on securities lent	3 710	18	4 630	1 272	1 061	7 534	57	18 282
Customer accounts (deposits)	199 539	31 595	46 198	33 943	46 235	81 742	7 927	447 179
Debt securities in issue	—	196	128	108	873	1	—	1 306
Other liabilities	1 268	87	386	451	166	451	97	2 906
Loans from Group companies	4 719	—	—	—	—	—	—	4 719
Subordinated liabilities	—	667	74	74	1 477	6 534	—	8 826
Total on-balance sheet liabilities	**244 258**	**33 051**	**51 472**	**35 870**	**50 061**	**118 636**	**8 080**	**541 428**
Contingent liabilities	4 654	—	1 982	1 184	4 423	15 266	1 167	28 676
Commitments	6 662	29	10 366	1 680	3 857	19 188	30 049	71 831
Total liabilities	**255 574**	**33 080**	**63 820**	**38 734**	**58 341**	**153 090**	**39 296**	**641 935**

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#	27 580	—	—	—	7	367	50	28 004
– held for trading	27 580	—	—	—	—	—	—	27 580
– held for hedging risk	—	—	—	—	7	367	50	424
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*	677	246	450	108	367	447	—	2 295
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	**222 712**	**28 888**	**61 101**	**41 401**	**45 397**	**93 346**	**8 511**	**501 356**
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	**234 316**	**29 865**	**72 199**	**43 930**	**52 698**	**114 674**	**39 375**	**587 057**

^ Restated as per note 53.
* In the prior year disclosure, included within other liabilities was R4 285 million of undiscounted non-financial instruments scoped out of IFRS 9.
# In the prior year, derivative assets were included in calculating the undiscounted cash flows on derivative financial instruments, resulting in net total inflows of R198 million.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

51. Offsetting

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on-balance sheet			Related amounts not offset#	
At 31 March **R'million**	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	**Net amount**
Group					
2023					
Assets					
Cash and balances at central banks	22 761	—	22 761	—	22 761
Loans and advances to banks	14 772	(4 270)	10 502	(266)	10 236
Non-sovereign and non-bank cash placements	14 133	—	14 133	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	50 987	(992)	49 995	(69)	49 926
Sovereign debt securities	77 456	—	77 456	(11 823)	65 633
Bank debt securities	16 019	—	16 019	(1 106)	14 913
Other debt securities	11 676	—	11 676	(1 760)	9 916
Derivative financial instruments	23 307	(6 858)	16 449	(3 301)	13 148
Securities arising from trading activities	6 735	—	6 735	(3 608)	3 127
Investment portfolio	2 926	—	2 926	—	2 926
Loans and advances to customers	312 164	—	312 164	—	312 164
Own originated loans and advances to customers securitised	5 988	—	5 988	—	5 988
Other loans and advances	1	—	1	—	1
Other securitised assets	547	—	547	—	547
Other assets	6 334	—	6 334	—	6 334
	565 806	**(12 120)**	**553 686**	**(21 933)**	**531 753**
Liabilities					
Deposits by banks	29 948	(3 528)	26 420	—	26 420
Derivative financial instruments	40 842	(7 600)	33 242	(3 301)	29 941
Other trading liabilities	1 542	—	1 542	—	1 542
Repurchase agreements and cash collateral on securities lent	18 925	(992)	17 933	(15 749)	2 184
Customer accounts (deposits)	448 718	—	448 718	—	448 718
Debt securities in issue	2 585	—	2 585	—	2 585
Liabilities arising on securitisation of own originated loans and advances	3 594	—	3 594	—	3 594
Other liabilities	7 087	—	7 087	—	7 087
Subordinated liabilities	7 748	—	7 748	—	7 748
	560 989	**(12 120)**	**548 869**	**(19 050)**	**529 819**

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
CONTINUED

51. Offsetting (continued)

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on-balance sheet			Related amounts not offset#	
At 31 March **R'million**	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	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	25 799	(6 190)	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	(6 407)	17 144	(5 499)	11 645
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	7 107	—	7 107	—	7 107
	540 321	**(13 583)**	**526 738**	**(13 172)**	**513 566**
Liabilities					
Deposits by banks	22 689	(3 968)	18 721	—	18 721
Derivative financial instruments	37 027	(8 629)	28 398	(5 499)	22 899
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	**(13 583)**	**506 243**	**(12 419)**	**493 824**

^ Restated as per note 53.
# 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
CONTINUED

51. Offsetting (continued)

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on-balance sheet			Related amounts not offset#	
At 31 March R'million	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
Company					
2023					
Assets					
Cash and balances at central banks	22 159	—	22 159	—	22 159
Loans and advances to banks	8 290	(4 270)	4 020	(266)	3 754
Non-sovereign and non-bank cash placements	14 133	—	14 133	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	44 769	(992)	43 777	(69)	43 708
Sovereign debt securities	70 060	—	70 060	(11 823)	58 237
Bank debt securities	15 100	—	15 100	(1 106)	13 994
Other debt securities	10 327	—	10 327	(1 760)	8 567
Derivative financial instruments	23 305	(6 858)	16 447	(3 301)	13 146
Securities arising from trading activities	6 618	—	6 618	(3 608)	3 010
Investment portfolio	2 504	—	2 504	—	2 504
Loans and advances to customers	297 778	—	297 778	—	297 778
Other loans and advances	1	—	1	—	1
Other assets	6 189	—	6 189	—	6 189
	521 233	**(12 120)**	**509 113**	**(21 933)**	**487 180**
Liabilities					
Deposits by banks	25 580	(3 528)	22 052	—	22 052
Derivative financial instruments	40 826	(7 600)	33 226	(3 301)	29 925
Other trading liabilities	1 542	—	1 542	—	1 542
Repurchase agreements and cash collateral on securities lent	17 983	(992)	16 991	(15 749)	1 242
Customer accounts (deposits)	423 126	—	423 126	—	423 126
Debt securities in issue	1 245	—	1 245	—	1 245
Other liabilities	6 827	—	6 827	—	6 827
Subordinated liabilities	7 748	—	7 748	—	7 748
	524 877	**(12 120)**	**512 757**	**(19 050)**	**493 707**

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
CONTINUED

51. Offsetting (continued)

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on-balance sheet			Related amounts not offset#	
At 31 March R'million	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Net amount
Company					
2022^					
Assets					
Cash and balances at central banks	11 346	—	11 346	—	11 346
Loans and advances to banks	18 549	(6 190)	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	(6 407)	17 139	(5 499)	11 640
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	7 031	—	7 031	—	7 031
	512 658	**(13 583)**	**499 075**	**(13 172)**	**485 903**
Liabilities					
Deposits by banks	22 689	(3 968)	18 721	—	18 721
Derivative financial instruments	36 714	(8 629)	28 085	(5 499)	22 586
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	**(13 583)**	**483 122**	**(12 419)**	**470 703**

^ Restated as per note 53.

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
CONTINUED

52. 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.

