OUT OF THE ORDINARY

Built on strong foundations

Investec Bank Limited (a subsidiary of Investec Limited)

Financial information

Unaudited condensed consolidated interim financial information for the six months ended 30 September 2021

CORPORATE INFORMATION

Investec Bank Limited
Incorporated in the Republic of South Africa
Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393
LEI: 549300RH5FFHO48FXT69

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.

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)
Marlé van der Walt (Finance Director)
Fani Titi

Non-executive directors
Khumo Shuenyane (Chair)
Zarina Bassa
David Friedland
Philip Hourquebie
Morris Mthombeni
Vanessa Olver
Geoffrey Qhena

For queries regarding information in this document

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01

Overview of the period

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.

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 Banking	**Investec Corporate and Institutional Banking**	**Investec for Business**	**Investment Banking and Principal Investments**
• Transactional banking • Lending • Property finance • Savings	• Specialised Lending • Treasury and trading solutions • Institutional research, sales and trading • Specialised investments^ • Life assurance products^	• Import and trade finance lending • Cash flow lending • Asset finance	• Principal investments • Advisory • Debt and Equity Capital Markets
Our Private Banking business positions itself as an 'investment bank for private clients', offering both credit and equity services to our select clientele. Through strong partnerships, we have created a community of clients who thrive on being part of an entrepreneurial and innovative environment. Our target market includes high net worth individuals, entrepreneurs, high-income professionals, owner managers in mid-market companies and sophisticated investors.	Our Corporate and Institutional Banking business is a client-centric solution-driven offering concentrating on specialised lending and debt origination activities, and treasury and trading solutions. Our target market includes mid to large size corporates, intermediaries, institutions and government bodies.	Investec for Business (IFB) offers a holistic solution to mid-market corporate clients by combining bespoke lending with Investec's other transactional, advisory and investment offerings. Established to fulfil part of Investec's growth strategy by developing an integrated niche offering to the mid-market.	Our Principal Investment business focuses on co-investment alongside clients to fund investment opportunities or leverage third party capital into funds that are relevant to our client base. We are a leading Corporate Finance house with an international presence, providing advice to clients across sectors.
Natural linkages between the private client and corporate business			

^ Investec Specialist Investments and Investec Life which house these products are operationally part of Corporate and Institutional Banking although they are both subsidiaries of Investec Limited.

OVERVIEW OF RESULTS

Our performance reflects higher income levels and significantly lower impairment charges, partly offset by increased operating costs. The group's underlying client franchises showed resilience with continued momentum in client acquisition driving asset and deposit growth.

The prior period was negatively impacted by the effects of general economic contraction brought on by COVID-19 related lockdowns, which affected transactional levels, net interest margins, valuations and impairments. In this reporting period we have experienced the positive effects of higher client activity, liability repricing and sustained market improvement.

Against this backdrop, Investec Bank Limited, a subsidiary of Investec Limited (INL), posted an increase in headline earnings attributable to ordinary shareholders of 60.7% to R2 605 million (1H2021: R1 621 million).

We have maintained strong capital, funding and liquidity positions. At 30 September 2021, the bank had a total capital adequacy ratio of 19.9% on partial AIRB^ (31 March 2021: 17.8% FIRB; 18.6% pro-forma partial AIRB), a common equity tier one (CET1) ratio of 14.9% on partial AIRB (31 March 2021: 13.3% FIRB; 14.0% pro-forma partial AIRB) and a leverage ratio of 7.8% on partial AIRB (31 March 2021: 8.1% on FIRB and pro-forma partial AIRB).

^ Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the bank's SME and Corporate models effective 1 April 2021. We are working towards further adoption of AIRB on certain remaining portfolios.

The LCR was 146.5% for Investec Bank Limited (solo) and 158.0% for Investec Bank Limited (consolidated) while the NSFR was 109.9% and 110.6%, respectively.

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

Further, on 29 October 2021, IBL announced its firm intention to repurchase all outstanding listed non-redeemable, non-cumulative, non-participating preference shares by way of scheme of arrangement or standby general offer given that IBL will not derive any regulatory capital benefit associated with preference shares from 1 January 2022. A circular providing full details of the transaction was circulated on 3 November 2021, with electronic voting to take place on 2 December 2021.

For full information on the Investec Group results, refer to the combined results of Investec plc and Investec Limited or the group's website http://www.investec.com.

Certain financial information presented in this results announcement constitutes pro-forma financial information in terms of the JSE Limited Listings Requirements. The applicable criteria on the basis of which this pro-forma financial information has been prepared is set out in the IBL website booklet. The pro-forma financial information is the responsibility of the group's Board of Directors. Pro-forma financial information was prepared for illustrative purposes only and because of its nature may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows. The external auditors performed a review of the pro-forma financial information and the review report is available for inspection at the registered office of Investec upon request.

We supplement our International Financial Reporting Standards (IFRS) figures with alternative performance measures used by management internally and which provide valuable, relevant information.

The description of alternative performance measures and their calculation is provided on page 53.

All other definitions can be found on page 54.

OVERVIEW OF RESULTS
CONTINUED

Key financial statistics	**30 Sept 2021**	30 Sept 2020	% change	31 March 2021
Total operating income before expected credit loss impairment charges (R'million)	6 936	5 629	23.2%	12 049
Operating costs (R'million)	3 395	3 098	9.6%	6 469
Operating profit before goodwill and acquired intangibles (R'million)	3 460	1 999	73.1%	5 013
Headline earnings attributable to ordinary shareholders (R'million)	2 605	1 621	60.7%	4 133
Cost to income ratio	48.9%	55.0%		53.7%
Total capital resources (including subordinated liabilities) (R'million)	58 037	56 272	3.1%	59 481
Total equity (R'million)	45 941	44 365	3.6%	46 545
Total assets (R'million)	530 439	529 576	0.2%	509 492
Net core loans and advances (R'million)	293 345	279 308	5.0%	283 240
Customer accounts (deposits) (R'million)	399 038	365 066	9.3%	374 369
Loans and advances to customers as a % of customer accounts (deposits)	71.6%	74.7%		73.5%
Cash and near cash balances (R'million)	134 592	143 248	(6.0%)	129 759
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.1x	11.6x		10.6x
Total capital adequacy ratio	19.9%	17.1%		17.8%
Tier 1 ratio	15.6%	13.1%		13.7%
Common equity tier 1 ratio	14.9%	12.9%		13.3%
Leverage ratio	7.8%	7.5%		8.1%
Leverage ratio – fully loaded	7.7%	7.4%		8.1%
Stage 3 as a % of gross core loans subject to ECL	2.1%	2.4%		2.5%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.7%	1.6%		2.1%
Credit loss ratio	0.04%**	0.36%**		0.18%
Net Stable Funding Ratio % (NSFR)	110.6%	113.9%		113.4%
Liquidity Coverage Ratio % (LCR)*	158.0%	164.1%		164.0%

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

** Annualised.

OVERVIEW OF RESULTS
CONTINUED

Financial review
Unless the context indicates otherwise, all comparatives relate to the six month period ended 30 September 2020 (1H2021).

Salient operational features for the year under review include:

Total operating income before expected credit loss (ECL) impairment charges increased by 23.2% to R6 936 million (1H2021: R5 629 million) albeit off a low COVID-19 induced base. The components of operating income are analysed further below:

- Net interest income increased 21.2% to R5 002 million (1H2021: R4 127 million) given higher average lending books and lower funding costs as liabilities repriced. Net core loans grew by 3.6% to R293.3 billion (31 March 2021: R283.2 billion) driven primarily by the private clients' loan book as low interest rates meant that the differential between buying property and renting was negligible. Strong growth in corporate lending turnover was offset by elevated repayment rates as clients used excess liquidity to pay down facilities.
- Net fee and commission income increased 55.3% to R1 507 million (1H2021: R970 million) reflecting increased client activity across the bank, higher point-of-sale, lending and forex (FX) turnover. Advisory fees from corporate finance benefitted from a more active market.
- Investment income and share of post-taxation profit from associates decreased by 60.1% to R130 million (1H2021: R326 million). Higher dividend income and profit share realisations were more than offset by additional write-downs taken on certain unlisted investments. The prior period included the recovery of a listed investment that was subsequently sold.
- Total trading income increased 45.1% to R297 million (1H2021: R205 million) driven by strong client flow as equity derivatives, FX and interest rate trading desks took advantage of favourable market movements in a more predictable trading environment. Balance sheet management and other trading activities were negatively impacted by mark-to-market (MTM) losses on fixed rate funding swaps.

ECL impairment charges declined by 84.8% to R81 million resulting in a credit loss ratio (CLR) of 4bps (31 March 2021: 18bps; 1H2021: 36bps). The decline was driven by lower specific impairments, including the reversal of certain prior year specific provisions (on recovery of collateral values) and higher recoveries.

Stage 1 and 2 ECL charges also declined, given the improved macroeconomic outlook and moderate book growth. The COVID-19 related ECL overlays of R290 million were retained to account for risks that remain in the operating environment.

The cost to income ratio improved to 48.9% (1H2021: 55.0%) given continued cost discipline. Operating costs increased 9.6% to R3 395 million (1H2021: R3 098 million) driven by higher variable remuneration, investment in technology and the impact of delayed salary increases in the prior year. Fixed costs were well contained, increasing 2.2% over the period.

As a result of the foregoing factors, profit before taxation increased 74.0% to R3 434 million (1H2021: R1 973 million) while profit after taxation increased 58.8% to R2 711 million (1H2021: R1 707 million).

Outlook
The macroeconomic environment is improving, with momentum in transactional activity expected to continue. However, underlying consumer and business confidence will be tested by potential renewed lockdowns from a fourth wave of COVID-19, further loadshedding, sustained high unemployment rates and the slow progress in implementing economic reforms in South Africa.

Despite the uncertainty that remains in the operating environment, Investec maintains strong capital, liquidity and funding positions leaving us well positioned to capitalise on opportunities arising from continued economic recovery.

02

Financial review

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, comprising the consolidated balance sheet as at 30 September 2021, and the condensed consolidated income statement, consolidated statement of total comprehensive income, consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended, and selected explanatory notes, in accordance with the International Financial Reporting Standard (IAS) 34 Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008, as amended, of South Africa.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these 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 includes 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 the businesses will not be able to continue as a going concern in the year ahead.

Approval of the condensed consolidated interim financial statements
The condensed consolidated interim financial statements were approved by the board of directors on 17 November 2021 and are signed on its behalf by

Khumo Shuenyane
Chairman

Richard Wainwright
Chief executive officer

INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholder of Investec Bank Limited
We have reviewed the condensed consolidated interim financial statements of Investec Bank Limited, contained in the accompanying interim report, which comprise the consolidated balance sheet as at 30 September 2021, the condensed consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended, and selected explanatory notes, as set out on pages 10 to 26.

