Out of the Ordinary since 1974

INVESTEC BANK LIMITED
(A SUBSIDIARY OF INVESTEC LIMITED)

Unaudited condensed
consolidated financial information
for the six months ended 30 September 2024

OVERVIEW OF RESULTS

Introduction

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 39.

All other definitions can be found on page 40.

Key financial statistics	30 Sept 2024	30 Sept 2023^	% change	31 March 2024
Operating income (R'million)	10 177	9 365	8.7%	18 347
Operating costs (R'million)	4 686	4 301	9.0%	8 783
Operating profit before goodwill and acquired intangibles (R'million)	5 213	4 897	6.5%	9 727
Headline earnings attributable to ordinary shareholders (R'million)	3 848	3 874	(0.7%)	7 718
Cost to income ratio	46.0%	45.9%		47.9%
Total capital resources (including subordinated liabilities) (R'million)	57 117	54 948	3.9%	56 732
Total equity (R'million)	49 931	46 995	6.2%	49 449
Total assets (R'million)	610 150	623 357	(2.1%)	609 938
Net core loans and advances (R'million)	344 416	336 074	2.5%	341 566
Customer accounts (deposits) (R'million)	434 687	459 810	(5.5%)	448 718
Loans and advances to customers as a % of customer accounts (deposits)	77.6%	71.7%		74.7%
Cash and near cash balances (R'million)	170 860	177 700	(3.8%)	171 400
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.5x	12.4x		11.7x
Total capital ratio	21.5%	20.3%		20.5%
Tier 1 ratio	18.7%	17.3%		17.8%
Common Equity Tier 1 ratio	17.2%	16.3%		16.5%
Leverage ratio	7.1%	6.8%		7.1%
Stage 3 as a % of gross core loans subject to ECL	2.7%	3.8%		3.6%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	3.2%		3.0%
Credit loss ratio	0.16%^^	0.08%^^		(0.04%)
Net Stable Funding Ratio % (NSFR)	122.3%	113.4%		115.3%
Liquidity Coverage Ratio % (LCR)	176.3%	182.9%		159.4%

^ Restated as detailed on page 20.
^^ Annualised.

Financial review

Unless the context indicates otherwise, all comparatives relate to the six months ended 30 September 2023 (1H2024).

Salient operational features for the period under review include:

Total operating income increased by 8.7% to R10 177 million (1H2024: R9 365 million). The components of operating income are analysed further below:

- Net interest income increased 11.4% to R7 824 million (1H2024: R7 024 million) benefitting from lower cost of funds as we continued to implement our strategy to optimise the funding pool, as well as higher average advances and interest rates. Net core loans grew by 1.7% annualised to R344.4 billion (31 March 2024: R341.6 billion) reflecting the subdued activity leading up to the SA elections, as well as the translation impact on the dollar denominated lending books given the strengthening of the Rand against the US Dollar since 31 March 2024. The latter months of the period saw increased growth in the private client loan book and certain corporate credit portfolios, partly offset by higher redemptions relative to prior periods
- Net fee and commission income remained broadly flat at R1 743 million (1H2024: R1 728 million), benefitting from growth in activity levels in the private banking business which was partly offset by the higher fee and commission expenses associated with the increase in transactional activity. Higher structuring, FX and equity market fees in the corporate and institutional banking business were offset by lower investment banking fees and muted utilisation of trade finance facilities
- Investment income of R396 million (1H2024: R324 million) is driven by higher net fair value gains from investment portfolios in our client franchises as South African assets repriced following the successful formation of the Government of National Unity
- Trading loss arising from customer flow amounted to R2 million (1H2024: R226 million) reflecting the impact of hedge accounting implementation which resulted in MTM movements in the derivatives associated with credit investments being recognised in the balance sheet and amortised over the life of the hedging instrument
- Trading income from balance sheet management activities increased to R215 million (1H2024: R60 million) due to a reduction in losses from MTM movements associated with managing fixed deposit interest rate risk. Recognition of these MTM movements is temporary and reverse over the life of the fixed deposits.

ECL impairment charges amounted to R278 million compared to R167 million in the prior period, resulting in a credit loss ratio of 0.16% (1H2024: 0.08%) driven by higher Stage 3 ECL charges and lower recoveries from previously impaired loans.