At 31 March R'million	2023 Carrying amount of assets that are continued to be recognised	2023 Carrying amount of associated liabilities	2022 Carrying amount of assets that are continued to be recognised	2022 Carrying amount of associated liabilities
Company				
No derecognition achieved				
Loans and advances to customers	5 988	5 988	7 228	7 228
	5 988	**5 988**	**7 228**	**7 228**

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, Grayston Drive Autos (RF) Limited and Richefond Circle (RF) Limited.

For transfer of assets in relation to repurchase agreements see note 19 and note 46.

53. Restatements

Balance sheet restatements

Derivative financial instruments and other assets

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

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

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

Group

R'million	At 31 March 2022 as previously reported	Restatement	At 31 March 2022 restated
Assets			
Derivative financial instruments	17 658	(514)	17 144
Other assets	5 746	1 361	7 107
Total assets	**553 876**	**847**	**554 723**
Liabilities			
Derivative financial instruments	27 551	847	28 398
Total liabilities	**507 036**	**847**	**507 883**

53. Restatements (continued)

R'million	At 31 March 2021 as previously reported	Restatement	At 31 March 2021 restated
Assets			
Derivative financial instruments	19 173	(642)	18 531
Other assets	7 382	1 468	8 850
Total assets	**509 492**	**826**	**510 318**
Liabilities			
Derivative financial instruments	23 011	826	23 837
Total liabilities	**462 947**	**826**	**463 773**

The impact of this change on the 31 March 2022 cash flow statement is:

R'million	At 31 March 2022 as previously reported	Restatement	At 31 March 2022 restated
Operating profit adjusted for non-cash and non-operating items	7 629	—	7 629
Taxation paid	(1 846)	—	(1 846)
Increase in operating assets	(46 753)	(21)	(46 774)
Increase in operating liabilities	48 174	21	48 195
Net cash inflow from operating activities	**7 204**	**—**	**7 204**

Company

R'million	At 31 March 2022 as previously reported	Restatement	At 31 March 2022 restated
Assets			
Derivative financial instruments	17 653	(514)	17 139
Other assets	5 670	1 361	7 031
Total assets	**529 087**	**847**	**529 934**
Liabilities			
Derivative financial instruments	27 238	847	28 085
Total liabilities	**488 716**	**847**	**489 563**

R'million	At 31 March 2021 as previously reported	Restatement	At 31 March 2021 restated
Assets			
Derivative financial instruments	19 168	(642)	18 526
Other assets	7 008	1 468	8 476
Total assets	**487 277**	**826**	**488 103**
Liabilities			
Derivative financial instruments	22 747	826	23 573
Total liabilities	**447 061**	**826**	**447 887**

The impact of this change on the 31 March 2022 cash flow statement is:

R'million	At 31 March 2022 as previously reported	Restatement	At 31 March 2022 restated
Operating profit adjusted for non-cash and non-operating items	7 003	—	7 003
Taxation paid	(1 785)	—	(1 785)
Dividend received from subsidiaries	326	—	326
Increase in operating assets	(42 698)	(21)	(42 719)
Increase in operating liabilities	45 518	21	45 539
Net cash inflow from operating activities	**8 364**	**—**	**8 364**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

54. 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 2023	Annual bonus 2023[1]	Long-term incentive 2023[1&2]	Total remuneration expense 2023	Salaries, directors' fees and other remuneration 2022	Annual bonus 2022	Long-term incentive 2022	Total remuneration expense 2022
Executive Directors								
Richard Wainwright (Chief Executive)[3]	15 249	20 104	37 197	72 550	12 985	21 791	—	34 776
Fani Titi[3]	12 450	16 038	49 125	77 613	10 145	17 024	16 740	43 909
Rupesh Govan[4]	2 400	3 180	—	5 580	—	—	—	—
Marlé van der Walt[5]	850	—	—	850	3 375	12 000	—	15 375
Total	**30 949**	**39 322**	**86 322**	**156 593**	**26 505**	**50 815**	**16 740**	**94 060**
Non-Executive Directors								
Khumo Shuenyane (Chair)[6]	5 155	—	—	5 155	4 294	—	—	4 294
Zarina Bassa[7]	3 749	—	—	3 749	3 675	—	—	3 675
David Friedland[8]	859	—	—	859	2 412	—	—	2 412
Philip Hourquebie[6]	4 792	—	—	4 792	4 103	—	—	4 103
Morris Mthombeni	942	—	—	942	878	—	—	878
Vanessa Olver	1 910	—	—	1 910	775	—	—	775
Mvuleni G Qhena	1 126	—	—	1 126	1 031	—	—	1 031
Total	**18 533**	**—**	**—**	**18 533**	**17 168**	**—**	**—**	**17 168**
Total	**49 482**	**39 322**	**86 322**	**175 126**	**43 673**	**50 815**	**16 740**	**111 228**

The above disclosure includes all remuneration for the Executive and Non-Executive Directors for work performed in Investec Bank Limited. This includes 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 remuneration disclosed reflects the portion of the Executive Directors' remuneration based on the service contract split between Investec plc and Investec Limited, the details of which have been disclosed below. The Investec Group remuneration report includes the full remuneration disclosures for the Executive Directors and Non-Executive Directors.

Executive Directors service contract split

Executive Director	% Investec DLC	% Investec plc	% Investec Limited	% Investec Bank Limited
Richard Wainwright	100	20	80	—
Fani Titi	100	50	50	—
Rupesh Govan	—	—	—	100

1. Remuneration figures for the above table were converted to Rand using the average exchange rate of R20.45 for 2023 and R20.28 for 2022.
2. This is the first year that an LTI with performance conditions is vesting to Richard Wainwright. The LTI relates to work performed as an Executive Director of IBL.
3. The remuneration single figure for Fani Titi and Richard Wainwright, compared to the prior period, increased by 77% and 109% respectively. This was due to an increase in the level of vesting of the LTI award compared to the prior year, the 2020 LTI award vesting at the maximum of 135% of on-target number of shares (following the strong financial and non-financial performance over the three year period) and the extremely strong share price performance.
4. Rupesh Govan was appointed Financial Director of Investec Bank Limited effective 01 August 2022.
5. Marlé van der Walt – resigned from the Board effective 31 July 2022.
6. Khumo Shuenyane and Phillip Hourquebie's remuneration includes fees for Non-Executive directorship in Investec Property Fund.
7. Zarina Bassa's remuneration includes fees for Non-Executive directorship in Investec Bank Mauritius and Investec Life.
8. David Friedland stepped down from the board 04 August 2022.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

54. Directors' remuneration (continued)

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2023

	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 2023	31 March 2022	31 March 2023	31 March 2023	31 March 2022	31 March 2023
Executive Directors						
Richard Wainwright (Chief Executive)	191 891	81 570	0.03%	1 160 129	1 131 356	0.39%
Rupesh Govan	–	–	0.00%	–	–	0.00%
Fani Titi	171 399	324 065	0.02%	–	–	0.00%
Marlé van der Walt	–	–	0.00%	83 527	53 293	0.00%
Total	**363 290**	**405 635**	**0.05%**	**1 243 656**	**1 184 649**	**0.39%**
Non-executive directors						
Khumo Shuenyane	19 900	19 900	0.00%	–	–	0.00%
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	**19 900**	**19 900**	**0.00%**	**—**	**—**	**0.00%**

The table above reflects holdings of shares by current directors.
1. The issued share capital of Investec plc and Investec Limited at 31 March 2023 was 696.1 million and 299.0 million shares, respectively.
2. The market price of an Investec plc share at 31 March 2023 was £4.49 (2022: £5.04), ranging from a low of £3.36 to a high of £5.56 during the financial year.
3. The market price of an Investec Limited share at 31 March 2023 was R98.12 (2022: R97.51), ranging from a low of R67.75 to a high of R118.28 during the financial year.