Directors' responsibility for the condensed consolidated interim financial statements
The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council 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 condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Investec Bank Limited for the six months ended 30 September 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Per Ranesh Hariparsad
Chartered Accountant (SA)
Registered Auditor
Director
17 November 2021

KPMG Inc

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
17 November 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	**Six months to 30 Sept 2021**	Six months to 30 Sept 2020^	Year to 31 March 2021
Interest income	12 807	14 613	26 370
Interest expense	(7 805)	(10 486)	(17 584)
Net interest income	**5 002**	**4 127**	**8 786**
Fee and commission income	1 787	1 180	2 804
Fee and commission expense	(280)	(210)	(467)
Investment income	83	313	472
Share of post-taxation profit of associates	47	13	81
Trading income/(loss) arising from			
– customer flow	331	280	627
– balance sheet management and other trading activities	(34)	(75)	(257)
Other operating income	—	1	3
Total operating income before expected credit loss impairment charges	**6 936**	**5 629**	**12 049**
Expected credit loss impairment charges	(81)	(532)	(567)
Operating income	**6 855**	**5 097**	**11 482**
Operating costs	(3 395)	(3 098)	(6 469)
Operating profit before goodwill and acquired intangibles	**3 460**	**1 999**	**5 013**
Impairment of goodwill	—	—	(3)
Amortisation of acquired intangibles	(26)	(26)	(51)
Impairment of associates	—	—	(98)
Profit before taxation	**3 434**	**1 973**	**4 861**
Taxation on operating profit before acquired intangibles	(730)	(273)	(878)
Taxation on acquired intangibles	7	7	14
Profit after taxation	**2 711**	**1 707**	**3 997**

^ Restated, refer to 'Restatements' on page 26.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

R'million	**Six months to 30 Sept 2021**	Six months to 30 Sept 2020	Year to 31 March 2021
Profit after taxation	2 711	1 707	3 997
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*	(110)	(75)	11
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	94	1 195	2 025
Gain on realisation of debt instruments at FVOCI recycled through the income statement*	(12)	(6)	(33)
Foreign currency adjustments on translating foreign operations	127	(441)	(1 224)
Items that will never be reclassified to the income statement			
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income*	(228)	323	415
Net gain/(loss) attributable to own credit risk*	3	(13)	(14)
Total comprehensive income	**2 585**	**2 690**	**5 177**
Total comprehensive income attributable to ordinary shareholders	2 479	2 604	5 022
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 security holders	106	86	155
Total comprehensive income	**2 585**	**2 690**	**5 177**

* Net of taxation expense of R209.4 million (Six months to 30 September 2020: R555.6 million; year to 31 March 2021: R943.4 million).

CONSOLIDATED BALANCE SHEET

At **R'million**	**30 Sept 2021**	31 March 2021	30 Sept 2020^
Assets			
Cash and balances at central banks	12 685	9 653	12 064
Loans and advances to banks	16 862	24 666	29 476
Non-sovereign and non-bank cash placements	9 656	8 956	7 840
Reverse repurchase agreements and cash collateral on securities borrowed	46 713	30 221	37 938
Sovereign debt securities	55 810	53 009	72 519
Bank debt securities	28 206	21 862	11 318
Other debt securities	15 291	14 170	15 506
Derivative financial instruments	11 701	19 173	21 403
Securities arising from trading activities	2 381	2 869	3 147
Investment portfolio	3 219	4 923	6 270
Loans and advances to customers	285 785	275 056	272 672
Own originated loans and advances to customers securitised	7 560	8 184	6 636
Other loans and advances	126	181	217
Other securitised assets	646	578	208
Interests in associated undertakings	27	5 149	5 667
Current taxation assets	35	35	33
Deferred taxation assets	2 174	2 412	2 693
Other assets	5 708	7 382	6 065
Property and equipment	3 329	2 740	2 847
Investment properties	1	1	1
Goodwill	175	175	178
Software	70	95	128
Other acquired intangible assets	90	118	141
Loans to group companies	21 715	17 410	14 609
Non-current assets classified as held for sale	474	474	—
	530 439	**509 492**	**529 576**
Liabilities			
Deposits by banks	14 458	17 144	35 913
Derivative financial instruments	20 862	23 011	18 278
Other trading liabilities	2 832	3 388	4 758
Repurchase agreements and cash collateral on securities lent	20 373	16 593	32 684
Customer accounts (deposits)	399 038	374 369	365 066
Debt securities in issue	2 970	2 126	3 148
Liabilities arising on securitisation of own originated loans and advances	3 149	3 271	1 576
Current taxation liabilities	556	684	498
Deferred taxation liabilities	25	32	40
Other liabilities	7 208	7 421	7 014
Loans from group companies	931	1 972	4 329
	472 402	**450 011**	**473 304**
Subordinated liabilities	12 096	12 936	11 907
	484 498	**462 947**	**485 211**
Equity			
Ordinary share capital	32	32	32
Share premium	14 250	14 250	14 250
Other reserves	1 342	411	226
Retained income	26 876	29 188	27 863
Ordinary shareholder's equity	**42 500**	**43 881**	**42 371**
Perpetual preference share capital and premium	1 481	1 481	1 534
Shareholder's equity excluding non-controlling interests	**43 981**	**45 362**	**43 905**
Other Additional Tier 1 securities in issue	1 960	1 183	460
Total equity	**45 941**	**46 545**	**44 365**
Total liabilities and equity	**530 439**	**509 492**	**529 576**

^ Restated, refer to 'Restatements' on page 26.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Share premium
At 1 April 2020	**32**	**14 250**
Movement in reserves 1 April 2020 – 30 September 2020		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—
Net loss attributable to own credit risk	—	—
Total comprehensive income for the period	**—**	**—**
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Capital contribution from group companies	—	—
Other equity movements	—	—
At 30 September 2020	**32**	**14 250**
Movement in reserves 1 October 2020 – 31 March 2021		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—
Net loss attributable to own credit risk	—	—
Total comprehensive income for the period	**—**	**—**
Dividends paid to ordinary shareholders	—	—
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Issue of other Additional Tier 1 securities in issue	—	—
Redemption of perpetual preference shares	—	—
Net equity movements of interest in associated undertaking	—	—
Capital contribution from group companies	—	—
Other equity movements	—	—
At 31 March 2021	**32**	**14 250**
Movement in reserves 1 April 2021 – 30 September 2021		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—
Net gain attributable to own credit risk	—	—
Total comprehensive income for the period	**—**	**—**
Dividends paid to ordinary shareholders	—	—
Dividends declared to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	—	—
Issue of other Additional Tier 1 securities in issue	—	—
Net capital contribution from group companies	—	—
Other equity movements	—	—
At 30 September 2021	**32**	**14 250**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves										
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 issue securities in issue	**Total equity**
(3 278)	**695**	**(1 551)**	**26**	**3 321**	**26 259**	**39 754**	**1 534**	**41 288**	**460**	**41 748**
—	—	—	—	—	1 707	1 707		1 707	—	1 707
—	—	(75)	—	—	—	(75)	—	(75)	—	(75)
1 195	—	—	—	—	—	1 195	—	1 195	—	1 195
(6)	—	—	—	—	—	(6)	—	(6)	—	(6)
—	—	—	—	(441)	—	(441)	—	(441)	—	(441)
323	—	—	—	—	—	323	—	323	—	323
—	—	—	(13)	—	—	(13)	—	(13)	—	(13)
1 512	**—**	**(75)**	**(13)**	**(441)**	**1 707**	**2 690**	**—**	**2 690**	**—**	**2 690**
—	—	—	—	—	(86)	(86)	63	(23)	23	—
—	—	—	—	—	—	—	(63)	(63)	(23)	(86)
—	—	—	—	—	13	13	—	13	—	13
—	30	—	—	—	(30)	—	—	—	—	—
(1 766)	**725**	**(1 626)**	**13**	**2 880**	**27 863**	**42 371**	**1 534**	**43 905**	**460**	**44 365**
—	—	—	—	—	2 290	2 290	—	2 290	—	2 290
—	—	86	—	—	—	86	—	86	—	86
830	—	—	—	—	—	830	—	830	—	830
(27)	—	—	—	—	—	(27)	—	(27)	—	(27)
—	—	—	—	(783)	—	(783)	—	(783)	—	(783)
92	—	—	—	—	—	92	—	92	—	92
—	—	—	(1)	—	—	(1)	—	(1)	—	(1)
895	**—**	**86**	**(1)**	**(783)**	**2 290**	**2 487**	**—**	**2 487**	**—**	**2 487**
—	—	—	—	—	(600)	(600)	—	(600)	—	(600)
—	—	—	—	—	(69)	(69)	47	(22)	22	—
—	—	—	—	—	—	—	(47)	(47)	(22)	(69)
—	—	—	—	—	—	—	—	—	723	723
—	—	—	—	—	17	17	(53)	(36)	—	(36)
—	—	—	—	—	(406)	(406)	—	(406)	—	(406)
—	—	—	—	—	81	81	—	81	—	81
—	(12)	—	—	—	12	—	—	—	—	—
(871)	**713**	**(1 540)**	**12**	**2 097**	**29 188**	**43 881**	**1 481**	**45 362**	**1 183**	**46 545**
—	—	—	—	—	2 711	2 711	—	2 711	—	2 711
—	—	(110)	—	—	—	(110)	—	(110)	—	(110)
94	—	—	—	—	—	94	—	94	—	94
(12)	—	—	—	—	—	(12)	—	(12)	—	(12)
—	—	—	—	127	—	127	—	127	—	127
(228)	—	—	—	—	—	(228)	—	(228)	—	(228)
—	—	—	3	—	—	3	—	3	—	3
(146)	**—**	**(110)**	**3**	**127**	**2 711**	**2 585**	**—**	**2 585**	**—**	**2 585**
—	—	—	—	—	(4 900)	(4 900)	—	(4 900)	—	(4 900)
—	—	—	—	—	(106)	(106)	43	(63)	63	—
—	—	—	—	—	—	—	(43)	(43)	(63)	(106)
—	—	—	—	—		—	—	—	777	777
1 017	—	—	—	—	23	1 040	—	1 040	—	1 040
—	40	—	—	—	(40)	—	—	—	—	—
—	**753**	**(1 650)**	**15**	**2 224**	**26 876**	**42 500**	**1 481**	**43 981**	**1 960**	**45 941**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

R'million	**Six months to 30 Sept 2021**	Six months to 30 Sept 2020^	Year to 31 March 2021
Net cash outflow from operating activities	(1 674)	(18 848)	(25 318)
Net cash inflow/(outflow) from investing activities	2 895	10	(81)
Net cash (outflow)/inflow from financing activities*	(5 436)	(125)	1 228
Effects of exchange rate changes on cash and cash equivalents	148	(346)	(1 171)
Net decrease in cash and cash equivalents	**(4 067)**	**(19 309)**	**(25 342)**
Cash and cash equivalents at the beginning of the period	42 115	67 457	67 457
Cash and cash equivalents at the end of the period	**38 048**	**48 148**	**42 115**

Cash and cash equivalents is 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).

^ Restated, refer to 'Restatements' on page 26.
* Net cash (outflow)/inflow from financing activities comprises:

R'million	**Six months to 30 Sept 2021**	Six months to 30 Sept 2020	Year to 31 March 2021
Redemption of perpetual preference shares	—	—	(36)
Proceeds on issue of subordinated liabilities	—	—	1 636
Repayment of subordinated liabilities	(1 160)	—	(260)
Dividends paid	(5 006)	(86)	(755)
Proceeds on issue of other Additional Tier 1 securities	777	—	723
Lease liabilities paid	(47)	(39)	(80)
Net cash (outflow)/inflow from financing activities	**(5 436)**	**(125)**	**1 228**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Accounting policies and disclosures

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements for the six months ended 30 September 2021 are consistent with those adopted in the financial statements for the year ended 31 March 2021.