The cost to income ratio was 46.0% (1H2024: 45.9%). Operating costs increased 9.0% to R4 686 million (1H2024: R4 301 million) driven by higher personnel expenses due to annual salary increases and higher headcount, as well as increased IT spend to support business growth. Variable remuneration increased in line with performance.

The aforementioned factors resulted in profit before taxation growth of 6.7% to R5 213 million (1H2024: R 4 897million) while profit after taxation increased 0.5% to R4 058 million (1H2024: R4 039 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Six months to 30 Sept 2024	Six months to 30 Sept 2023^	Year to 31 March 2024
Interest income	27 135	25 485	53 546
Interest expense	(19 311)	(18 461)	(39 475)
Net interest income	**7 824**	**7 024**	**14 071**
Fee and commission income	2 270	2 192	4 593
Fee and commission expense	(527)	(464)	(984)
Investment income	396	324	700
Share of post-taxation profit of associates	2	3	3
Trading (loss)/income arising from			
– customer flow	(2)	226	(385)
– balance sheet management and other trading activities	215	60	349
Other operating loss	(1)	—	—
Operating income	**10 177**	**9 365**	**18 347**
Expected credit loss impairment (charges)/releases	(278)	(167)	163
Operating income after expected credit loss impairment (charges)/releases	**9 899**	**9 198**	**18 510**
Operating costs	(4 686)	(4 301)	(8 783)
Operating profit before goodwill and acquired intangibles	**5 213**	**4 897**	**9 727**
Amortisation of acquired intangibles	—	(13)	(13)
Profit before taxation	**5 213**	**4 884**	**9 714**
Taxation	(1 155)	(845)	(1 638)
Taxation on operating profit before acquired intangibles	(1 155)	(849)	(1 642)
Taxation on acquired intangibles	—	4	4
Profit after taxation	**4 058**	**4 039**	**8 076**
Loss attributable to non-controlling interests	2	—	—
Earnings attributable to shareholders	**4 060**	**4 039**	**8 076**
Profit after taxation attributable to ordinary shareholders	3 848	3 874	7 718
Profit after taxation attributable to perpetual preference shareholders and Other Additional Tier 1 security holders	212	165	358

^ Restated as detailed on page 20.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

R'million	Six months to 30 Sept 2024	Six months to 30 Sept 2023^	Year to 31 March 2024
Profit after taxation	4 058	4 039	8 076
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*	15	(57)	(89)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	83	(120)	102
Gain on realisation of debt instruments at FVOCI recycled through the income statement*	(5)	(67)	(90)
Foreign currency adjustments on translating foreign operations	(942)	548	644
Items that will never be reclassified to the income statement			
Movement in post-retirement benefit liabilities*	—	—	(9)
Net (loss)/gain attributable to own credit risk*	(5)	20	17
Total comprehensive income	**3 204**	**4 363**	**8 651**
Total comprehensive income attributable to ordinary shareholders	2 994	4 198	8 293
Total comprehensive loss attributable to non-controlling interests	(2)	—	—
Total comprehensive income attributable to perpetual preference shareholders and Other Additional Tier 1 security holders	212	165	358
Total comprehensive income	**3 204**	**4 363**	**8 651**

^ Restated as detailed on page 20.
* Net of taxation expense of R53.7 million [March 2024: R45.1 million; Sept 2023: (R19.9 million)].