Changes between the end of the financial year and the date of the approval of the annual financial statements.

Fani Titi's Investec plc shareholding changed from 171 399 to 295 428.

Richard Wainwright's Investec plc shareholding changed from 191 891 to 113 012.

Directors' interest in preference shares at 31 March 2023

The directors' do not have any interest in preference shares.

Directors' interest in options at 31 March 2023

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

54. Directors' remuneration (continued)

Directors' interest in long-term incentive plans at 31 March 2023

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 31 March 2022	Exercised during the year	Options/ Conditional granted during the year	**Balance at 31 Mar 2023**[1]	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
Richard Wainwright	08 June 2017	Nil	41 668	(41 668)	–	**0**	R92.00	R 3 833 477 10 June 2022	Final third exercisable on 10 March 2022
	31 May 2018	Nil	83 334	(41 666)	–	**41 668**	R82.64	R3 443 278 31 August 2022	Final third on 02 March 2023
	29 May 2019	Nil	123 864	(41 288)	—	**82 576**	R83.08	R3 430 331 26 August 2022	One third is exercisable on 25 July 2023 and the final third on 26 February 2024
	05 June 2020[2]	Nil	309 024	—	—	**309 024**	—	—	One third is exercisable on 18 June 2023, 18 June 2024 and the final third on 03 February 2025
Rupesh Govan	01 December 2022	Nil	—	—	117 716	**117 716**	—	—	One third is exercisable on 01 June 2023, 01 June 2024 and final third on 01 June 2025

1. Marle van der Walt was an Executive Director of Investec Bank Limited from 1 April 2022 to 31 July 2022. Effective August 2022 she transferred to the employment of Investec Bank Plc. Her opening LTI share balance for the period was 158 938. She did not exercise any shares during the period in which she was a director of IBL therefore no disclosure has been made in the table above. Her shares will continue to vest as per the plan rules that apply to employees of the Group.
2. Award is subject to performance conditions.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

54. Directors' remuneration (continued)

Directors' interests in the Investec plc Executive Incentive Plan 2013 and The Investec plc Share Incentive Plan 2021 at 31 March 2023 (audited)

Investec plc shares

Name	Date of grant	Award price	Number of Investec plc shares as at 31 March 2022	Exercised during the year	Options/ Conditional granted during the year	**Balance at 31 Mar 2023**	Performance period	Period exercisable	Retention period	Treatment on termination of employment
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
	1 June 2022	Nil	0	—	134 172	**134 172**	01 April 2022 to 31 March 2025	One fifth is exercisable on 01 June each year commencing on 01 June 2026 until 01 June 2026, 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
Fani Titi	29 May 2019	Nil	278 080	(55 616)	—	**222 464**	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.
	29 May 2019	Nil	2 240	(448)	—	**1 792**	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
	01 June 2022	Nil	—	—	167 715	**167 715**	01 April 2022 to 31 March 2025	One fifth is exercisable on 01 June each year commencing on 01 June 2026 until 01 June 2026, 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

1. The awards made to Richard Wainwright and Fani Titi in May 2023, have been fully disclosed in the Investec Group remuneration report.

Directors' interest in conditional short-term incentive plans at 31 March 2023

Investec Limited shares

Name	Date of grant	Award price	Number of Investec Limited shares at 31 March 2022	Exercised during the year	Options/ Conditional granted during the year	**Balance at 31 Mar 2023**	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
Richard Wainwright	05 June 2020[1]	Nil	195 304	(97 651)	–	**97 653**	82.64	R8 069 879 31 August 2022	Final 17% will vest on 25 July 2023

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 2023	31 March 2022	High over the year	Low over the year
Investec plc share price	£4.50	£5.04	£5.56	£3.36
Investec Limited share price	R98.12	R97.51	R118.28	R67.75
Number of Investec plc shares in issue (million)	696.1	696.1		
Number of Investec Limited shares in issue (million)	299.0	310.4		

54. Directors' remuneration (continued)

Non-Executive Directors

The fee structure for Non-Executive directors for the period ending 31 August 2023 and as proposed for 2024 are shown in the table below.

Non-Executive directors' remuneration	As proposed by the board for the period from 1 September 2023 to 1 August 2024	Period ending 31 August 2023	% Change
Chair's total fee[1]	R2 989 000 per year	R2 860 000 per year	4.5%
Basic Non-Executive Director fee	R543 000 per year	R520 000 per year	4.4%
Member of the IBL board (also member of the DLC board)	R272 000 per year	R260 000 per year	4.6%
Chair of the IBL Audit Committee (also Chair of the DLC Audit Committee)	R272 000 per year	R260 000 per year	4.6%
Member of the IBL Audit Committee	R299 000 per year	R286 000 per year	4.5%
Member of the IBL Audit Committee (also member of the DLC Audit Committee)	R261 000 per year	R250 000 per year	4.4%
Chair of the IBL BRCC (also Chair of DLC BRCC)	R196 000 per year	R187 500 per year	4.5%
Member of the IBL BRCC	R190 000 per year	R182 000 per year	4.4%
Member of the IBL BRCC (also member of the DLC BRCC)	R163 000 per year	R156 000 per year	4.5%
Chair of the IBL Remuneration Committee	R272 000 per year	R260 000 per year	4.6%
Member of the IBL Remuneration Committee	R163 000 per year	R156 000 per year	4.5%
DLC representative on the IBL Remuneration Committee	R147 000 per year	R140 500 per year	4.6%

1. To be reviewed ahead of succession for the next Chair, however the revised fee will be no more than the 2024 proposed amount.

Pillar 3 remuneration disclosures

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 in shares are disclosed on pages 146 to 149.

IAS 24 'Related party disclosures' requires the following additional information for key management compensation.