The condensed consolidated interim financial statements have been prepared under the supervision of Marlé van der Walt, the Investec Bank Limited Finance Director.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Consolidated segmental information

For the six months to 30 September 2021 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group costs	Total group
Group					
Net interest income/(expense)	2 740	2 349	(87)	—	5 002
Net fee and commission income	573	934	—	—	1 507
Investment income/(loss)	135	(27)	(25)	—	83
Share of post-taxation (loss)/profit of associates	(3)	—	50	—	47
Trading income/(loss) arising from					
– customer flow	1	330	—	—	331
– balance sheet management and other trading activities	—	(34)	—	—	(34)
Total operating income before expected credit loss impairment charges	**3 446**	**3 552**	**(62)**	**—**	**6 936**
Expected credit loss impairment charges	142	(223)	—	—	(81)
Operating income	**3 588**	**3 329**	**(62)**	**—**	**6 855**
Operating costs	(1 577)	(1 664)	—	(154)	(3 395)
Profit/(loss) before goodwill, acquired intangibles and taxation	**2 011**	**1 665**	**(62)**	**(154)**	**3 460**
Cost to income ratio	45.8%	46.8%	n/a	n/a	48.9%
Total assets (R'million)	222 717	306 842	880	—	530 439

For the six months to 30 September 2020 R'million	Specialist Banking^ Private Client Private Banking	Specialist Banking^ Corporate, Investment Banking and Other	Group Investments	Group costs	Total group
Group					
Net interest income/(expense)	2 152	2 019	(44)	—	4 127
Net fee and commission income	410	560	—	—	970
Investment (loss)/income	(10)	17	306	—	313
Share of post-taxation (loss)/profit of associates	(2)	—	15	—	13
Trading income/(loss) arising from					
– customer flow	2	278	—	—	280
– balance sheet management and other trading activities	—	9	(84)	—	(75)
Other operating income	—	1	—	—	1
Total operating income before expected credit loss impairment charges	**2 552**	**2 884**	**193**	**—**	**5 629**
Expected credit loss impairment charges	(174)	(358)	—	—	(532)
Operating income	**2 378**	**2 526**	**193**	**—**	**5 097**
Operating costs	(1 399)	(1 542)	—	(157)	(3 098)
Profit/(loss) before goodwill, acquired intangibles and taxation	**979**	**984**	**193**	**(157)**	**1 999**
Cost to income ratio	54.8%	53.5%	n/a	n/a	55.0%
Total assets (R'million)	205 958	314 268	9 350	—	529 576

^ The results of Investec Private Banking and Investec Corporate, Investment Banking and Other were disclosed as separate segments for the first time in the 31 March 2021 results. Investec Private Banking and Investec Corporate, Investment Banking and Other were previously presented as components of the Investec Specialist Bank. Comparatives have been restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Net interest income

For the six months to 30 September R'million	Notes	2021 Average balance sheet value	2021 Interest income	2021 Average yield	2020^ Average balance sheet value	2020^ Interest income	2020^ Average yield
Cash, near cash and bank debt and sovereign debt securities	1	163 703	2 346	2.87%	169 513	3 184	3.76%
Core loans and advances	2	286 785	9 660	6.74%	281 640	10 700	7.60%
Private client		214 547	6 902	6.43%	194 136	7 463	7.69%
Corporate, institutional and other clients		72 238	2 758	7.64%	87 504	3 237	7.40%
Other debt securities and other loans and advances		15 724	320	4.07%	16 952	540	6.37%
Other	3	21 045	481	n/a	19 557	189	n/a
		487 257	**12 807**		**487 662**	**14 613**	

For the six months to 30 September R'million	Notes	2021 Average balance sheet value	2021 Interest expense	2021 Average yield	2020 Average balance sheet value	2020 Interest expense	2020 Average yield
Deposits by banks and other debt related securities	4	36 121	(391)	2.16%	70 326	(933)	2.65%
Customer accounts (deposits)		391 334	(6 828)	3.49%	367 931	(8 998)	4.89%
Subordinated liabilities		12 800	(419)	6.55%	12 020	(420)	6.99%
Other	5	5 421	(167)	n/a	4 407	(135)	n/a
		445 676	**(7 805)**		**454 684**	**(10 486)**	
Net interest income			**5 002**			**4 127**	
Net interest margin			**2.05%**			**1.69%**	

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 and 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, finance lease liabilities and loans from group companies as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

^ Restated, refer to 'Restatements' on page 26.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Net fee and commission income

For the six months to 30 September R'million	2021	2020^
Specialist Banking net fee and commission income	**1 507**	**970**
Specialist Banking fee and commission income	1 787	1 180
Specialist Banking fee and commission expense	(280)	(210)
Net fee and commission income	**1 507**	**970**
Annuity fees (net of fees payable)	837	636
Deal fees	670	334

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

^ Restated, refer to 'Restatements' on page 26.

Investment income

For the six months to 30 September R'million	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit share	Investment portfolio	Debt securities (sovereign bank and other)	Trading properties	Other asset categories	Total
2021									
Realised	1	3	—	91	95	17	2	(7)	107
Unrealised^	23	(232)	(13)	—	(222)	6	—	13	(203)
Dividend income	91	99	—	—	190	—	—	—	190
Funding and other net related costs	—	(11)	—	—	(11)	—	—	—	(11)
	115	**(141)**	**(13)**	**91**	**52**	**23**	**2**	**6**	**83**
2020									
Realised	1	9	—	10	20	8	—	—	28
Unrealised^	198	(51)	—	—	147	11	—	5	163
Dividend income	118	17	—	—	135	—	—	—	135
Funding and other net related costs	—	(13)	—	—	(13)	—	—	—	(13)
	317	**(38)**	**—**	**10**	**289**	**19**	**—**	**5**	**313**

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised item.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Calculation of headline earnings

R'million	Six months to 30 Sept 2021	Six months to 30 Sept 2020	Year to 31 March 2021
Profit after taxation	2 711	1 707	3 997
Dividend paid to perpetual preference shareholders and other Additional Tier 1 security holders	(106)	(86)	(155)
Gain on redemption of perpetual preference shares	—	—	17
Earnings attributable to ordinary shareholders	**2 605**	**1 621**	**3 859**
Headline adjustments, net of taxation^	—	—	274
Impairment of goodwill	—	—	3
Impairment of associates	—	—	98
Headline adjustments of equity accounted associates	—	—	173
Headline earnings attributable to ordinary shareholders	**2 605**	**1 621**	**4 133**

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

Expected credit loss impairment charges

For the six months to 30 September R'million	2021	2020
Expected credit loss impairment charges are recognised on the following assets:		
Loans and advances to customers	64	497
Own originated securitised assets	—	8
Core loans	64	505
Other balance sheet assets	13	15
Off-balance sheet commitments and guarantees	4	12
	81	**532**

ADDITIONAL IAS 34 DISCLOSURES

Analysis of financial assets and liabilities by measurement category

At 30 September 2021 **R'million**	Total instruments at fair value	Financial instruments at amortised cost	Non-financial instruments or scoped out of IFRS 9	**Total**
Assets				
Cash and balances at central banks	—	12 685	—	12 685
Loans and advances to banks	—	16 862	—	16 862
Non-sovereign and non-bank cash placements	238	9 418	—	9 656
Reverse repurchase agreements and cash collateral on securities borrowed	5 479	41 234	—	46 713
Sovereign debt securities	43 969	11 841	—	55 810
Bank debt securities	16 276	11 930	—	28 206
Other debt securities	11 253	4 038	—	15 291
Derivative financial instruments	11 701	—	—	11 701
Securities arising from trading activities	2 381	—	—	2 381
Investment portfolio	3 219	—	—	3 219
Loans and advances to customers	21 959	263 826	—	285 785
Own originated loans and advances to customers securitised	—	7 560	—	7 560
Other loans and advances	—	126	—	126
Other securitised assets	—	646	—	646
Interests in associated undertakings	—	—	27	27
Current taxation assets	—	—	35	35
Deferred taxation assets	—	—	2 174	2 174
Other assets	1 030	2 901	1 777	5 708
Property and equipment	—	—	3 329	3 329
Investment properties	—	—	1	1
Goodwill	—	—	175	175
Software	—	—	70	70
Other acquired intangible assets	—	—	90	90
Loans to group companies	173	21 542	—	21 715
Non-current assets classified as held for sale	474	—	—	474
	118 152	**404 609**	**7 678**	**530 439**
Liabilities				
Deposits by banks	—	14 458	—	14 458
Derivative financial instruments	20 862	—	—	20 862
Other trading liabilities	2 832	—	—	2 832
Repurchase agreements and cash collateral on securities lent	1 019	19 354	—	20 373
Customer accounts (deposits)	27 564	371 474	—	399 038
Debt securities in issue	—	2 970	—	2 970
Liabilities arising on securitisation of own originated loans and advances	—	3 149	—	3 149
Current taxation liabilities	—	—	556	556
Deferred taxation liabilities	—	—	25	25
Other liabilities	1 073	2 474	3 661	7 208
Loans from group companies	—	931	—	931
	53 350	**414 810**	**4 242**	**472 402**
Subordinated liabilities	—	12 096	—	12 096
	53 350	**426 906**	**4 242**	**484 498**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

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

The different levels are identified as follows:

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

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

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

		Fair value category		
At 30 September 2021 **R'million**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	238	—	238	—
Reverse repurchase agreements and cash collateral on securities borrowed	5 479	—	5 479	—
Sovereign debt securities	43 969	43 969	—	—
Bank debt securities	16 276	5 848	10 428	—
Other debt securities	11 253	1 547	9 706	—
Derivative financial instruments	11 701	99	11 602	—
Securities arising from trading activities	2 381	2 293	88	—
Investment portfolio	3 219	97	4	3 118
Loans and advances to customers	21 959	—	21 257	702
Other assets	1 030	1 030	—	—
Loans to group companies	173	—	173	—
Non-current assets classified as held for sale	474	—	—	474
	118 152	**54 883**	**58 975**	**4 294**
Liabilities				
Derivative financial instruments	20 862	700	20 162	—
Other trading liabilities	2 832	131	2 701	—
Repurchase agreements and cash collateral on securities lent	1 019	—	1 019	—
Customer accounts (deposits)	27 564	—	27 564	—
Other liabilities	1 073	—	1 073	—
	53 350	**831**	**52 519**	**—**
Net financial assets at fair value	**64 802**	**54 052**	**6 456**	**4 294**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Transfers between level 1 and level 2

There were no significant transfers between level 1 and level 2 in the current period.

Level 3 instruments

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
Balance at 1 April 2021	2 762	35	474	3 271
Net losses recognised in the income statement	(228)	—	—	(228)
Purchases	684	—	—	684
Sales	(3)	—	—	(3)
Settlements	(97)	(13)	—	(110)
Transfers into level 3	—	680		680
Balance at 30 September 2021	**3 118**	**702**	**474**	**4 294**

For the period ended 30 September 2021, R679.7 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 valuation model becoming unobservable in the market.

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

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

For the six months to 30 September 2021 R'million	Total	Realised	Unrealised
Total losses included in the income statement for the period			
Investment loss	(228)	—	(228)
	(228)	**—**	**(228)**

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

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

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

At 30 September 2021	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range of unobservable input used	Potential impact on the income statement: Favourable changes R'million	Potential impact on the income statement: Unfavourable changes R'million
Assets						
Investment portfolio	3 118				**369**	**(448)**
		Price earnings	EBITDA	*	244	(312)
		Discounted cash flow	Discount rate	13%-14%	2	—
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	60	(69)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	27	(27)
		Other	Various	**	13	(17)
Loans and advances to customers	702				**107**	**(169)**
		Underlying asset value	Property values	*	105	(167)
		Net asset value	Underlying asset value	^	2	(2)
Non-current assets classified as held for sale	474	Discounted cash flow	Discount rate	13%-15%	13	(16)
Total	**4 294**				**489**	**(633)**

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

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

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

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

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

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

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.

