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INVESTEC LIMITED GROUP AND
INVESTEC BANK LIMITED GROUP

Pillar 3 quarterly disclosure report - June 2024



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Overview of risk management, key prudential metrics And RWA



OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA

SCOPE OF PILLAR 3 DISCLOSURES

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

OV1: OVERVIEW OF RWA

The following section provides an overview of the total RWA forming the denominator of the risk-based capital requirements.

R'million	Investec Limited Group			Investec Bank Limited Group			
	a	c	b	a	c	b	
	RWA ⁽²⁾	MC ⁽¹⁾	RWA	RWA	MC	RWA	
	30 June 2024	30 June 2024	31 March 2024	30 June 2024	30 June 2024	31 March 2024	
1	Credit risk (excluding counterparty credit risk)	190 837	22 982	203 396	196 084	23 613	208 070
2	Of which: Standardised Approach (SA)	69 252	8 340	78 143	74 499	8 972	82 817
3	Of which: foundation internal ratings-based (FIRB) approach	13 744	1 655	14 463	13 744	1 655	14 463
4	Of which: supervisory slotting approach	22 185	2 672	23 384	22 185	2 671	23 384
5	Of which: internal ratings-based (AIRB) approach	85 656	10 315	87 406	85 656	10 315	87 406
6	Counterparty credit risk (CCR)	7 200	867	6 723	7 030	847	6 705
7	Of which: Standardised Approach for counterparty credit risk	7 200	867	6 723	7 030	847	6 705
8	Of which: IMM	—	—	—	—	—	—
9	Of which: other CCR	—	—	—	—	—	—
10	Credit valuation adjustment (CVA)	3 076	370	2 637	3 062	369	2 637
11	Equity positions under the simple risk weight approach and the Internal Model Method during the five-year linear phase-in period	12 712	1 531	14 627	11 160	1 344	13 041
12	Equity investments in funds - look-through approach	514	62	381	514	62	381
13	Equity investments in funds - mandate-based approach	—	—	—	—	—	—
14	Equity investments in funds - fall-back approach	—	—	—	—	—	—
15	Settlement risk	—	—	—	—	—	—
16	Securitisation exposures in banking book	1 621	195	1 278	1 621	195	1 278
17	Of which: securitisation IRB approach (SEC-IRBA)	1 038	125	779	1 038	125	779
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	—	—	—	—	—	—
19	Of which: Securitisation Standardised approach (SEC-SA)	583	70	499	583	70	499
20	Market risk⁽⁶⁾	9 878	1 189	7 934	8 864	1 067	6 255
21	Of which Standardised Approach (SA)	1 795	216	2 269	781	94	590
22	Of which internal model approach (IMA)	8 083	973	5 665	8 083	973	5 665
23	Capital charge for switch between trading book and banking book	—	—	—	—	—	—
24	Operational risk⁽³⁾	37 179	4 477	37 179	31 022	3 736	31 022
25	Amounts below the thresholds for deduction (subject to 250% risk weight)⁽⁴⁾	18 893	2 275	18 024	3 765	453	3 796
26	Aggregate capital floor applied ⁽⁵⁾	—	—	—	—	—	—
27	Floor adjustment (before application of transitional cap)	—	—	—	—	—	—
28	Floor adjustment (after application of transitional cap)	—	—	—	—	—	—
29	Total	281 910	33 949	292 179	263 122	31 686	273 185

(1) MC – The minimum capital requirements in column (c) are based on the SARB minimum total capital requirements for Investec of 12.0425%; however, excludes Investec's Pillar 2B add-on in line with the Banks Act Directive 5 of 2021.

(2) RWA – Risk-weighted assets are calculated according to the Basel framework, including the 1.06 scaling factor for credit exposures subject to the IRB approach, and as reported in accordance with the subsequent parts of this standard.

(3) Operational risk is calculated using the SA and is driven by the levels of income over a three-year average period, applying specific factors applicable to the nature of the business generating the income.

(4) The RWA in this line item relates to investments in significant financial entities and deferred tax assets below the 10% of the specified CET1 threshold.

(5) The floor adjustment is calculated in line with the Banks Act Directive 3 of 2013.

(6) Market risk RWAs for internal models approach (IMA) are calculated using the historical Value at Risk (VaR) approach.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA CONTINUED

Period under review- Investec Limited group

Investec Limited remains well capitalised with capital ratios exceeding both regulatory minimums and internal targets. At 30 June 2024, the CET1 ratio increased to 14.9% from 13.6% at 31 March 2024. CET1 capital increased by R2.2 billion to R42.1 billion, largely affected by:

- Positive attributable earnings post taxation and minorities of R2.1 billion
- An increase in FVOCI reserve of R0.3bn
- A decrease of R0.2 billion in the deduction related to the investment in the Bud Group
- A decrease of R0.2 billion in treasury shares
- A decrease of R0.2 in the deduction associated with investments in significant financial entities.