Compensation of key management personnel R'000	2023	2022
Short-term employee benefits	380 285	306 533
Other long-term employee benefits	62 902	71 564
Share-based payment	66 074	55 277
Total	**509 261**	**433 374**

Shareholdings, options and other securities of key management personnel

'000	2023	2022
Number of options held over Investec plc or Investec Limited ordinary shares under employee share schemes	7 475	5 899

'000	2023	2022
Number of Investec plc or Investec Limited ordinary shares held beneficially and non-beneficially	3 897	3 517

We have defined key management personnel as the executive directors of Investec Bank Ltd plus those classified as persons discharging managerial responsibility. In addition to the directors listed in the report, these are Mark Currie (Group Chief Risk Officer), Lesley-Anne Gatter (Group Head of People & Organisation), Marc Kahn (Group Chief Strategy Officer), Abey Mokgwatsane (Group Chief Marketing Officer), Cumesh Moodliar (Head of Private Clients), Nishlan Samujh (Group Finance Director), Lyndon Subroyen (Group Head of Digital & Technology), Stuart Spencer (Group Chief Operations Officer) and Ciaran Whelan (Executive Director).

55. Risk management

Principal and Emerging Risks

Principal and emerging risks that may impact the Bank are outlined in Investec Group's 2023 risk and governance report pages 8 to 24.

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 Forum 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.

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

55. 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 167.

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 under the laws of the relevant jurisdictions. 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

55. 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.

The overall loan portfolio continues to perform well with strong asset quality, reflecting our disciplined approach and secured nature of lending. The bank reported a credit loss ratio of 0.08% at 31 March 2023, increased from 0.00% reported at 31 March 2022, driven by new impairments being offset by reversals of certain prior year specific provisions, post write-off recoveries as well as a partial release in management ECL overlay. Excluding the post write-off recoveries and release in management ECL overlay, the reported credit loss ratio would be 0.26% (31 March 2022: 0.12%).

Stage 3 exposures increased to 2.7% of gross core loans subject to ECL at 31 March 2023 (31 March 2022: 1.8%) mainly due to a few single name exposures migrating from both Stage 1 and Stage 2. There has been a decrease in Stage 2 to 5.0% of gross core loans subject to ECL at 31 March 2023 (31 March 2022: 5.9%), mainly due to various corporate exposures which have improved post COVID-19 as well as the Stage 3 migration mentioned above.

Overall coverage for Stage 2 has improved to 3.9% at 31 March 2023 (31 March 2022: 3.5%). Stage 3 coverage at 21.9% (31 March 2022: 22.5%).

R'million	31 March 2023	31 March 2022
Loans and advances to customers per the balance sheet	312 164	287 529
Add: Own originated loans and advances to customers per the balance sheet	5 988	7 228
Net core loans	**318 152**	**294 757**
of which subject to ECL*	316 856	293 400
Net core loans at amortised cost	302 821	274 156
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)*	14 035	19 244
of which FVPL (excluding fixed rate loans above)	1 296	1 357
Add: ECL	3 242	2 694
Gross core loans	**321 394**	**297 451**
of which subject to ECL*	320 098	296 094
of which FVPL (excluding fixed rate loans above)	1 296	1 357

R'million	31 March 2023	31 March 2022
Gross core loans subject to ECL	**320 098**	**296 094**
Stage 1	295 546	273 138
Stage 2	15 953	17 589
of which past due greater than 30 days	747	328
Stage 3	8 599	5 367
ECL	**(3 242)**	**(2 694)**
Stage 1	(741)	(868)
Stage 2	(618)	(620)
Stage 3	(1 883)	(1 206)
Coverage ratio		
Stage 1	0.25%	0.32%
Stage 2	3.9%	3.5%
Stage 3	21.9%	22.5%
Credit loss ratio	**0.08%**	**0.00%**
ECL impairment charges on core loans	(259)	(7)
Average gross core loans subject to ECL	308 096	290 320
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	6 716	4 161
Aggregate collateral and other credit enhancements on Stage 3	8 340	5 734
Stage 3 as a % of gross core loans subject to ECL	2.7%	1.8%
Total ECL as a % of Stage 3 exposure	37.7%	50.2%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.1%	1.4%

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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 2022 to 31 March 2023.

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
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)**
Transfer from Stage 1	(8 948)	75	5 888	(25)	3 060	(50)	—	—
Transfer from Stage 2	6 667	(55)	(7 688)	95	1 021	(40)	—	—
Transfer from Stage 3	211	(15)	135	(12)	(346)	27	—	—
ECL remeasurement arising from transfer of stage	—	59	—	(83)	—	(733)	—	(757)
New lending and repayments/ write-offs	20 983	(56)	135	(11)	(503)	152	20 615	85
Changes to risk parameters and models	—	120	—	38	—	(33)	—	125
Foreign exchange and other	3 495	(1)	(106)	—	—	—	3 389	(1)
At 31 March 2023	**295 546**	**(741)**	**15 953**	**(618)**	**8 599**	**(1 883)**	**320 098**	**(3 242)**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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 probability of default (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 2023 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 2023 R'million	IB01 – IB12	IB13 – IB19	IB20 – IB25	Stage 3	Total
Gross core loans subject to ECL	**149 037**	**150 267**	**12 195**	**8 599**	**320 098**
Stage 1	147 570	142 760	5 216	—	295 546
Stage 2	1 467	7 507	6 979	—	15 953
Stage 3	—	—	—	8 599	8 599
ECL	**(132)**	**(817)**	**(410)**	**(1 883)**	**(3 242)**
Stage 1	(130)	(513)	(98)	—	(741)
Stage 2	(2)	(304)	(312)	—	(618)
Stage 3	—	—	—	(1 883)	(1 883)
Coverage ratio	**0.1%**	**0.5%**	**3.4%**	**21.9%**	**1.0%**

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%**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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 2023										
Commercial real estate	**44 020**	**(140)**	**6 265**	**(136)**	**3 142**	**(524)**	**53 427**	**(800)**	**—**	**53 427**
Commercial real estate – investment	41 890	(134)	5 661	(135)	3 111	(521)	50 662	(790)	—	50 662
Commercial real estate – development	1 534	(4)	598	(1)	—	—	2 132	(5)	—	2 132
Commercial vacant land and planning	596	(2)	6	—	31	(3)	633	(5)	—	633
Residential real estate	**4 743**	**(17)**	**265**	**(4)**	**215**	**(5)**	**5 223**	**(26)**	**—**	**5 223**
Residential real estate – investment	2 098	(5)	140	(3)	36	—	2 274	(8)	—	2 274
Residential real estate – development	1 869	(8)	110	(1)	—	—	1 979	(9)	—	1 979
Residential vacant land and planning	776	(4)	15	—	179	(5)	970	(9)	—	970
Total lending collateralised by property*	**48 763**	**(157)**	**6 530**	**(140)**	**3 357**	**(529)**	**58 650**	**(826)**	—	**58 650**
Coverage ratio		**0.32%**		**2.1%**		**15.8%**		**1.4%**		
At 31 March 2022										
Commercial real estate	**47 228**	**(200)**	**4 374**	**(116)**	**1 356**	**(309)**	**52 958**	**(625)**	**—**	**52 958**
Commercial real estate – investment	44 645	(193)	4 305	(115)	1 351	(308)	50 301	(616)	—	50 301
Commercial real estate – development	1 997	(6)	52	—	—	—	2 049	(6)	—	2 049
Commercial vacant land and planning	586	(1)	17	(1)	5	(1)	608	(3)	—	608
Residential real estate	**5 647**	**(25)**	**1 581**	**(10)**	**234**	**(2)**	**7 462**	**(37)**	**—**	**7 462**
Residential real estate – investment	2 393	(5)	564	(9)	—	—	2 957	(14)	—	2 957
Residential real estate – development	2 451	(14)	1 003	(1)	—	—	3 454	(15)	—	3 454
Residential vacant land and planning	803	(6)	14	—	234	(2)	1 051	(8)	—	1 051
Total lending collateralised by property*	**52 875**	**(225)**	**5 955**	**(126)**	**1 590**	**(311)**	**60 420**	**(662)**	—	**60 420**
Coverage ratio		**0.43%**		**2.1%**		**19.6%**		**1.1%**		