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

Credit spreads
Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk a counter party. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

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

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Measurement of fair value financial assets and liabilities at level 2

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

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

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value of financial assets and liabilities at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost:

At 30 September 2021 R'million	**Carrying amount**	Fair value approximates carrying amount	Balances where fair values does not approximate carrying amounts	Fair value of balances that does not approximate carrying amounts
Assets				
Cash and balances at central banks	12 685	12 685	—	—
Loans and advances to banks	16 862	16 862	—	—
Non-sovereign and non-bank cash placements	9 418	9 418	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	41 234	5 485	35 749	35 748
Sovereign debt securities	11 841	—	11 841	11 953
Bank debt securities	11 930	1 108	10 822	11 080
Other debt securities	4 038	3 278	760	805
Loans and advances to customers	263 826	247 916	15 910	15 965
Own originated loans and advances to customers securitised	7 560	7 560	—	—
Other loans and advances	126	126	—	—
Other securitised assets	646	646	—	—
Other assets	2 901	2 901	—	—
Loans to group companies	21 542	21 542	—	—
	404 609	**329 527**	**75 082**	**75 551**
Liabilities				
Deposits by banks	14 458	285	14 173	14 563
Repurchase agreements and cash collateral on securities lent	19 354	4 249	15 105	15 111
Customer accounts (deposits)	371 474	133 587	237 887	238 596
Debt securities in issue	2 970	780	2 190	2 203
Liabilities arising on securitisation of own originated loans and advances	3 149	3 149	—	—
Other liabilities	2 474	2 474	—	—
Loans from group companies and subsidiaries	931	931	—	—
Subordinated liabilities	12 096	—	12 096	14 255
	426 906	**145 455**	**281 451**	**284 728**

RESTATEMENTS

Income statement restatements

Interest income and fee and commission income restatement

For the six months to 30 September 2020, management identified that revenue relating to services rendered to customers (for the facilitation of import and export transactions) was previously reported within interest income rather than within fee and commission income.

As a result, interest income and fee and commission income for the prior year have been restated. The restatement has no impact on total operating income in the income statement, headline earnings, the statement of cash flows and the balance sheet.

The impact of the restatement on the 30 September 2020 income statement is:

R'million	Six months to 30 Sept 2020 as previously reported	Restatement	**Six months to 30 Sept 2020 restated**
Interest income	14 724	(111)	14 613
Fee and commission income	1 069	111	1 180

Balance sheet restatements

Current taxation assets and other assets

At 31 March 2021, current taxation assets, which were previously reported within other assets, were reported as a separate line item in accordance with IAS 1 Presentation of Financial Statements. As at 30 September 2020, current taxation assets of R33 million have been re-presented to reflect the same basis.

Cash flow statement restatements

As at 30 September 2021, amounts previously reported within loans and advances to banks have been correctly presented as cash and cash equivalents. This change has been made to include items previously reported as loans and advances to banks identified as short term in nature, with a maturity date of less than three months, which therefore meet the definition of cash and cash equivalents.

The prior period has been restated as follows:

R'million	Six months to 30 Sept 2020 as previously reported	Restatement	**Six months to 30 Sept 2020 restated**
Net cash (outflow)/inflow from operating activities	(29 583)	10 735	(18 848)
Net cash inflow from investing activities	10	—	10
Net cash outflow from financing activities	(125)	—	(125)
Effects of exchange rate changes on cash and cash equivalents	(346)	—	(346)
Net (decrease)/increase in cash and cash equivalents	**(30 044)**	**10 735**	**(19 309)**
Cash and cash equivalents at the beginning of the period	58 899	8 558	67 457
Cash and cash equivalents at the end of the period	**28 855**	**19 293**	**48 148**

In addition to the above, we have also re-presented the operating section of the cash flow statement in our interim financial results as the disaggregation between operating assets and operating liabilities does not provide additional meaningful information to users.

03

Risk management and capital information

ASSET QUALITY

The following risk management and capital section will provide details on the quantitative disclosure required on a semi-annual basis. For additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2021.

An analysis of gross core loans, asset quality and ECL

The table below summarises the asset quality of our gross core loans.

Asset quality metrics reflect the solid performance of core loans for the period ended 30 September 2021. The annualised credit loss ratio improved to 0.04% at 30 September from 0.18% reported at 31 March 2021 due to the reversal of certain prior year specific provisions and higher post write-off recoveries.

Gross core loans increased by 3.6% to R296.2 billion since 31 March 2021. Stage 2 exposures increased to 5.6% of gross core loans subject to ECL at 30 September 2021 (31 March 2021: 5.3%). Stage 3 has reduced to 2.1% of gross core loans subject to ECL at 30 September 2021 (31 March 2021: 2.5%) and is attributable to a large single name exposure migrating to Stages 2 offset by new smaller Stage 3 exposures.

Overall coverage for Stage 1 and Stage 2 remains flat at 0.5% at 30 September 2021. Stage 3 coverage has increased to to 21.5% (31 March 2021: 18.5%).

R'million	30 Sept 2021	31 March 2021
Gross core loans	**296 192**	285 968
of which subject to ECL*	294 795	284 547
of which FVPL (excluding fixed rate loans above)	1 397	1 421
Gross core loans subject to ECL	**294 795**	284 547
Stage 1	271 988	262 395
Stage 2	16 537	14 969
of which past due greater than 30 days	284	272
Stage 3	6 270	7 183
ECL	**(2 847)**	(2 728)
Stage 1	(981)	(984)
Stage 2	(518)	(416)
Stage 3	(1 348)	(1 328)
Coverage ratio		
Stage 1	0.36%	0.38%
Stage 2	3.1%	2.8%
Stage 3	21.5%	18.5%
Annualised credit loss ratio	**0.04%**	0.18%
ECL impairment charges on core loans	(64)	(519)
Average gross core loans subject to ECL	289 671	284 842
A analysis of Stage 3 core loans subject to ECL		
Stage 3 net of ECL	4 922	5 855
Aggregate collateral and other credit enhancements on Stage 3	6 079	8 253
Stage 3 as a % of gross core loans subject to ECL	2.1%	2.5%
Total ECL as a % of Stage 3 exposure	45.4%	38.0%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.7%	2.1%

* Includes portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis. These are fixed rate loans which have passed the Solely Payments of Principal and Interest (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 measured at amortised cost. The drawn (R21 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R94 million (31 March 2021: R105 million).

ASSET QUALITY
CONTINUED

An analysis of staging and ECL movements for core loans subject to ECL

The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2021 to 30 September 2021.

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
31 March 2021	**262 395**	**(984)**	**14 969**	**(416)**	**7 183**	**(1 328)**	**284 547**	**(2 728)**
Transfer from Stage 1	(4 290)	57	4 080	(55)	210	(2)	—	—
Transfer from Stage 2	2 361	(48)	(3 882)	109	1 521	(61)	—	—
Transfer from Stage 3	154	(24)	1 834	(12)	(1 988)	36	—	—
ECL remeasurement arising from transfer of stage	—	16	—	(122)	—	(206)	—	(312)
New lending net of repayments (includes assets written off)	11 130	(26)	(476)	16	(662)	223	9 992	213
Changes to risk parameters and models	—	31	—	(38)	—	(9)	—	(16)
Foreign exchange and other	238	(3)	12	—	6	(1)	256	(4)
At 30 September 2021	**271 988**	**(981)**	**16 537**	**(518)**	**6 270**	**(1 348)**	**294 795**	**(2 847)**

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
31 March 2020	**265 673**	**(1 056)**	**15 111**	**(423)**	**4 353**	**(1 880)**	**285 137**	**(3 359)**
Transfer from Stage 1	(10 144)	47	9 504	(40)	640	(7)	—	—
Transfer from Stage 2	3 347	(49)	(5 298)	137	1 951	(88)	—	—
Transfer from Stage 3	50	(29)	50	(11)	(100)	40	—	—
ECL remeasurement arising from transfer of stage	—	39	—	(141)	—	(210)	—	(312)
New lending net of repayments (includes assets written off)	(2 513)	1	(1 208)	17	55	(6)	(3 666)	12
Changes to risk parameters and models	—	(144)	—	25	—	(177)	—	(296)
Foreign exchange and other	(231)	9	(31)	1	(17)	5	(279)	15
At 30 September 2020	**256 182**	**(1 182)**	**18 128**	**(435)**	**6 882**	**(2 323)**	**281 192**	**(3 940)**

ASSET QUALITY
CONTINUED

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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2021										
Commercial real estate	**45 632**	**(282)**	**4 751**	**(74)**	**1 388**	**(312)**	**51 771**	**(668)**	**—**	**51 771**
Commercial real estate – investment	41 330	(249)	4 690	(72)	1 374	(306)	47 394	(627)	—	47 394
Commercial real estate – development	3 539	(28)	50	(1)	—	—	3 589	(29)	—	3 589
Commercial vacant land and planning	763	(5)	11	(1)	14	(6)	788	(12)	—	788
Residential real estate	**7 083**	**(31)**	**874**	**(7)**	**99**	**(18)**	**8 056**	**(56)**	**—**	**8 056**
Residential real estate – investment	3 294	(12)	586	(1)	96	(17)	3 976	(30)	—	3 976
Residential real estate – development	2 866	(15)	52	(5)	—	—	2 918	(20)	—	2 918
Residential vacant land and planning	923	(4)	236	(1)	3	(1)	1 162	(6)	—	1 162
Total lending collateralised by property	**52 715**	**(313)**	**5 625**	**(81)**	**1 487**	**(330)**	**59 827**	**(724)**	**—**	**59 827**
Coverage ratio		**0.59%**		**1.4%**		**22.2%**		**1.2%**		
At 31 March 2021										
Commercial real estate	**46 387**	**(227)**	**2 816**	**(78)**	**2 197**	**(262)**	**51 400**	**(567)**	**—**	**51 400**
Commercial real estate – investment	42 281	(202)	2 704	(77)	2 182	(256)	47 167	(535)	—	47 167
Commercial real estate – development	3 404	(22)	49	(1)	—	—	3 453	(23)	—	3 453
Commercial vacant land and planning	702	(3)	63	—	15	(6)	780	(9)	—	780
Residential real estate	**7 706**	**(29)**	**229**	**(6)**	**105**	**(22)**	**8 040**	**(57)**	**—**	**8 040**
Residential real estate – investment	3 792	(11)	—	—	96	(19)	3 888	(30)	—	3 888
Residential real estate – development	3 189	(15)	226	(6)	—	—	3 415	(21)	—	3 415
Residential vacant land and planning	725	(3)	3	—	9	(3)	737	(6)	—	737
Total lending collateralised by property	**54 093**	**(256)**	**3 045**	**(84)**	**2 302**	**(284)**	**59 440**	**(624)**	**—**	**59 440**
Coverage ratio		**0.47%**		**2.8%**		**12.3%**		**1.1%**		

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

R'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2021										
Mortgages	78 857	(117)	4 242	(176)	1 192	(257)	84 291	(550)	—	84 291
High net worth and specialised lending	67 376	(234)	782	(24)	1 500	(178)	69 658	(436)	—	69 658*
Total high net worth and other private client lending	**146 233**	**(351)**	**5 024**	**(200)**	**2 692**	**(435)**	**153 949**	**(986)**	**—**	**153 949**
Coverage ratio		**0.24%**		**4.0%**		**16.2%**		**0.6%**		
At 31 March 2021										
Mortgages	76 604	(133)	3 632	(134)	1 391	(318)	81 627	(585)	—	81 627
High net worth and specialised lending	63 119	(261)	1 063	(20)	1 471	(324)	65 653	(605)	—	65 653*
Total high net worth and other private client lending	**139 723**	**(394)**	**4 695**	**(154)**	**2 862**	**(642)**	**147 280**	**(1 190)**	**—**	**147 280**
Coverage ratio		**0.28%**		**3.3%**		**22.4%**		**0.8%**		

* 58% of HNW and specialised lending (31 March 2021: 58%) relates to lending collateralised by property which is supported by high net worth clients.