These increases in CET1 are offset by:

- An decrease of R0.4 billion in the foreign currency translation reserve
- Ordinary and AT1 dividends paid of R0.3bn
- Increase of R0.1bn in prudent valuation adjustment

No additional PLC or INL shares have been bought back since 30 September 2023, at which point R6.8bn of the R7bn DLC share buy-back programme had been executed.

RWAs decreased by 4.1% from R292.2 billion (March 2024) to R281.9 billion (June 2024).

Credit risk RWAs, including counterparty credit risk, decreased by R10.4 billion (4.5%). The decrease was mainly driven by the migration of the Fund Finance portfolio to AIRB, recalibration of the HIBJ PD model, repayments and improvement in asset quality.

Equity risk RWAs decreased by R1.8 billion (11.9%), largely due to decrease in investment values.

Market risk RWAs for INL increased by R1.9 billion.

Operational risk remains unchanged. This calculation is updated bi-annually in March and September and is based on a 3-year rolling average gross income before impairments balance.

The Group's leverage ratio increased to 6.6% (June 2024) from 6.2% (March 2023). The decrease is primarily driven by a increase in total Tier 1 capital of R2.2 billion as well as a decrease of R10.4 billion in the leverage exposure measure owing to lower total assets.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA
CONTINUED

KM1: KEY METRICS

The following section provides an overview of the key prudential regulatory metrics covering Investec Limited group's available capital and ratios, risk-weighted assets, leverage ratio, liquidity coverage ratio and net stable funding ratio of the Group's performance and trends over time:

R'million	IRB Scope				
	a	b	c	d	e
	30 June 2024	31 March 2024	31 December 2023	30 September 2023	30 June 2023
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	42 067	39 850	38 022	38 276	43 506
2 Tier 1	45 967	43 814	41 989	41 493	46 719
3 Total capital	53 341	51 263	49 538	49 015	54 183
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA) ⁽¹⁾⁽⁴⁾	281 910	292 179	291 569	289 148	298 788
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 (%) ⁽²⁾	14.9	13.6	13.0	13.2	14.6
6 Tier 1 ratio (%) ⁽²⁾	16.3	15.0	14.4	14.3	15.6
7 Total capital ratio (%) ⁽²⁾	18.9	17.5	17.0	17.0	18.1
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (%)	0.0	0.0	0.0	0.0	0.0
10 Bank G-SIB and/or D-SIB additional requirements (%)	0.5	0.5	0.5	0.5	0.5
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.0	3.0	3.0	3.0	3.0
12 CET1 available after meeting the bank's minimum capital requirements (%)	6.9	5.0	5.0	5.2	6.5
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure	695 438	705 807	684 920	701 096	721 362
14 Basel III leverage ratio (%) (row 2/row 13) ⁽²⁾	6.6	6.2	6.1	5.9	6.5
Liquidity Coverage Ratio					
15 Total HQLA	110 633	112 891	111 129	108 756	113 453
16 Total net cash outflow	64 494	70 859	63 203	60 035	63 509
17 LCR ratio (%) ⁽³⁾	175.3	159.4	177.4	182.9	179.8
Net Stable Funding Ratio					
18 Total available stable funding	414 646	401 442	390 696	393 968	392 978
19 Total required stable funding	329 894	348 902	336 497	347 512	338 831
20 NSFR ratio	125.7	115.1	116.1	113.4	116.0

(1) Investec Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 30 June 2024, 56% (31 March 2024: 54%) of the portfolio applies the AIRB approach, 25% (31 March 2024: 26%) applies the FIRB approach and the remaining 19% (31 March 2024: 20%) of the portfolio is subject to the standardised approach.

(2) Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 190bps lower (31 March 2024: 111bps lower). The leverage ratio would be 80bps lower (31 March 2024: 48bps).

(3) The LCR ratio in row 17 is reported as the simple average of the daily LCR ratios over the quarter and is not derived as row 15 divided by row 16.

OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA
CONTINUED

The following section provides an overview of the key prudential regulatory metrics covering Investec Bank Limited Group's available capital and ratios, risk-weighted assets, leverage ratio, liquidity coverage ratio and net stable funding ratio of the bank's performance and trends over time:

R'million	IRB Scope				
	a	b	c	d	e
	30 June 2024	31 March 2024	31 December 2023	September 2023	30 June 2023
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	46 766	45 124	43 558	44 304	47 126
2 Tier 1	50 116	48 584	47 018	47 014	49 836
3 Total capital	57 489	56 031	54 567	55 104	57 880
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA) ⁽¹⁾⁽⁴⁾	263 122	273 185	272 577	271 727	276 300
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 (%) ⁽²⁾	17.8	16.5	16.0	16.3	17.1
6 Tier 1 ratio (%) ⁽²⁾	19.0	17.8	17.2	17.3	18.0
7 Total capital ratio (%) ⁽²⁾	21.8	20.5	20.0	20.3	20.9
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (%)	0.0	0.0	0.0	0.0	0.0
10 Bank G-SIB and/or D-SIB additional requirements (%)	0.5	0.5	0.5	0.5	0.5
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.0	3.0	3.0	3.0	3.0
12 CET1 available after meeting the bank's minimum capital requirements (%)	9.7	7.9	7.9	8.3	9.0
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure	664 825	684 313	670 421	690 221	684 728
14 Basel III leverage ratio (%) (row 2/row 13) ⁽²⁾	7.5	7.1	7.0	6.8	7.3
Liquidity coverage ratio					
15 Total HQLA	110 633	112 891	111 129	108 756	113 453
16 Total net cash outflow	64 494	70 859	63 203	60 035	63 509
17 LCR ratio (%) ⁽³⁾	175.3	159.4	177.4	182.9	179.8
Net stable funding ratio					
18 Total available stable funding	414 646	401 442	390 696	393 968	392 978
19 Total required stable funding	329 894	348 902	336 497	347 512	338 831
20 NSFR ratio	125.7	115.1	116.1	113.4	116.0

(1) Investec Bank Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWAs. As at 30 June 2024, 55% (31 March 2024: 52%) of the portfolio applies the AIRB approach, 24% (31 March 2024: 25%) applies the FIRB approach, with the remaining balance of 21% (31 March 2024: 23%) remaining on the standardised approach.

(2) Investec Bank Limited's capital information included unappropriated profits at 30 June 2024. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have be 198bps lower (31 March 2024: 118bps lower).The leverage ratio would be 79bps lower (31 March 2024: 47bps).

(3) The LCR ratio in row 17 is reported as the simple average of the daily LCR ratios over the quarter and is not derived as row 15 divided by row 16.

02

Leverage ratio



LEVERAGE RATIO

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

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

		a	a	a	a
		Investec Limited Group		Investec Bank Limited Group	
R'million		30 June 2024	31 March 2024	30 June 2024	31 March 2024
1	Total consolidated assets as per published financial statements ⁽¹⁾⁽²⁾	635 904	644 051	592 323	609 938
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(5 215)	(5 024)	—	—
3	Adjustments for derivative financial instruments	4 667	1 751	4 842	1 747
4	Adjustments for securities financing transactions (i.e. repos and similar secured lending)	4 625	6 754	4 571	6 728
5	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	63 894	64 978	63 887	64 978
6	Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(221)	(276)	(174)	(220)
7	Other adjustments	(8 216)	(6 427)	(624)	1 142
8	Leverage ratio exposure measure	695 438	705 807	664 825	684 313

(1) Adjusted for impairments.

LEVERAGE RATIO
CONTINUED

LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

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

R'million	a		a		
	Investec Limited Group		Investec Bank Limited Group		
	30 June 2024	31 March 2024	30 June 2024	31 March 2024	
On-balance sheet exposures					
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	550 772	553 289	513 147	524 330
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(8 437)	(8 616)	(798)	(812)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	542 335	544 673	512 349	523 518
Derivative exposures					
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	5 642	3 239	5 642	3 239
5	Add-on amounts for potential future exposure (PFE) associated with all derivatives transactions	10 720	9 905	10 720	9 905
6	Gross-up for derivative collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	—	—	—	—
7	Deductions of receivable assets for cash variation margin provided in derivative transactions	—	—	—	—
8	(Exempted CCP leg of client-cleared trade exposures)	(995)	(1 416)	(995)	(1 416)
9	Adjusted effective notional amount of written credit derivatives	11	7	11	7
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	—	—	—	—
11	Total derivative exposures (sum of rows 4 to 10)	15 378	11 735	15 378	11 735
Securities financing transaction exposures					
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	69 205	77 667	68 640	77 354
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	—	—	—	—
14	CCR exposure for SFT assets	4 625	6 754	4 571	6 728
15	Agent transaction exposures	—	—	—	—
16	Total securities financing transaction exposures (sum of rows 12 to 15)	73 830	84 421	73 211	84 082
Other off-balance sheet exposures					
17	Off-balance sheet exposure at gross notional amount	132 698	133 398	132 625	133 397
18	(Adjustments for conversion to credit equivalent amounts)	(68 803)	(68 420)	(68 738)	(68 419)
19	Off-balance sheet items (sum of rows 17 and 18)	63 895	64 978	63 887	64 978
Capital and total exposures					
20	Tier 1 capital ⁽¹⁾	45 967	43 814	50 116	48 584
21	Total exposures (sum of rows 3, 11, 16 and 19)	695 438	705 807	664 825	684 313
Leverage ratio					
22	Basel III leverage ratio⁽¹⁾	6.6	6.2	7.5	7.1

(1) Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's leverage would be 80bps (31 March 2024: 48bps) and 79bps (31 March 2024: 47bps) lower respectively.