CONDENSED CONSOLIDATED BALANCE SHEET

At R'million	30 Sept 2024	31 March 2024	30 Sept 2023^
Assets			
Cash and balances at central banks	20 064	14 795	13 450
Loans and advances to banks	8 471	7 751	7 789
Non-sovereign and non-bank cash placements	9 820	10 818	9 113
Reverse repurchase agreements and cash collateral on securities borrowed	59 861	77 352	81 045
Sovereign debt securities	73 779	72 142	74 515
Bank debt securities	6 679	8 297	12 412
Other debt securities	9 761	10 271	9 798
Derivative financial instruments	15 777	9 988	15 527
Securities arising from trading activities	8 391	7 980	6 464
Loans and advances to customers	337 344	335 120	329 600
Own originated loans and advances to customers securitised	7 072	6 446	6 474
Investment portfolio^^	3 203	3 085	2 801
Interests in associated undertakings	8	22	20
Current taxation assets	—	—	1
Deferred taxation assets	1 414	1 498	1 324
Other assets	6 305	9 240	10 819
Property and equipment	3 761	3 778	3 181
Goodwill	171	171	171
Software	79	92	108
Loans to Group companies	38 190	31 092	38 745
	610 150	**609 938**	**623 357**
Liabilities			
Deposits by banks	32 375	31 065	34 973
Derivative financial instruments	18 117	14 172	19 622
Other trading liabilities	22 753	20 410	18 912
Repurchase agreements and cash collateral on securities lent	28 198	19 706	18 183
Customer accounts (deposits)	434 687	448 635	459 810
Debt securities in issue	4 201	4 715	4 128
Liabilities arising on securitisation of own originated loans and advances	5 086	4 997	3 911
Current taxation liabilities	647	570	270
Deferred taxation liabilities	26	21	15
Other liabilities	5 083	7 975	7 763
Loans from Group companies	1 860	940	822
	553 033	**553 206**	**568 409**
Subordinated liabilities	7 186	7 283	7 953
	560 219	**560 489**	**576 362**
Equity			
Shareholders' equity excluding non-controlling interests^^^	45 979	45 989	44 285
Other Additional Tier 1 securities in issue	3 950	3 460	2 710
Non-controlling interests	2	—	—
Total equity	**49 931**	**49 449**	**46 995**
Total liabilities and equity	**610 150**	**609 938**	**623 357**

^ Restated as detailed on page 20.
^^ At 31 March 2024 the Group reassessed the order of liquidity within the balance sheet and moved 'Investment portfolio' to below 'own originated loans and advances to customers securitised' as it was found to be less liquid than the items that were listed above it. The reorder has now been applied to 30 September 2023.
^^^ The detailed breakdown of 'shareholders' equity excluding non-controlling interests' was not considered to provide useful information to decision makers and therefore the lines have been condensed to simplify the condensed results.

Included in 'reverse repurchase agreements and cash collateral on securities borrowed' R2.9 billion (March 24: R2.1 billion), 'sovereign debt securities' R18.1 billion (March 24: R11.0 billion), 'bank debt securities' R1.1 billion (March 24: R1.0 billion), 'other debt securities' R1.7 billion (R1.0 billion) and 'securities arising from trading activities' R3.7 billion (March 24: R2.3 billion) are assets provided as collateral where the transferee has the right to resell or repledge.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to 30 September 2024 **R'million**	**Shareholders' equity excluding non-controlling interests^^**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
Balance at the beginning of the period	45 989	3 460	—	49 449
Total comprehensive income/(loss)	3 206	—	(2)	3 204
Dividends paid to ordinary shareholders	(3 000)	—	—	(3 000)
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	(212)	212	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	(212)	—	(212)
Issue of other Additional Tier 1 securities in issue	—	490	—	490
Contribution from parent Company	231	—	—	231
Distribution to parent and Group companies	(235)	—	—	(235)
Acquisition of subsidiary undertaking	—	—	4	4
Balance at the end of the period	**45 979**	**3 950**	**2**	**49 931**

For the six months to 30 September 2023^ **R'million**	**Shareholders' equity excluding non-controlling interests^^**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
Balance at the beginning of the period	43 258	2 710	—	45 968
Total comprehensive income	4 363	—	—	4 363
Dividends paid to ordinary shareholders	(3 000)	—	—	(3 000)
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	(165)	165	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	(165)	—	(165)
Contribution from parent Company*	255	—	—	255
Distribution to parent and Group companies*	(314)	—	—	(314)
Other equity movements	(112)	—	—	(112)
Balance at the end of the period	**44 285**	**2 710**	**—**	**46 995**

^ Restated as detailed on page 20.
* In the prior year, the 'capital contribution from parent Company' was netted off against 'distribution to parent and Group companies' in respect of share-based payments to employees. The prior year statement of changes in equity has been restated to show the gross movements.