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

R'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2021										
Corporate and acquisition finance	50 227	(231)	4 838	(214)	1 623	(482)	56 688	(927)	1 397	58 085
Fund finance	8 013	(13)	—	—	—	—	8 013	(13)	—	8 013
Financial institutions and governments	3 168	(4)	144	(1)	2	(2)	3 314	(7)	—	3 314
Asset finance	6 047	(56)	455	(19)	466	(99)	6 968	(174)	—	6 968
Small ticket asset finance	4 113	(31)	300	(11)	433	(85)	4 846	(127)	—	4 846
Large ticket asset finance	1 934	(25)	155	(8)	33	(14)	2 122	(47)	—	2 122
Power and infrastructure finance	5 585	(13)	451	(3)	—	—	6 036	(16)	—	6 036
Total corporate and other lending	**73 040**	**(317)**	**5 888**	**(237)**	**2 091**	**(583)**	**81 019**	**(1 137)**	**1 397**	**82 416**
Coverage ratio		**0.43%**		**4.0%**		**27.9%**		**1.4%**		
At 31 March 2021										
Corporate and acquisition finance	44 943	(216)	6 425	(160)	1 462	(339)	52 830	(715)	1 421	54 251
Fund finance	7 624	(29)	—	—	—	—	7 624	(29)	—	7 624
Financial institutions and governments	3 351	(4)	156	(4)	3	—	3 510	(8)	—	3 510
Asset finance	6 396	(71)	219	(11)	554	(63)	7 169	(145)	—	7 169
Small ticket asset finance	4 127	(48)	219	(11)	506	(40)	4 852	(99)	—	4 852
Large ticket asset finance	2 269	(23)	—	—	48	(23)	2 317	(46)	—	2 317
Power and infrastructure finance	6 265	(14)	429	(3)	—	—	6 694	(17)	—	6 694
Total corporate and other lending	**68 579**	**(334)**	**7 229**	**(178)**	**2 019**	**(402)**	**77 827**	**(914)**	**1 421**	**79 248**
Coverage ratio		**0.49%**		**2.5%**		**19.9%**		**1.2%**		

ASSET QUALITY
CONTINUED

COVID-19 Government schemes
On 21 April 2020, a R200 billion COVID-19 government loan guarantee scheme in partnership with the major banks, National Treasury and the South African PA was announced. This COVID-19 loan guarantee terminated on 11 July 2021. Investec actively participated in the programme and approved a total amount of R691 million as at 30 September 2021.

COVID-19 relief measures
We have sought to help our clients wherever possible, including South African small and medium-sized enterprises (SMEs), our banking clients, corporates and others, providing COVID-19 relief measures including covenant waivers, interest-only and capital deferrals to assist during COVID-19 induced lockdowns and the significant slow-down in economic activity. We have structured different types of support to most appropriately suit diverse client needs. We remain in close contact with each of these clients, and are constantly monitoring the situation. As lockdown restrictions continue to ease, we have seen an overall slowdown in new relief requests as well as improved performance reducing net amount of active relief. COVID-19 relief measures currently in place have reduced from a cumulative relief of 23.0% of gross core loans since the onset of COVID-19 to 0.7% at 30 September 2021. Effective 1 January 2022, D3/2020 will be withdrawn by the PA which means that any COVID-19 relief after this date will be treated as distressed restructures, when required, according to the regulations.

COVID-19 vulnerable sectors

	30 September 2021					31 March 2021				
R'million	Stage 1	Stage 2	Stage 3	FVPL	**Total gross core loans**	Stage 1	Stage 2	Stage 3	FVPL	**Total gross core loans**
Aviation*	2 362	349	491	48	3 250	2 592	487	537	20	3 636
Hotels	2 184	20	107		2 311	2 170	97	103		2 370
Gaming and leisure	25	2 449	—		2 474	25	2 977	—		3 002
Total	**4 571**	**2 818**	**598**	**48**	**8 035**	**4 787**	**3 561**	**640**	**20**	**9 008**
Coverage ratio	**0.79%**	**1.9%**	**10.3%**	**—%**	**1.9%**	**0.86%**	**1.0%**	**19.1%**	**—%**	**2.2%**

* Aviation excludes SAA which is government guaranteed.
As at 31 March 2021 Trade finance (R2.9bn) was reported as a vulnerable sector. Following internal review, at 30 September 2021 the sector is now no longer reported as a vulnerable sector given the underlying performance of the portfolio over the past six months.

CREDIT AND COUNTERPARTY RISK

An 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 30 September 2021 **R'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	12 223	—	12 223	—	462	12 685
Loans and advances to banks	16 864	—	16 864	(2)	—	16 862
Non-sovereign and non-bank cash placement	9 707	238	9 469	(51)	—	9 656
Reverse repurchase agreements and cash collateral on securities borrowed	46 714	5 479	41 235	(1)	—	46 713
Sovereign debt securities	55 814	4 788	51 026	(55)	—	55 759
Bank debt securities	28 224	290	27 934	(24)	—	28 200
Other debt securities	15 298	195	15 103	(21)	—	15 277
Derivative financial instruments	7 171	7 171	—	—	4 530	11 701
Securities arising from trading activities	2 351	2 351	—	—	30	2 381
Investment portfolio	—	—	—	—	3 219 *	3 219
Loans and advances to customers	288 607	22 053	266 554	(2 822)	—	285 785
Own originated loans and advances to customers securitised	7 585	—	7 585	(25)	—	7 560
Other loans and advances	150	—	150	(24)	—	126
Other securitised assets	—	—	—	—	646 ^^	646
Interest in associated undertakings	—	—	—	—	27	27
Current taxation assets	—	—	—	—	35	35
Deferred taxation assets	—	—	—	—	2 174	2 174
Other assets	—	—	—	—	5 708 **	5 708
Property and equipment	—	—	—	—	3 329	3 329
Investment properties	—	—	—	—	1	1
Goodwill	—	—	—	—	175	175
Other acquired intangible assets	—	—	—	—	90	90
Software	—	—	—	—	70	70
Non-current assets classified as held for resale	—	—	—	—	474	474
Loans to group companies	—	—	—	—	21 715	21 715
Total on-balance sheet exposures	**490 708**	**42 565**	**448 143**	**(3 025)**	**42 685**	**530 368**
Guarantees	16 099	—	16 099	(7)	1 128	17 220
Committed facilities related to loans and advances to customers	66 272	—	66 272	(71)	—	66 201
Contingent liabilities, letters of credit and other	9 203	3 526	5 677	—	24 306	33 509
Total off-balance sheet exposures	**91 574**	**3 526**	**88 048**	**(78)**	**25 434**	**116 930**
Total exposures	**582 282**	**46 091**	**536 191**	**(3 103)**	**68 119**	**647 298**

^ Includes R72 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

At 31 March 2021 **R'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	9 275	—	9 275	—	378	9 653
Loans and advances to banks	24 669	—	24 669	(3)	—	24 666
Non-sovereign and non-bank cash placement	9 005	23	8 982	(49)	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	30 222	12 477	17 745	(1)	—	30 221
Sovereign debt securities	53 014	3 266	49 748	(55)	—	52 959
Bank debt securities	21 865	288	21 577	(9)	—	21 856
Other debt securities	14 177	60	14 117	(23)	—	14 154
Derivative financial instruments	15 461	15 461	—	—	3 712	19 173
Securities arising from trading activities	2 828	2 828	—	—	41	2 869
Investment portfolio	—	—	—	—	4 923 *	4 923
Loans and advances to customers	277 759	23 814	253 945	(2 703)	—	275 056
Own originated loans and advances to customers securitised	8 209	—	8 209	(25)	—	8 184
Other loans and advances	205	—	205	(24)	—	181
Other securitised assets	—	—	—	—	578 ^^	578
Interest in associated undertakings	—	—	—	—	5 149	5 149
Deferred taxation assets	—	—	—	—	2 412	2 412
Other assets	—	—	—	—	7 417 **	7 417
Property and equipment	—	—	—	—	2 740	2 740
Investment properties	—	—	—	—	1	1
Goodwill	—	—	—	—	175	175
Other Intangible assets	—	—	—	—	116	116
Software	—	—	—	—	97	97
Non current assets classified as held for resale	—	—	—	—	474	474
Loans to group companies	—	—	—	—	17 410	17 410
Total on-balance sheet exposures	**466 689**	**58 217**	**408 472**	**(2 892)**	**45 623**	**509 420**
Guarantees	14 903	—	14 903	(5)	1 024	15 922
Committed facilities related to loans and advances to customers	64 358	—	64 358	(69)	—	64 289
Contingent liabilities, letters of credit and other	7 525	3 521	4 004	—	22 887	30 412
Total off-balance sheet exposures	**86 786**	**3 521**	**83 265**	**(74)**	**23 911**	**110 623**
Total exposures	**553 475**	**61 738**	**491 737**	**(2 966)**	**69 534**	**620 043**

^ Includes R72 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE

Key judgements

The continued impact from COVID-19 has required significant judgement. Management performed extensive benchmarking of credit loss ratios, macro-economic scenarios applied and the coverage ratios against South African banks. It was concluded that the ECL position appeared reasonable in comparison to industry peers.

After careful review of portfolio performance and updated published market data, management retained the ECL overlay of R290 million (31 March 2021: R290 million) in the Private Bank portfolio. The overlay accounts for the unique nature of the COVID-19 pandemic and the impact on the South African economy. Specifically, the management ECL overlay accounts for emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios. Management believes that these 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. In line with our previous approach Stage 3 ECLs continued 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 approved at the relevant Board Risk and Capital Committees (BRCCs) as well as the relevant capital committees, which form part of the principal governance framework for macro-economic scenarios. A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9.

For the bank, five macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process was to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

As at 30 September 2021 all five scenarios were updated to incorporate the latest available data, although it should be noted that there has been a substantial upwards revision to the size of South Africa's economy by the country's statistical agency, in line with its rebasing, re-estimation and reweighting of GDP and its composition every five years. This has reduced the size of the contraction in GDP in 2020 and increased the pace of recovery.

The base case is characterised by the view that South Africa's economic recovery continues on the back of global economic recovery and structural reforms over the period, supported by sufficient monetary and other policy supports in key advanced economies. Market risk sentiment is neutral to somewhat risk on. The upwards revision to the size of GDP has reduced the fiscal deficit and debt ratios materially, which, along with the upwards revision to the size of the economy, has lessened the chance of credit rating downgrades this year and potentially in the medium-term. A degree of fiscal consolidation is also expected over the medium term. Limited impact of expropriation without compensation) to abandoned, unused, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy – no blanket widescale nationalisation. The base case sees South Africa retain a country rating from Moody's that is one of the three grades in the Ba (BB) category – currently Moody's rates South Africa Ba2 (BB). As at 31 March 2021, the weighting of the base case was 48%, and at 30 September 2021 the scenario weighting of the base case remained at 48% as the outlook for the economy has neither deteriorated nor improved materially.