Liquidity risk



LIQUIDITY RISK

LIQUIDITY COVERAGE RATIO (LCR)

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

LIQ1: LIQUIDITY COVERAGE RATIO (LCR)

R'million	a	b	a	b
	30 June 2024		31 March 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets (HQLAs)				
1 Total HQLAs		110 633		112 891
Cash outflows				
2 Retail deposits and deposits from small business customers, of which:	136 867	11 812	134 101	12 155
3 Stable deposits	10 825	541	—	—
4 Less stable deposits	126 042	11 271	134 101	12 155
5 Unsecured wholesale funding, of which:	131 990	95 132	139 312	100 087
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	—	—	—	—
7 Non-operational deposits (all counterparties)	131 253	94 395	138 113	98 888
8 Unsecured debt	737	737	1 199	1 199
9 Secured wholesale funding	—	889	—	26
10 Additional requirements, of which:	87 501	15 092	90 200	15 281
11 Outflows related to derivative exposures and other collateral requirements	10 948	6 734	11 904	6 548
12 Outflows related to loss of funding on debt products	—	—	—	—
13 Credit and liquidity facilities	76 553	8 358	78 296	8 733
14 Other contractual funding obligations	101	101	152	152
15 Other contingent funding obligations	101 287	6 676	112 864	8 847
16 Total cash outflows		129 702		136 548
Cash inflows				
17 Secured lending	50 539	25 828	56 457	27 962
18 Inflows from fully performing exposures	43 994	36 840	43 250	35 415
19 Other cash inflows	4 285	2 540	4 561	2 312
20 Total cash inflow	98 818	65 208	104 268	65 689
	Total adjusted value		Total adjusted value	
21 Total HQLAs		110 633		112 891
22 Total net cash outflows		64 494		70 859
23 Liquidity coverage ratio (%)⁽¹⁾		175.3		159.4

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

LIQUIDITY RISK CONTINUED

LIQUIDITY COVERAGE RATIO (LCR)

The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient HQLAs to survive a significant stress scenario lasting 30 calendar days. The values in the table are calculated as the simple average of the 91 calendar daily values over the period 1 April 2024 to 30 June 2024.

Key LCR principles:

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

The composition of HQLAs:

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

Credit risk



CREDIT RISK
 CONTINUED

CR8: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER IRB

The purpose of this table is to present a flow statement explaining variations in the credit RWAs determined under the IRB approach.

	a	a	a	a	a
R'million	30 June 2024	31 March 2024	31 December 2023	30 September 2023	30 June 2023
1 RWA as at end of previous reporting period⁽¹⁾	125 253	128 674	131 937	135 953	123 145
2 Asset size	(3 818)	(3 415)	(2 659)	(3 241)	875
3 Asset quality	(724)	(305)	(1 173)	(627)	11 450
4 Model updates	793	328	—	(166)	155
5 Methodology and policy	—	—	—	—	—
6 Acquisitions and disposals	—	—	—	—	—
7 Foreign exchange movements	(286)	71	(63)	(298)	970
8 Other ⁽²⁾	367	(100)	632	316	(642)
9 RWA as at end of reporting period	121 585	125 253	128 674	131 937	135 953

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

(2) Other represents movements not related to any of the specified rows above, such changes in RWAs due to changes in LGD percentages or maturity factor changes.

Market Risk



MARKET RISK
 CONTINUED

MR3: IMA VALUES FOR TRADING PORTFOLIOS⁽¹⁾

The table below displays the values (maximum, minimum, average, and period ending for the reporting period) resulting from the different types of models used for computing the regulatory capital charge at Investec Bank Limited level, before any additional capital charge is applied by the jurisdiction. Summary statistics were calculated on the 10-day VaR and sVaR figures for the quarter ended 30 June 2024. The 10-day figures were obtained by multiplying the one-day figures by SQRT(10).

R'million	a	
	30 June 2024	31 March 2024
VaR (10-day 99%)		
1 Maximum value	93	186
2 Average value	49	49
3 Minimum value	31	22
4 Period end	39	34
Stressed VaR (10-day 99%)		
5 Maximum value	198	213
6 Average value	59	81
7 Minimum value	31	37
8 Period end	61	139

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