* In addition, 58% of other high net worth lending (31 March 2022: 60%) 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

55. 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
- Other high net worth 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 2023										
Mortgages	84 511	(99)	4 744	(256)	1 469	(244)	90 724	(599)	—	90 724
Other high net worth lending*	71 148	(197)	589	(32)	1 219	(287)	72 956	(516)	—	72 956
Total high net worth and other private client lending	**155 659**	**(296)**	**5 333**	**(288)**	**2 688**	**(531)**	**163 680**	**(1 115)**	—	**163 680**
Coverage ratio		**0.19%**		**5.4%**		**19.8%**		**0.7%**		
At 31 March 2022										
Mortgages	80 276	(64)	4 337	(172)	1 169	(204)	85 782	(440)	—	85 782
Other high net worth 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%**		

* 58% of other high net worth lending (31 March 2022: 60%) relates to lending collateralised by property which is supported by high net worth clients.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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
CONTINUED

55. Risk management (continued)

	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 2023										
Corporate and acquisition finance	64 653	(211)	2 779	(184)	2 090	(710)	69 522	(1 105)	1 296	70 818
Fund finance	13 097	(24)	—	—	—	—	13 097	(24)	—	13 097
Financial institutions and governments	2 892	(6)	755	(4)	—	—	3 647	(10)	—	3 647
Small ticket asset finance	2 670	(5)	87	—	109	(58)	2 866	(63)	—	2 866
Aviation finance*	2 544	(16)	154	—	—	—	2 698	(16)	—	2 698
Power and infrastructure finance	5 268	(26)	315	(2)	355	(55)	5 938	(83)	—	5 938
Total corporate and other lending	**91 124**	**(288)**	**4 090**	**(190)**	**2 554**	**(823)**	**97 768**	**(1 301)**	**1 296**	**99 064**
Coverage ratio		**0.32%**		**4.6%**		**32.2%**		**1.3%**		
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%**		

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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 2023 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	22 061	—	22 061	—	700	22 761
Loans and advances to banks	10 506	—	10 506	(4)	—	10 502
Non-sovereign and non-bank cash placement	14 183	131	14 052	(50)	—	14 133
Reverse repurchase agreements and cash collateral on securities borrowed	49 996	13 515	36 481	(1)	—	49 995
Sovereign debt securities	77 485	8 247	69 238	(65)	—	77 420
Bank debt securities	16 023	1 652	14 371	(13)	—	16 010
Other debt securities	11 689	464	11 225	(28)	—	11 661
Derivative financial instruments	12 767	12 767	—	—	3 682	16 449
Securities arising from trading activities	6 719	6 719	—	—	16	6 735
Investment portfolio	—	—	—	—	2 926*	2 926
Loans and advances to customers	315 386	15 618	299 768	(3 222)	—	312 164
Own originated loans and advances to customers securitised	6 008	—	6 008	(20)	—	5 988
Other loans and advances	1	—	1	—	—	1
Other securitised assets	—	—	—	—	547^^	547
Interest in associated undertakings	—	—	—	—	33	33
Current taxation assets	—	—	—	—	1	1
Deferred taxation assets	—	—	—	—	2 077	2 077
Other assets	70	—	70	—	6 264**	6 334
Property and equipment	—	—	—	—	3 306	3 306
Investment properties	—	—	—	—	—	—
Goodwill	—	—	—	—	171	171
Other acquired intangible assets	—	—	—	—	13	13
Software	—	—	—	—	127	127
Non-current assets classified as held for resale	—	—	—	—	—	—
Loans to Group companies	—	—	—	—	37 760	37 760
Total on-balance sheet exposures	**542 894**	**59 113**	**483 781**	**(3 403)**	**57 623**	**597 114**
Guarantees	22 300	—	22 300	(7)	2 056	24 349
Committed facilities related to loans and advances to customers	75 917	—	75 917	(57)	—	75 860
Contingent liabilities, letters of credit and other	11 500	6 261	5 239	—	24 230	35 730
Total off-balance sheet exposures	**109 717**	**6 261**	**103 456**	**(64)**	**26 286**	**135 939**
Total exposures	**652 611**	**65 374**	**587 237**	**(3 467)**	**83 909**	**733 053**

^ Includes R60 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
CONTINUED

55. Risk management (continued)

A further analysis of our gross credit and counterparty exposures (continued)

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	—	—	10 196	17 144
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	—	6 866**	7 107
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)**	**49 231**	**554 650**
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)**	**72 996**	**671 522**

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.
^ Restated as detailed in note 53.
Current taxation assets previously included in Other assets.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. 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 R219 million at 31 March 2022 to R113 million at 31 March 2023 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 portfolio. The overlay held for the residential mortgage portfolio in the prior year of R30 million has been removed. Relevant emerging risks are primarily focused on economic risks such as interest rate hikes, high inflation and the effects of severe loadshedding, as well as 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. They are also reviewed by the relevant Audit Committees.

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 of 31 March 2023, 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 on sufficient domestic policy support measures, 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 stabilises, then strengthens somewhat. Inflation is impacted by the course of weather patterns via food price inflation. The impact of loadshedding at an average of Stage 5 is included in the base case for 2023, and lessening in subsequent years as more generating capacity comes on line. A 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. The Russian invasion of Ukraine eases. There is little to no expropriation without compensation. The greylisting lasts 2-3 years. As of 31 March 2023, the weighting of the base case was 48% while on 31 March 2022 it was 51%. The probability has fallen on the lowered growth outlook, the removal of the positive outlook from S&P and the rise in credit rating downgrade risk.

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 South Africa's GDP growth is weak. Business confidence is depressed, with significant loadshedding, weak investment growth, very weak rail and port capacity, 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. Expropriation of private sector property is very limited and has a modestly negative impact on the economy. The greylisting is lengthy. Government debt and debt projections 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 but avoids C grades on eventual fiscal consolidation. As of 31 March 2023, the weighting of the lite down case was 40%, the same as at 31 March 2022.