The lite down case has the same expected international environment (including risk sentiment) as the base case, but the domestic environment differs. Under this scenario South Africa fails to stabilise its debt and falls into the single B credit ratings bracket from all three agencies while the effects from COVID-19 are slow to overcome. Business confidence is depressed with weak investment growth, while significant load shedding occurs, and the country falls into recession. A substantial degree of fiscal consolidation ultimately occurs, preventing South Africa's credit ratings from falling through the C credit rating grades. Expropriation of some private commercial sector property without compensation occurs, with some negative impact on the economy.

As at 31 March 2021 the weighting of the lite down case was 44%, but by 30 September 2021 it was revised to 43% due to the improvement mentioned above in government finances on the back of the larger size of GDP.

The severe down case is characterised by a lengthy global recession and/or global financial crisis (which could be caused or exacerbated by the failure to overcome the COVID-19 pandemic but is not limited to this), with insufficient monetary and other policy supports. A depression occurs in the South African economy, with extreme rand weakness. South Africa's credit ratings from all three key agencies drop below the single B categories, then fall through the C grade categories eventually to D grade (default) as government borrows from increasingly wider sources and sinks deeper into a debt trap, and then defaults. Eventually widespread load shedding and civil unrest occur. Nationalisation of private sector property under expropriation without compensation occurs with severe negative impacts for the economy. At 31 March 2021 the scenario weighting of the severe down case was 5%, but at 30 September 2021 the weighting was 6% as the destabilizing riots in July raised country risk somewhat.

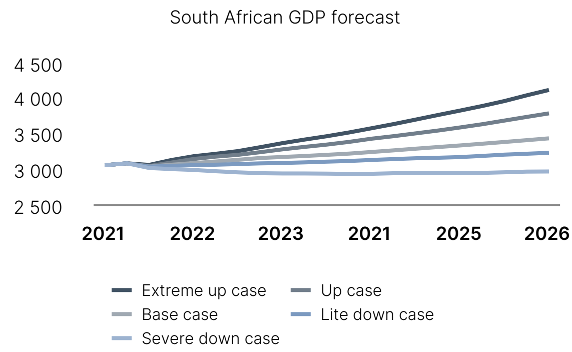
The up case is depicted by a relatively quick rebound from the COVID-19 pandemic globally and domestically, with rising confidence and investment levels. The South African economy's structural problems are worked down quickly and no further credit rating downgrades occur. No expropriation without compensation of private property occurs.The rating outlooks eventually become positive, as strong fiscal consolidation sees government debt projections stabilise then fall in the near term. Global risk-on and strong global growth occurs in this scenario. As at 31 March 2021 the scenario weighting was 2%, and this was retained at 30 September 2021.

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

The extreme up case is a scenario which is an acceleration of the up case, where the COVID-19 pandemic is resolved very rapidly globally and domestically. Very strong global growth and a commodity boom occur while domestically, good governance and substantial growth-creating reforms see very strong, sustained economic growth. Very strong fiscal consolidation also occurs and sees government debt drop to the low ratios of the 2000s. A high level of business confidence and fixed investment growth ensues, with substantial foreign direct investment inflows as property rights are strengthened and no nationalisation occurs. Domestic economic growth of 3-5%, then 5-7%, is achieved under this scenario and credit rating upgrades occur. This scenario retains a weighting of 1% as the exact domestic characterisations currently retain a very low probability.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 30 September 2021.

R'billion



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

Macro-economic scenarios

	At 30 September 2021 average 2021 – 2026					At 31 March 2021 average 2021 – 2026				
Macro-economic scenarios	**Extreme up case %**	**Up case %**	**Base case %**	**Lite down case %**	**Severe down case %**	Extreme up case %	Up case %	Base case %	Lite down case %	Severe down case %
GDP growth	6.6	5.0	3.2	2.0	0.4	5.5	4.4	2.7	1.8	(0.5)
Repo rate	3.6	3.8	4.2	4.8	5.3	3.5	3.8	4.7	5.0	5.6
Bond yield	9.2	9.5	10.1	10.8	11.5	9.2	9.5	10.4	11.1	11.9
CPI Inflation	4.0	4.5	5.0	5.7	6.4	4.0	4.5	4.9	5.4	6.1
Residential property price growth	7.3	6.7	5.4	4.6	3.5	7.1	6.3	5.3	4.1	2.6
Commercial property prices growth	3.8	2.3	0.6	(0.6)	(1.9)	3.6	2.1	0.6	(1.0)	(2.7)
Exchange rates (South African Rand:US Dollar)	12.0	12.7	14.9	16.7	18.7	12.0	13.6	15.8	17.7	18.4
Scenario weightings	**1**	**2**	**48**	**43**	**6**	**1**	**2**	**48**	**44**	**5**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2021.

	Financial years				
Base case %	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**
GDP growth	5.1	2.5	2.2	2.7	2.9
Repo rate	3.6	3.9	4.3	4.6	4.8
Bond yield	10.1	10.0	10.0	10.1	10.2
CPI inflation	5.0	5.0	5.1	5.0	5.0
Residential property price growth	4.8	5.4	5.4	5.6	6.0
Commercial property price growth	(2.3)	0.9	1.1	1.5	2.0
Exchange rate (South African Rand:US Dollar)	14.3	14.7	14.9	15.2	15.3

MARKET RISK

Market risk in the trading book

Traded market risk

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.

Value at Risk

VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels as it is the worst case loss in the VaR distribution.

The table below contains the 95% one-day VaR figures for the trading businesses.

95% one-day VaR R'million	30 September 2021				31 March 2021			
	Period end	Average	High	Low	**Year end**	Average	High	Low
Commodities	0.9	0.8	1.3	0.2	0.4	0.2	0.7	—
Equities	3.4	3.2	5.5	2.4	4.7	5.3	9.8	3.3
Foreign exchange	0.4	0.8	3.5	0.1	0.3	0.8	8.4	0.1
Interest rates	4.4	3.8	6.3	2.0	1.8	3.9	7.7	1.8
Consolidated*	**5.2**	**4.5**	**7.2**	**3.2**	**5.1**	**7.2**	**12.8**	**4.4**

* The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.

Expected shortfall

The ES measure overcomes some of VaR's shortcomings. ES seeks to quantify losses encountered in the tail beyond the VaR level. The 95% one-day ES is the average loss given that the 95% one-day VaR level has been exceeded. The table below contains the 95% one-day ES figures.

95% one-day ES R'million	**30 Sept 2021 Period end**	31 March 2021 Year end
Commodities	1.5	0.9
Equities	7.5	7.4
Foreign exchange	0.9	0.5
Interest rates	11.7	4.4
Consolidated^	**11.7**	**8.7**

^ The consolidated ES for each desk is lower than the sum of the individual ESs. This arises from the correlation offset between various asset classes.

Stressed VaR

Stressed VaR (sVaR) is calculated using the VaR model but 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	**30 Sept 2021 Period end**	31 March 2021 Year end
99% one-day sVaR	**12.0**	**12.2**

Stress testing

The table below indicates the potential losses that could arise in the trading book portfolio per EVT at the 99% confidence level. EVT is a methodology widely used to estimate tail-event losses beyond the 95% one-day VaR. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the VaR distribution.

99% EVT R'million	30 September 2021				31 March 2021			
	Period end	Average	High	Low	**Period end**	Average	High	Low
Commodities	3.5	5.4	10.0	1.7	5.0	2.3	8.3	0.2
Equities	34.9	31.0	60.1	20.7	24.8	44.0	85.6	14.8
Foreign exchange	4.6	3.3	7.4	1.1	2.0	3.5	11.7	1.0
Interest rates	72.5	36.3	74.5	15.9	22.8	26.1	84.9	6.4
Consolidated#	**60.5**	**39.3**	**91.5**	**18.7**	**27.4**	**49.4**	**89.7**	**16.4**

\# The consolidated stress testing for each desk is lower than the sum of the individual stress test numbers. This arises from the correlation offset between various asset classes.

INVESTMENT RISK

Investment risk

Investment risk in the banking book comprised 0.6% of total assets at 30 September 2021.

Summary of investments held and stress testing analyses

The balance sheet value of investments is indicated in the table below.

R'million	On-balance sheet value of investments 30 Sept 2021	Valuation change stress test 30 Sept 2021*	On-balance sheet value of investments 31 March 2021	Valuation change stress test 31 March 2021*
Unlisted investments**	3 132	470	2 779	417
Listed equities#	87	22	2 144	536
Investment and trading properties	155	46	146	29
The IEP Group#	—	—	5 117	768
Total	**3 374**	**538**	**10 186**	**1 749**

** Includes the fair value loans investments of R705 million (31 March 2021: R877 million).
# In August 2021, IBL restructured its business and sold its investments in IEP and IPF to Investec Limited.
* In order to assess our earnings sensitivity to a movement in the valuation of these investments, the stress testing parameters detailed below are applied:

Stress test values applied	30 Sept 2021	31 Mar 2021
Unlisted investments and the IEP Group	15%	15%
Listed equities	25%	25%
Trading properties^	30%	20%
Investment properties^	30%	10%

^ The stress test parameters applied to trading and investment properties were increased to 30% at 30 September 2021

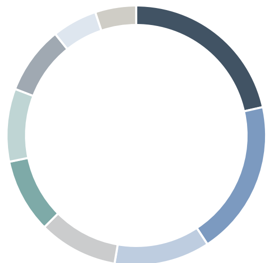
Stress testing summary

Based on the information at 30 September 2021, as reflected above, we could have a R0.5 billion reversal in revenue (which assumes a year in which there is a 'severe stress scenario' simultaneously across all asset classes). This would not necessarily cause the bank to report a loss, but could have a significantly negative impact on earnings for that period. The probability of all these asset classes being negatively impacted at the same time is low, although the probability of listed equities being negatively impacted at the same time is high.

An analysis of the investment portfolio (excluding investment and trading properties)

30 September 2021

R3 219 million



Electricity, gas and water (utility services)	21.5%
Communication	19.3%
Finance and Insurance	11.9%
Business Services	9.9%
Mining and resources	9.2%
Agriculture	9.1%
Real Estate	8.4%
Other	5.6%
Manufacturing and Commerce	5.1%

BALANCE SHEET RISK

Balance sheet risk management

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

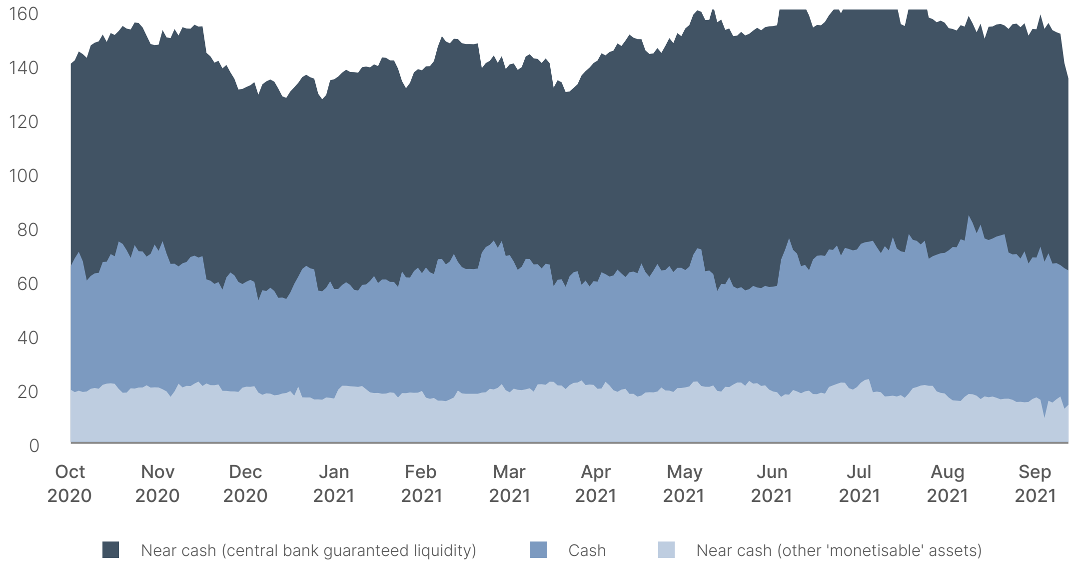
Liquidity risk

Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash-flows and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

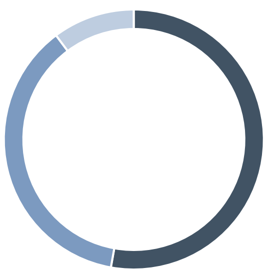
Liquidity risk is further broken down into:

- **Funding liquidity:** this relates to the risk that the bank 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:** this relates to the risk that the bank 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.