For the year to 31 March 2024 **R'million**	**Shareholders' equity excluding non-controlling interests^^**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
Balance at the beginning of the year	43 258	2 710	—	45 968
Total comprehensive income	8 651	—	—	8 651
Dividends paid to ordinary shareholders	(5 500)	—	—	(5 500)
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	(358)	358	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	(358)	—	(358)
Issue of other Additional Tier 1 securities in issue	—	750	—	750
Contribution from parent Company	467	—	—	467
Distribution to parent and Group companies	(529)	—	—	(529)
Balance at the end of the year	**45 989**	**3 460**	**—**	**49 449**

^^ The detailed breakdown of 'shareholders' equity excluding non-controlling interests' was not considered to provide useful information to decision makers and therefore the additional columns previously disclosed have been condensed to simplify the condensed results.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30 Sept 2024	Six months to 30 Sept 2023	Year to 31 March 2024
Cash flows from operating activities			
Profit before taxation adjusted for non-cash, non-operating items and other required adjustments	5 632	5 211	9 872
Taxation paid	(1 036)	(870)	(1 620)
Decrease/(increase) in operating assets	2 114	(39 884)	(23 174)
Increase in operating liabilities	2 649	26 031	9 987
Net cash inflow/(outflow) from operating activities	**9 359**	**(9 512)**	**(4 935)**
Cash flows from investing activities			
Other cash flows from investing activities	(93)	101	(315)
Net cash (outflow)/inflow from investing activities	**(93)**	**101**	**(315)**
Cash flows from financing activities			
Dividends paid to ordinary shareholders	(3 000)	(3 000)	(5 500)
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(212)	(165)	(358)
Proceeds on issue of subordinated liabilities	—	500	1 250
Repayment of subordinated liabilities	—	(667)	(1 970)
Proceeds on issue of Other Additional Tier 1 securities in issue	490	—	750
Other cash flows from financing activities	(15)	(43)	(67)
Net cash outflow from financing activities	**(2 737)**	**(3 375)**	**(5 895)**
Effects of exchange rates on cash and cash equivalents	**(308)**	**321**	**333**
Net (decrease)/increase in cash and cash equivalents	**6 221**	**(12 465)**	**(10 812)**
Cash and cash equivalents at the beginning of the period	20 485	31 297	31 297
Cash and cash equivalents at the end of the period	**26 706**	**18 832**	**20 485**

In line with best practice, the detail of the interim cash flow statement has been expanded.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

Segmental information

	Specialist Banking				
	Private Client				
For the six months to 30 September 2024 **R'million**	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group costs	**Total Group**
Group					
Net interest income	3 334	4 498	(8)	—	7 824
Net fee and commission income	558	1 185	—	—	1 743
Investment income	264	227	(95)	—	396
Share of post-taxation profit of associates	2	—	—	—	2
Trading (loss)/income arising from					
– customer flow	—	(2)	—	—	(2)
– balance sheet management and other trading activities	(2)	217	—	—	215
Other operating loss	—	(1)	—	—	(1)
Operating income	**4 156**	**6 124**	**(103)**	**—**	**10 177**
Expected credit loss impairment (charges)/releases	(178)	(100)	—	—	(278)
Operating income after expected credit loss impairment (charges)/releases	**3 978**	**6 024**	**(103)**	**—**	**9 899**
Operating costs	(2 136)	(2 361)	—	(189)	(4 686)
Operating profit before goodwill, acquired intangibles and non-controlling interests	**1 842**	**3 663**	**(103)**	**(189)**	**5 213**
Loss attributable to non-controlling interests	—	2	—	—	2
Operating profit/(loss) before goodwill, acquired intangibles, taxation after non-controlling interests	**1 842**	**3 665**	**(103)**	**(189)**	**5 215**
Cost to income ratio	51.4%	38.5%	n/a	n/a	46.0%
Total assets (R'million)	244 683	364 966	501	—	610 150