Under the severe down case a lengthy recession occurs in South Africa. Deteriorating government finances see the state borrowing from increasingly wider sources as it sinks deeper into a debt trap. South Africa's credit ratings fall into the C grades, with an increased risk of default. The severe down case can also include a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures. 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. Implementation of expropriation without compensation occurs (particularly for land held for speculative purposes), with a significant negative impact on the economy, along with widespread loadshedding of both electricity and water services, strike action and civil unrest. As of 31 March 2023, the scenario weighting of the severe down case was 10%, increasing from 6% in March 2022 due to the worsening in South Africa's electricity, freight (rail), port and other state services. Additionally, the persistence of elevated inflation globally and the tightening in monetary policy, prolonged risk-off global financial market environment and worsening in the global economic outlook have seen the severe down case probability rise. South Africa is eventually blacklisted in this scenario.

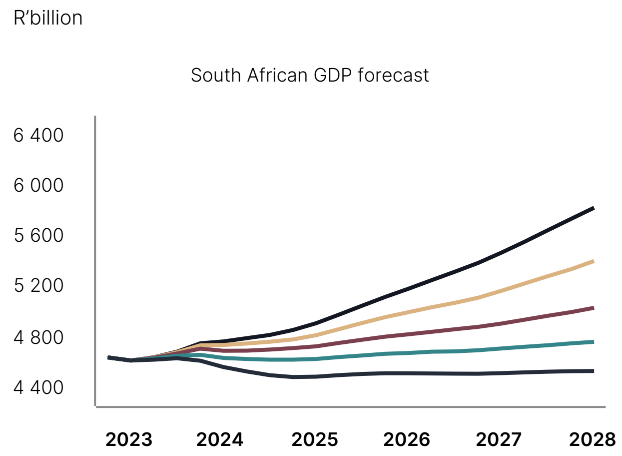
NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. Risk management (continued)

The up case is depicted by rising business confidence and investment levels as structural constraints to sustained, robust economic growth are removed, 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). The greylisting lasts for less than eighteen months. As of 31 March 2023, the scenario weighting was 1%, but was 2% in 31 March 2022. The economic outlook has deteriorated on structural factor which has lowered the probability of the up case.

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. Greylisting is short term in nature. This scenario retains a weighting of 1%.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 31 March 2023.



Extreme up case
Base case
Severe down case
Up case
Lite down case

The table below shows the key factors that form part of the macro-economic scenarios and the relative applied weightings of these scenarios.

	At 31 March 2023 average 2023 – 2028					At 31 March 2022 average 2022 – 2027				
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 %**
South Africa										
GDP growth	4.2	2.8	1.5	0.4	(0.5)	6.1	4.4	2.4	1.0	(0.6)
Repo rate	5.0	5.7	6.8	8.2	10.3	3.9	4.6	6.0	6.5	7.5
Bond yield	9.2	9.7	10.3	11.4	12.5	7.9	9.1	9.7	10.4	11.8
CPI inflation	3.2	4.0	4.6	5.6	6.4	3.8	4.4	4.9	5.6	6.9
Residential property price growth	5.8	4.8	3.7	2.6	1.5	7.4	6.3	4.8	4.0	2.5
Commercial property price growth	3.5	2.0	0.9	(0.8)	(2.6)	5.9	1.8	0.7	(1.4)	(2.6)
Exchange rate (South African Rand:US Dollar)	14.6	15.7	17.0	18.6	20.6	12.5	14.2	15.6	16.9	19.9
Scenario weightings	**1**	**1**	**48**	**40**	**10**	**1**	**2**	**51**	**40**	**6**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. Risk management (continued)

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 2023.

Base case %	Financial years 2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
South Africa					
GDP growth	0.8	0.7	1.8	1.8	2.3
Repo rate	7.5	6.8	6.5	6.5	6.5
Bond yield	10.9	10.6	10.2	10.0	9.9
CPI inflation	4.8	4.5	4.3	4.7	4.6
Residential property price growth	2.2	2.7	3.9	4.7	5.3
Commercial property price growth	(1.5)	0.4	1.3	1.9	2.4
Exchange rate (South African Rand:US Dollar)	17.6	17.3	16.9	16.8	16.7

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 31 March 2023. 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 2023	Extreme up case %	Up case %	Baseline: Base case five-year average %	Lite down case %	Severe down case %
South Africa					
GDP growth	6.6	4.6	1.5	(1.0)	(2.9)
Repo rate	4.3	5.0	6.8	9.0	11.5
Bond yield	8.9	9.4	10.3	12.0	12.8
CPI inflation	2.6	3.5	4.6	5.9	7.4
Residential property price growth	7.8	6.6	3.7	1.4	0.3
Commercial property price growth	5.8	4.1	0.9	(2.6)	(4.7)
Exchange rate (South African Rand:US Dollar)	14.0	15.1	17.0	19.0	21.2

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

55. Risk management (continued)

Market risk in the trading book

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 Group ERC, IBL and DLC BRCCs as well as IBL and DLC boards 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 (IBL ERRF) weekly as well as 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 capital requirements
- 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.

55. 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 2023 Year end	Average	High	Low	31 March 2022 Year end	Average	High	Low
Commodities	0.4	0.3	1.9	0.1	0.2	0.7	1.5	0.2
Equities	3.2	2.9	5.5	1.3	2.6	3.3	9.7	2.1
Foreign exchange	0.4	0.7	3.1	0.1	0.3	0.8	3.8	0.1
Interest rates	8.9	7.5	14.4	3.4	5.4	4.5	9.0	2.0
Consolidated*	**10.7**	**8.0**	**15.3**	**3.8**	**5.0**	**4.9**	**9.2**	**3.1**

* 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 2023 Year end	31 March 2022 Year end
Commodities	0.5	0.4
Equities	4.5	6.5
Foreign exchange	0.5	0.4
Interest rates	12.9	8.0
Consolidated*	**15.4**	**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 2023 Year end	31 March 2022 Year end
99% one-day sVaR	**23.2**	15.3