Cash and near cash trend
R'billion

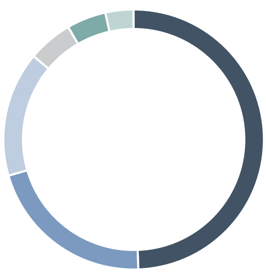


An analysis of cash and near cash at 30 September 2021
R134.6 billion



Central Bank cash placements and guaranteed liquidity	52.8%
Cash	37.0%
Near cash (other 'monetisable' assets)	10.2%

Bank and non-bank depositor concentration by type at 30 September 2021
R413.5 billion



Non-bank financials	49.4%
Individuals	21.1%
Non-financial corporates	15.5%
Small business	5.6%
Public sector	4.9%
Banks	3.5%

BALANCE SHEET RISK
CONTINUED

Liquidity mismatch
The tables that follow show the liquidity mismatch across our business.

The balances will not agree directly to those 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 behaviourally 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 30 September 2021

R'million	Demand	Up to one month	One to three month	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	26 074	2 453	755	—	—	—	—	29 282
Cash and short-term funds – non-banks	7 717	141	101	—	—	1 159	538	9 656
Investment/trading assets and statutory liquids	36 093	49 171	8 224	10 756	11 166	24 230	23 709	163 349
Securitised assets	646	81	80	247	470	2 760	3 922	8 206
Advances	4 715	5 095	12 132	10 727	17 931	118 462	117 114	286 176
Other assets	18 804	2 107	987	122	(425)	2 347	8 897	32 839
Assets	**94 049**	**59 048**	**22 279**	**21 852**	**29 142**	**148 958**	**154 180**	**529 508**
Deposits – banks	(438)	(244)	(1 594)	(538)	(192)	(11 452)	—	(14 458)
Deposits – non-banks	(182 580)	(17 153)	(58 097)	(41 264)	(45 755)	(49 798)	(4 391)	(399 038)
Negotiable paper	—	(2)	(577)	(441)	(1 154)	(755)	(41)	(2 970)
Securitised liabilities	—	—	—	—	—	(1 146)	(2 003)	(3 149)
Investment/trading liabilities	(5 091)	(9 265)	(2 571)	(4 372)	(2 649)	(18 291)	(1 828)	(44 067)
Subordinated liabilities	—	(1 867)	(204)	(2 435)	(4 336)	(3 254)	—	(12 096)
Other liabilities	(786)	—	—	(424)	(192)	—	(6 387)	(7 789)
Liabilities	**(188 895)**	**(28 531)**	**(63 043)**	**(49 474)**	**(54 278)**	**(84 696)**	**(14 650)**	**(483 567)**
Total equity	—	—	—	—	—	—	(45 941)	(45 941)
Contractual liquidity gap	**(94 846)**	**30 517**	**(40 764)**	**(27 622)**	**(25 136)**	**64 262**	**93 589**	**—**
Cumulative liquidity gap	(94 846)	(64 329)	(105 093)	(132 715)	(157 851)	(93 589)		—

Behavioural liquidity as at 30 September 2021

R'million	Demand	Up to one month	One to three month	Three to six month	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**62 754**	**7 603**	**(1 308)**	**(2 294)**	**(4 793)**	**(171 723)**	**109 761**	**—**
Cumulative	62 754	70 357	69 049	66 755	61 962	(109 761)	—	

BALANCE SHEET RISK
CONTINUED

Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity.

Sources of interest rate risk in the banking book include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the bank to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Embedded option risk:** arises from optional elements embedded in items where the bank or its customers can alter the level and timing of their cash flows
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest earnings and the economic value of equity.

Interest rate sensitivity gap at 30 September 2021

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs assuming no management intervention.

R'million	Not > three months	> Three months but < six months	> Six months < but one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds – banks	14 913	176	—	—	—	11 684	26 773
Cash and short-term funds – non-banks	9 638	—	—	—	—	18	9 656
Investment/trading assets and statutory liquids	70 536	12 813	12 540	30 903	11 133	4 151	142 076
Securitised assets	8 206	—	—	—	—	—	8 206
Advances	259 367	4 509	3 513	16 236	529	2 016	286 170
Other assets	15 265	(3 890)	(2 822)	2 274	132	12 627	23 586
Assets	**377 925**	**13 608**	**13 231**	**49 413**	**11 794**	**30 496**	**496 467**
Deposits – banks	(13 508)	(211)	—	—	—	—	(13 719)
Deposits – non-banks	(329 555)	(21 028)	(19 542)	(9 542)	(1 603)	(17 719)	(398 989)
Negotiable paper	(1 718)	(434)	(688)	(17)	—	(113)	(2 970)
Securitised liabilities	(3 149)	—	—	—	—	—	(3 149)
Investment/trading liabilities	(8 248)	—	—	(2 068)	—	(7)	(10 323)
Subordinated liabilities	(9 378)	—	(1 668)	(1 022)	—	(28)	(12 096)
Other liabilities	—	—	—	—	—	(6 942)	(6 942)
Liabilities	**(365 556)**	**(21 673)**	**(21 898)**	**(12 649)**	**(1 603)**	**(24 809)**	**(448 188)**
Total equity	(869)	—	—	—	—	(45 072)	(45 941)
Balance sheet	**11 500**	**(8 065)**	**(8 667)**	**36 764**	**10 191**	**(39 385)**	**2 338**
Off-balance sheet	35 403	4 589	3 365	(36 496)	(9 199)	—	(2 338)
Repricing gap	**46 903**	**(3 476)**	**(5 302)**	**268**	**992**	**(39 385)**	**—**
Cumulative repricing gap	46 903	43 427	38 125	38 393	39 385	—	

Economic value sensitivity at 30 September 2021

For the reasons outlined above, our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

	Sensitivity to the following interest rates (expressed in original currencies)						
million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	**All (ZAR)**
200bps down	2.2	0.4	(2.2)	—	—	1.0	(21.1)
200bps up	(27.0)	(1.1)	6.2	(0.6)	—	(10.5)	24.5

The bank previously disclosed its exposures to IBOR benchmarks as at 31 March 2021. In the bank's view the change in exposure since this date has not been significant.

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	Increased AIRB Scope *		FIRB
	30 Sept 2021	31 March 2021^	31 March 2021^
Common equity tier 1 (as reported)	14.9%	14.0%	13.3%
Common equity tier 1 (fully loaded)^^	14.9%	14.0%	13.3%
Tier 1 (as reported)	15.6%	14.4%	13.7%
Total capital adequacy ratio (as reported)	19.9%	18.6%	17.8%
Leverage ratio**	7.8%	8.1%	8.1%
Leverage ratio** – fully loaded^^	7.7%	8.1%	8.1%

Capital structure and capital adequacy

	Increased AIRB Scope *		FIRB
R'million	**30 Sept 2021**	31 March 2021^	31 March 2021^
Shareholders' equity	**42 500**	**43 881**	**43 881**
Shareholders' equity per balance sheet	43 981	45 362	45 362
Perpetual preference share capital and share premium	(1 481)	(1 481)	(1 481)
Regulatory adjustments to the accounting basis	**1 461**	**1 337**	**1 337**
Prudent valuation adjustment	(174)	(190)	(190)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(14)	(12)	(12)
Cash flow hedging reserve	1 649	1 539	1 539
Deductions	**(532)**	**(1 283)**	**(1 401)**
Goodwill and intangible assets net of deferred tax	(336)	(388)	(388)
Investment in financial entity	—	(656)	(667)
Shortfall of eligible provisions compared to expected loss	(196)	(239)	(346)
Common equity tier 1 capital	**43 429**	**43 935**	**43 817**
Additional Tier 1 capital	**2 113**	**1 336**	**1 336**
Additional tier 1 instruments	3 441	2 664	2 664
Phase out of non-qualifying additional tier 1 instruments	(1 328)	(1 328)	(1 328)
Tier 1 capital	**45 542**	**45 271**	**45 153**
Tier 2 capital	**12 555**	**13 370**	**13 370**
Collective impairment allowances	459	434	434
Tier 2 instruments	12 096	12 936	12 936
Total regulatory capital	**58 097**	**58 641**	**58 523**
Risk-weighted assets	**292 359**	**314 843**	**329 366**

* Investec Bank Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. We present numbers on a pro-forma basis for 31 March 2021.

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

^ Investec Bank Limited's capital information included unappropriated profits at 31 March 2021. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have be 48bps lower.

^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2023.

CAPITAL ADEQUACY
CONTINUED

Capital requirements

R'million	Increased AIRB Scope * 30 Sept 2021	FIRB 31 March 2021^
Capital requirements	**32 159**	**34 583**
Credit risk	26 680	29 156
Equity risk	1 217	1 046
Counterparty credit risk	862	1 024
Credit valuation adjustment risk	457	619
Market risk	429	408
Operational risk	2 514	2 330
Risk-weighted assets	**292 359**	**329 366**
Credit risk	242 558	277 679
Equity risk	11 061	9 959
Counterparty credit risk	7 832	9 756
Credit valuation adjustment risk	4 156	5 892
Market risk	3 897	3 887
Operational risk	22 855	22 193

Leverage

R'million	30 Sept 2021	31 March 2021^
Exposure measure	**587 016**	**555 992**
Tier 1 capital	45 542	45 153
Leverage ratio**	**7.8%**	**8.1%**
Tier 1 capital fully loaded^^	45 389	44 999
Leverage ratio – fully loaded^^**	**7.7%**	**8.1%**

* Investec Bank Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021.
** The leverage ratios are calculated on an end-quarter basis.
^ Investec Bank Limited's capital information included unappropriated profits at 31 March 2021. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have be 48bps lower.
^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2023.

DIRECTORATE

Investec Bank Limited

(details as at 17 November 2021)

ZBM Bassa (57)
Independent, non-executive director

F Titi (59)
Executive director

D Friedland (68)
Independent, non-executive director

PA Hourquebie (68)
Independent, non-executive director

KL Shuenyane (51)
Independent, non-executive chairman

M van der Walt (46)
Finance director

RJ Wainwright (59)
Chief executive

M Mthombeni (47)
Independent, non-executive director

V Olver (48)
Independent, non-executive director

MG Qhena (56)
Independent, non-executive director

04

Annexures

DIVIDEND ANNOUNCEMENT

Investec Bank Limited
Incorporated in the Republic of South Africa
Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393
LEI: 549300RH5FFHO48FXT69

Preference share dividend announcement
Non-redeemable non-cumulative non-participating preference shares ('preference shares')

Declaration of dividend number 37
Notice is hereby given that preference dividend number 37 has been declared by the board from income reserves for the period 1 April 2021 to 30 September 2021 amounting to a gross preference dividend of 292.45405 cents per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 10 December 2021.

The relevant dates for the payment of dividend number 37 are as follows:

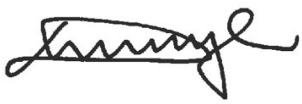
Last day to trade cum-dividend	Tuesday, 7 December 2021
Shares commence trading ex-dividend	Wednesday, 8 December 2021
Record date	Friday, 10 December 2021
Payment date	Monday, 13 December 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 December 2021 and Friday, 10 December 2021, both dates inclusive.

Additional information to take note of:

- Investec Bank Limited tax reference number: 9675/053/71/5
- The issued share preference share capital of Investec Bank Limited as at 17 November 2021 is 14 917 559 preference shares
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 233.96324 cents per preference share for shareholders liable to pay the Dividend Tax and 292.45405 cents per preference shareholders exempt from paying the Dividend Tax.

By order of the board



Niki van Wyk
Company Secretary

17 November 2021

ADDITIONAL NOTE DISCLOSURES

Extract of operating costs

For the six months to 30 September R'million	2021	2020
Staff costs	2 663	2 404
Premises expenses	126	105
Premises expenses (excluding depreciation)	33	23
Premises depreciation	93	82^
Equipment expenses (excluding depreciation)	171	140
Business expenses	220	217
Marketing expenses	130	141
Depreciation, amortisation and impairment on property, equipment, software and intangibles	85	91^
	3 395	**3 098**

^ Premises depreciation of R37 million was reclassified from depreciation, amortisation and impairment on property, equipment, software and intangibles to premises depreciation.

Extract of reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

At R'million	30 Sept 2021	31 March 2021
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	46 714	30 222
Expected credit loss on amortised cost	(1)	(1)
Net reverse repurchase agreements and cash collateral on securities borrowed	**46 713**	**30 221**
Reverse repurchase agreements	39 597	27 222
Cash collateral on securities borrowed	7 116	2 999
	46 713	**30 221**
Liabilities		
Repurchase agreements	16 124	16 593
Cash collateral on securities lent	4 249	—
	20 373	**16 593**

Extract of other debt securities

At R'million	30 Sept 2021	31 March 2021
Gross other debt securities	15 298	14 178
Expected credit loss on amortised cost	(7)	(8)
Net other debt securities	**15 291**	**14 170**
Bonds	10 860	8 283
Commercial paper	22	22
Floating rate notes	3 203	3 360
Asset-based securities	1 206	2 505
	15 291	**14 170**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Extract of securities arising from trading activities

At R'million	30 Sept 2021	31 March 2021
Bonds	1 137	1 311
Floating rate notes	918	970
Listed equities	296	573
Other investments	30	15
	2 381	**2 869**

Extract of loans and advances to customers and other loans and advances

At R'million	30 Sept 2021	31 March 2021
Gross loans and advances to customers at amortised cost	266 554	253 945
Gross loans and advances to customers designated at FVPL at inception^	20 656	22 393
Gross loans and advances to customers subject to ECL	287 210	276 338
Expected credit loss on amortised cost	(2 822)	(2 703)
	284 388	273 635
Loans and advances to customers at fair value	1 397	1 421
Net loans and advances to customers	**285 785**	**275 056**
Gross other loans and advances	151	206
Expected credit loss of other loans and advances	(25)	(25)
Net other loans and advances	**126**	**181**

^ 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.

Extract of securitised assets and liabilities arising on securitisation

At R'million	30 Sept 2021	31 March 2021
Gross own originated loans and advances to customers securitised	7 585	8 209
Expected credit loss of own originated loans and advances to customers securitised	(25)	(25)
Net own originated loans and advances to customers securitised	**7 560**	**8 184**
Total other securitised assets	**646**	**578**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Other assets

At R'million	30 Sept 2021	31 March 2021
Gross other assets	5 708	7 382
Expected credit loss on amortised cost	—	—
Net other assets	**5 708**	**7 382**
Settlement debtors	1 612	1 417
Trading properties	154	145
Prepayments and accruals	357	1 167
Trading initial margin	1 030	2 448
Commodities	818	581
Building renovations in progress	—	588
Fee debtors	165	5
Other	1 572	1 031
	5 708	**7 382**

Debt securities in issue

At R'million	30 Sept 2021	31 March 2021
Repayable in:		
Less than three months	575	5
Three months to one year	1 599	855
One to five years	796	1 266
	2 970	**2 126**

Extract of other liabilities

At R'million	30 Sept 2021	31 March 2021
Settlement liabilities	1 960	2 002
Other creditors and accruals	3 118	3 642
Other non-interest bearing liabilities	769	367
Dividends Rewards Programme liability	691	674
Lease liability	407	454
Long service employee benefits liability	185	208
Expected credit loss on off-balance sheet commitments and guarantees	78	74
	7 208	**7 421**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Extract of perpetual preference share capital

At R'million	30 Sept 2021	31 March 2021
Perpetual preference share capital	*	*
Perpetual preference share premium	1 481	1 481
	1 481	**1 481**

* Less than R1 million.

Extract of deferred taxation

At R'million	30 Sept 2021	31 March 2021
Losses carried forward	—	—
	—	**—**

Extract of subordinated liabilities

At R'million	30 Sept 2021	31 March 2021
Remaining maturity:		
In one year or less, or on demand	8 837	5 486
In more than one year, but not more than two years	1 623	5 238
In more than two years, but not more than five years	1 636	2 212
	12 096	**12 936**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting

		Amounts subject to enforceable netting arrangements				
		Effects of offsetting on balance sheet			Related amounts not offset	
At 30 September 2021 **R'million**	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	**Net amount**
Assets					
Cash and balances at central banks	12 685	—	12 685	—	12 685
Loans and advances to banks	26 540	(9 678)	16 862	(302)	16 560
Non-sovereign and non-bank cash placements	9 656	—	9 656	—	9 656
Reverse repurchase agreements and cash collateral on securities borrowed	47 699	(986)	46 713	(1 004)	45 709
Sovereign debt securities	55 810	—	55 810	(12 035)	43 775
Bank debt securities	28 206	—	28 206	(1 721)	26 485
Other debt securities	15 291	—	15 291	(1 422)	13 869
Derivative financial instruments	16 987	(5 286)	11 701	(5 179)	6 522
Securities arising from trading activities	2 381	—	2 381	(146)	2 235
Investment portfolio	3 219	—	3 219	—	3 219
Loans and advances to customers	288 707	(2 922)	285 785	—	285 785
Own originated loans and advances to customers securitised	7 560	—	7 560	—	7 560
Other loans and advances	126	—	126	—	126
Other securitised assets	646	—	646	—	646
Other assets	5 708	—	5 708	—	5 708
	521 221	**(18 872)**	**502 349**	**(21 809)**	**480 540**
Liabilities					
Deposits by banks	16 742	(2 284)	14 458	—	14 458
Derivative financial instruments	33 542	(12 680)	20 862	(5 179)	15 683
Other trading liabilities	2 832	—	2 832	—	2 832
Repurchase agreements and cash collateral on securities lent	21 359	(986)	20 373	(16 254)	4 119
Customer accounts (deposits)	401 960	(2 922)	399 038	—	399 038
Debt securities in issue	2 970	—	2 970	—	2 970
Liabilities arising on securitisation of own originated loans and advances	3 149	—	3 149	—	3 149
Other liabilities	7 208	—	7 208	—	7 208
Subordinated liabilities	12 096	—	12 096	—	12 096
	501 858	**(18 872)**	**482 986**	**(21 433)**	**461 553**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting continued

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
At 31 March 2021 **R'million**	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	**Net amount**
Assets					
Cash and balances at central banks	9 653	—	9 653	—	9 653
Loans and advances to banks	35 923	(11 257)	24 666	(295)	24 371
Non-sovereign and non-bank cash placements	8 956	—	8 956	—	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	31 206	(985)	30 221	(3 293)	26 928
Sovereign debt securities	53 009	—	53 009	(9 340)	43 669
Bank debt securities	21 862	—	21 862	(1 498)	20 364
Other debt securities	14 170	—	14 170	(2 828)	11 342
Derivative financial instruments	23 762	(4 589)	19 173	(10 165)	9 008
Securities arising from trading activities	2 869	—	2 869	(1 102)	1 767
Investment portfolio	4 923	—	4 923	—	4 923
Loans and advances to customers	278 088	(3 032)	275 056	—	275 056
Own originated loans and advances to customers securitised	8 184	—	8 184	—	8 184
Other loans and advances	181	—	181	—	181
Other securitised assets	578	—	578	—	578
Other assets	7 382	—	7 382	—	7 382
	500 746	**(19 863)**	**480 883**	**(28 521)**	**452 362**
Liabilities					
Deposits by banks	18 749	(1 605)	17 144	—	17 144
Derivative financial instruments	37 252	(14 241)	23 011	(10 165)	12 846
Other trading liabilities	3 388	—	3 388	—	3 388
Repurchase agreements and cash collateral on securities lent	17 578	(985)	16 593	(16 593)	—
Customer accounts (deposits)	377 401	(3 032)	374 369	—	374 369
Debt securities in issue	2 126	—	2 126	—	2 126
Liabilities arising on securitisation of own originated loans and advances	3 271	—	3 271	—	3 271
Other liabilities	7 421	—	7 421	—	7 421
Subordinated liabilities	12 936	—	12 936	—	12 936
	480 122	**(19 863)**	**460 259**	**(26 758)**	**433 501**

ALTERNATIVE PERFORMANCE MEASURES

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

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro forma financial information. The pro forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows. The external auditors performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

Annuity income	Net interest income (refer to page 17) plus net annuity fees and commissions (refer to page 18)
Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

R'million	30 Sept 2021	31 March 2021
Loans and advances to customers per the balance sheet	285 785	275 056
Add: Own originated loans and advances to customers per the balance sheet	7 560	8 184
Net core loans	**293 345**	**283 240**
of which subject to ECL*	291 948	281 819
Net core loans at amortised cost	271 386	259 531
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	20 562	22 288
of which FVPL (excluding fixed rate loans above)	1 397	1 421
Add: ECL	2 847	2 728
Gross core loans	**296 192**	**285 968**
of which subject to ECL*	294 795	284 547
of which FVPL (excluding fixed rate loans above)	1 397	1 421

^ 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 measured at amortised cost. The drawn (R21 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R94 million (31 March 2021: R105 million).

* Includes portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.

Cost to income ratio	Refer to calculation in the table below

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
Operating costs (A)	3 395	3 098	6 469
Total operating income before expected credit loss impairment charges	6 936	5 629	12 049
Less: Profit attributable to other non-controlling interests	—	—	—
Total (B)	6 936	5 629	12 049
Cost to income ratio (A/B)	**48.9%**	**55.0%**	**53.7%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	Annualised ECL impairment charges on core loans as a percentage of average gross core loans
Gearing ratio	Total assets excluding intergroup loans divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on page 17

DEFINITIONS

Cash and near cash
Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity.

ECL
Expected credit loss.

FVOCI
Fair value through other comprehensive income.

FVPL
Fair value through profit and loss.

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, core loans and advances, other debt securities, other loans and advances and other securitised assets.

Refer to page 17 for calculation

Interest-bearing liabilities
Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), liabilities arising on securitisation of own originated loans and advances and loans from group companies.

Refer to page 17 for calculation

Subject to ECL
Includes financial assets held at amortised cost as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.

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