55. Risk management (continued)

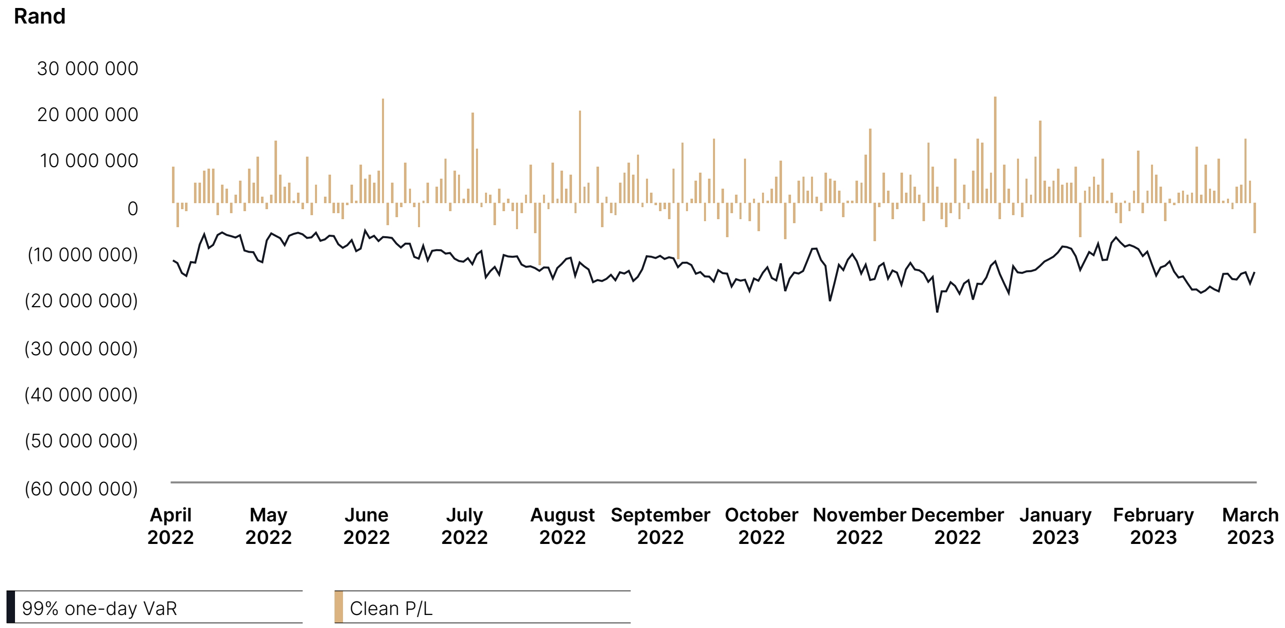
Backtesting

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 data for our trading activities over the reporting period. Based on these graphs, we can gauge the accuracy of the VaR figures, i.e. 99% of the time, losses are not expected to exceed the 99% one-day VaR.

The average VaR for the year ended 31 March 2023 in the trading book was higher than for the year ended 31 March 2022, driven by volatile markets primarily due to high global inflation as well as the banking crisis during the first quarter of 2023. 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



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 115 and 116.

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

55. Risk management (continued)

Interest rate risk – JIBAR reform

In 2020, the SARB announced that Johannesburg Interbank Average Rate (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.

As it is critical that domestic financial markets are systematically transitioned to the successor rate, the MPG is considering 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.

The SARB has commenced publishing ZARONIA daily to allow market participants to observe the rate and implement measures to promote its adoption. Investec submits daily transaction data to the SARB for the calculation and publication of ZARONIA.

Interest rate risk – IBOR reform

During the financial year, the Group has progressed the transition of the remaining USD assets referencing IBOR to referencing alternative rates. We still continue to monitor the transition of the remaining USD LIBOR linked products to alternative rates, ahead of the cessation of the remaining USD IBORs on 30 June 2023.

Given progress to date, the Group has limited remaining risks with respect to the ongoing IBOR reform. 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.

At 31 March 2023, the Group has USD LIBOR exposures on total assets with a notional value of $3.8 billion (2022: $6.8 billion) arising on 429 deals (2022: 634 deals). In addition, there was USD LIBOR exposure on total liabilities with a notional value of $744 million (2022: $1.4 billion) arising on 35 deals (2022: 58 deals).

ADDITIONAL UNAUDITED RISK INFORMATION

55. Risk management (continued)

Investment risk

Investment risk in the banking book comprised 0.5% of total assets at 31 March 2023. 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.

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.

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.

In order to manage, measure and monitor investment risk, investment committees are in place to provide oversight of the regions where investment risk is assumed across the Bank.

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 64 to 67 and pages 96 to 105 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 2023	On-balance sheet value of investments 31 March 2022
Unlisted investments*	2 880	2 786
Listed equities	46	79
Investment and trading properties	71	98
Total	**2 997**	**2 963**

* Includes the fair value loans investments of R507 million (31 March 2022: R559 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 2023

R2 926 million

Electricity, gas and water (utility services)	22.5%
Finance and Insurance	19.5%
Manufacturing and Commerce	13.7%
Communication	12.8%
Business Services	11.2%
Mining and resources	10.3%
Other	10.0%

ADDITIONAL UNAUDITED RISK INFORMATION
CONTINUED

55. 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 IRRBB.

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 and communicates 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 threaten 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 UNAUDITED RISK INFORMATION
CONTINUED

55. 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 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 entities and key contacts
- Internal and external communication plans.

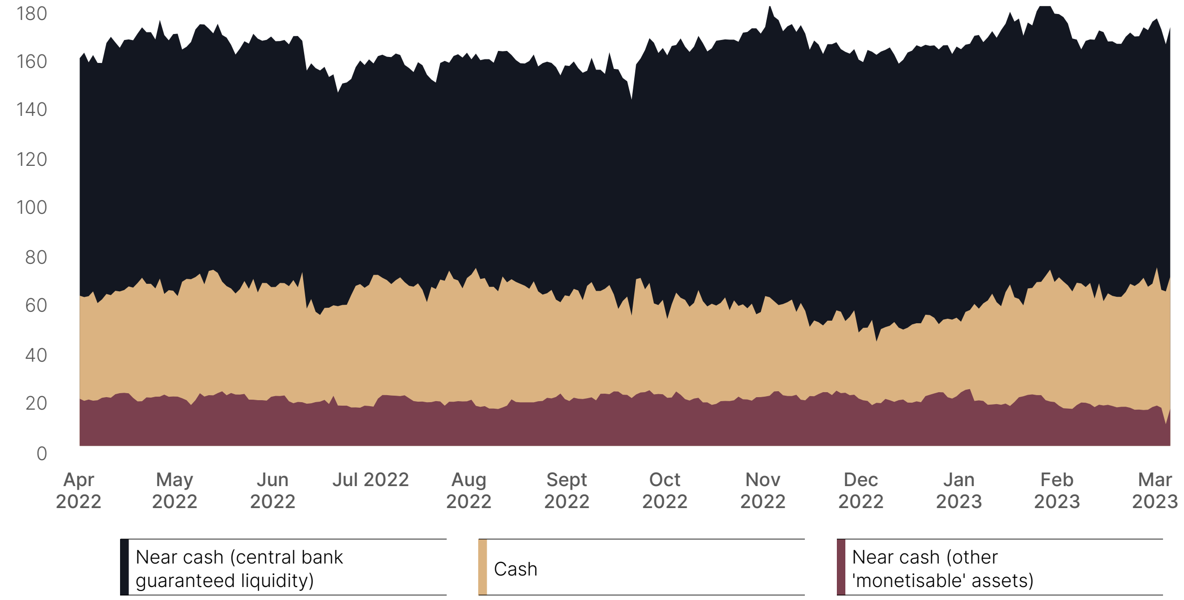
The plans have been tested within our core jurisdictions via externally facilitated liquidity crisis simulation exercises which assess the Group's sustainability and ability to adequately contain a liquidity stress.

ADDITIONAL UNAUDITED RISK INFORMATION
CONTINUED

55. Risk management (continued)

Cash and near cash trend

R'billion



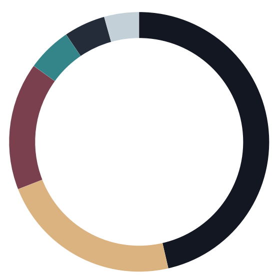
An analysis of cash and near cash at 31 March 2023

R171.4 billion

Near cash (central bank guaranteed liquidity)	59.6%
Cash	30.7%
Near cash (other 'monetisable' assets)	9.7%

Bank and non-bank depositor concentration by type at 31 March 2023

R475.1 billion



Non-bank financials	46.4%
Individuals	22.7%
Non-financial corporates	15.9%
Banks	5.6%
Public sector	5.1%
Small business	4.3%

ADDITIONAL UNAUDITED RISK INFORMATION
CONTINUED

55. 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 2023

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	31 262	819	359	—	—	—	—	32 440
Cash and short-term funds – non-banks	11 303	101	20	—	—	—	1 908	13 332
Investment/trading assets and statutory liquids	82 251	36 148	5 698	7 503	4 303	15 792	29 594	181 289
Securitised assets	606	23	136	142	286	2 522	2 820	6 535
Advances	2 830	8 326	13 351	11 284	22 263	126 698	129 037	313 789
Other assets	21 759	12 084	734	1 222	(2 591)	6 088	9 781	49 077
Assets	**150 011**	**57 501**	**20 298**	**20 151**	**24 261**	**151 100**	**173 140**	**596 462**
Deposits – banks	(648)	(878)	(948)	(433)	(189)	(23 324)	—	(26 420)
Deposits – non-banks	(212 911)	(26 948)	(62 037)	(33 433)	(45 412)	(64 676)	(3 301)	(448 718)
Negotiable paper	(1)	(195)	(129)	(205)	(303)	(1 497)	(255)	(2 585)
Securitised liabilities	—	—	—	—	—	—	(3 594)	(3 594)
Investment/trading liabilities	(909)	(7 997)	(7 370)	(3 641)	(3 077)	(28 821)	(902)	(52 717)
Subordinated liabilities	(625)	—	(8)	(113)	(1 319)	(5 683)	—	(7 748)
Other liabilities	(755)	(15)	(1 559)	(903)	(76)	(816)	(3 830)	(7 954)
Liabilities	**(215 849)**	**(36 033)**	**(72 051)**	**(38 728)**	**(50 376)**	**(124 817)**	**(11 882)**	**(549 736)**
Total equity	—	—	—	—	—	—	(46 726)	(46 726)
Contractual liquidity gap	**(65 838)**	**21 468**	**(51 753)**	**(18 577)**	**(26 115)**	**26 283**	**114 532**	**—**
Cumulative liquidity gap	(65 838)	(44 370)	(96 123)	(114 700)	(140 815)	(114 532)	—	

Behavioural liquidity as at 31 March 2023

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	**81 288**	**11 325**	**(7 264)**	**(764)**	**(6 432)**	**(214 508)**	**136 355**	**—**
Cumulative	81 288	92 613	85 349	84 585	78 153	(136 355)	—	

ADDITIONAL UNAUDITED RISK INFORMATION
CONTINUED

55. Risk management (continued)

Interest rate risk in the banking book (IRRBB)

IRRBB arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity.

Measurement and management of non-trading interest rate risk

IRRBB 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 IRRBB 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. IRRBB 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.

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.

Sources of IRRBB 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.

Each banking entity has its own Board-approved IRRBB appetite, which is clearly defined in relation to both income risk and economic value risk. The Bank has limited appetite for IRRBB.

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 IRRBB.

As of 1 January 2023 the South African PA adopted the updated IRRBB standards as prescribed in BCBS d368. The Bank is compliant with all requirements of the updated IRRBB regulations.

ADDITIONAL UNAUDITED RISK INFORMATION
CONTINUED

55. Risk management (continued)

Economic value sensitivity at 31 March 2023

As outlined above, IRRBB is measured and monitored using an economic value sensitivity approach. 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.

R'million	All (ZAR)
200bps down	404.7
200bps up	(401.1)

Net interest income sensitivity at 31 March 2023

IRRBB is measured and monitored using an income sensitivity approach. The table below reflect our annualised net interest income value sensitivity to a 0.25% parallel shift in interest rates assuming no management intervention.

R'million	All (ZAR)
25bps down	(66.3)
25bps up	66.3

GLOSSARY

The following abbreviations have been used throughout this report:

AATE	The Academy of Accelerated Technology Education
AGM	Annual general meeting
ADR	Forum Arrears, Recovery and Default Forum
AI	Artificial Intelligence
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
CFP	Contingency Funding Plan
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
FATF	Financial Action Task Force
FIRB	Foundation Internal Ratings-Based
FLAC	Financial Loss Absorbing Capacity
FRC	Financial Regulatory Council
FRTB	Fundamental Review of the Trading Book
FSLAA	Financial Sector Law Amendment Act
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 RiskCommittee
HLA	Higher loss-absorbency
HNW	High net worth
HVCRE	High Volatility Commercial Real Estate
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
IPRE	Income Producing Real Estate
IRB	Internal Ratings-Based
IRBA	International Regulatory Board for Auditors
IRRBB	Interest Rate Risk in the Banking Book
ITRG	Information Technology Risk and Governance
IW&I	Investec Wealth & Investment
JIBAR	Johannesburg Interbank Average Rate
KAM	Key Audit Matters
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
LHS	Left hand side
LSE	London Stock Exchange
MAFR	Mandatory Audit Firm Rotation
MER	Mutual Evaluation Report
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
PwC Inc.	PricewaterhouseCoopers Incorporated
RHS	Right hand side
ROU	Right of use asset
RWA	Risk-weighted asset
SA-CCR	Standardised Approach to Counterparty Credit Risk
SAICA	South African Institute of Chartered Accountants
SDGs	Sustainable Development Goals
SIFI	Systemically important financial institution
SOE	State-owned Enterprise
SOFR	Secured Overnight Financing Rate
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

Secretary and registered office

Niki van Wyk

100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2146
Telephone (+27) 11 286 7000
Facsimile (+27) 11 286 7966

Website

www.investec.com

Registration number

Reg. No. 1969/004763/06

Auditors

KPMG Inc.
Ernst & Young Inc.

Sponsors

Investec Bank Limited

100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2146

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000
Saxonwold 2132
Telephone (+27) 11 370 5000

Directorate

Executive directors

Richard Wainwright (Chief Executive)
Fani Titi (Executive Director)
Rupesh Govan (Finance Director)

Non-executive directors

Khumo Shuenyane (Chair)
Zarina Bassa
Philip Hourquebie
Morris Mthombeni
Geoffrey Qhena
Vanessa Olver

For queries regarding information in this document

Investor Relations

Telephone	(+27) 11 286 7070 +44 (207) 597 5546
Email	investorrelations@investec.com
Website	www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html

investec.com

STUDIO 5