	Specialist Banking				
	Private Client				
For the six months to 30 September 2023^ **R'million**	Private Banking	Corporate, Investment Banking and Other	Group Investments	Group costs	**Total Group**
Group					
Net interest income	2 947	4 088	(11)	—	7 024
Net fee and commission income	489	1 239	—	—	1 728
Investment income	55	269	—	—	324
Share of post-taxation profit of associates	3	—	—	—	3
Trading (loss)/income arising from					
– customer flow	—	226	—	—	226
– balance sheet management and other trading activities	(2)	62	—	—	60
Operating income	**3 492**	**5 884**	**(11)**	**—**	**9 365**
Expected credit loss impairment (charges)/releases	53	(220)	—	—	(167)
Operating income after expected credit loss impairment (charges)/releases	**3 545**	**5 664**	**(11)**	**—**	**9 198**
Operating costs	(1 869)	(2 267)	(1)	(164)	(4 301)
Operating profit/(loss) before goodwill, acquired intangibles, taxation after non-controlling interests	**1 676**	**3 397**	**(12)**	**(164)**	**4 897**
Cost to income ratio	53.5%	38.5%	n/a	n/a	45.9%
Total assets (R'million)	235 512	387 173	672	—	623 357

^ Restated as detailed on page 20.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Net interest income

For the six months to 30 September R'million	Notes	2024 Average balance sheet value*	2024 Interest income	2024 Average yield	2023^ Average balance sheet value*	2023^ Interest income	2023^ Average yield
Cash, near cash and bank debt and sovereign debt securities	1	187 325	6 731	7.19%	199 911	6 281	6.28%
Core loans and advances	2	340 657	18 624	10.93%	328 719	17 207	10.47%
Private client		240 830	12 799	10.63%	229 600	12 210	10.64%
Corporate, institutional and other clients		99 827	5 825	11.67%	99 119	4 997	10.08%
Other debt securities and other loans and advances		10 079	355	7.04%	10 744	336	6.25%
Other	3	25 430	1 425	n/a	37 732	1 661	n/a
		563 491	**27 135**		**577 106**	**25 485**	

For the six months to 30 September R'million	Notes	2024 Average balance sheet value*	2024 Interest expense	2024 Average yield	2023^ Average balance sheet value*	2023^ Interest expense	2023^ Average yield
Deposits by banks and other debt-related securities	4	56 261	(2 064)	7.34%	53 435	(1 600)	5.99%
Customer accounts (deposits)		433 649	(15 006)	6.92%	457 911	(15 587)	6.81%
Subordinated liabilities		7 240	(322)	8.90%	7 719	(309)	8.01%
Other	5	7 738	(1 919)	n/a	4 928	(965)	n/a
		504 888	**(19 311)**		**523 993**	**(18 461)**	
Net interest income			**7 824**			**7 024**	
Net interest margin			**2.78%**			**2.43%**	

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) 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.

* The average balance sheet value is calculated using a straight-line seven point average.

^ Restated as detailed on page 20.

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Net fee and commission income

For the six months to 30 September R'million	2024	2023
Specialist Banking net fee and commission income	**1 743**	**1 728**
Specialist Banking fee and commission income	2 270	2 192
Specialist Banking fee and commission expense	(527)	(464)
Net fee and commission income	**1 743**	**1 728**
Annuity fees (net of fees payable)	1 197	996
Deal fees	546	732

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

Investment income

For the six months to 30 September R'million	Listed equities	Unlisted equities	Warrants and profit share	Investment portfolio	Debt securities (sovereign bank and other)	Trading properties	Other asset categories	Total
2024								
Realised	—	16	113	129	116	1	10	256
Unrealised^	(40)	(108)	212	64	36	—	(3)	97
Dividend income	1	73	—	74	—	—	—	74
Funding and other net related costs	—	(27)	—	(27)	—	(2)	(2)	(31)
	(39)	**(46)**	**325**	**240**	**152**	**(1)**	**5**	**396**
2023								
Realised	—	146	17	163	92	—	—	255
Unrealised^	(11)	(156)	32	(135)	14	—	8	(113)
Dividend income	1	209	—	210	—	—	—	210
Funding and other net related costs	—	(27)	—	(27)	—	(1)	—	(28)
	(10)	**172**	**49**	**211**	**106**	**(1)**	**8**	**324**

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

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES
CONTINUED

Calculation of headline earnings

R'million	Six months to 30 Sept 2024	Six months to 30 Sept 2023	Year to 31 March 2024
Earnings attributable to shareholders	4 060	4 039	8 076
Dividend paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(212)	(165)	(358)
Earnings attributable to ordinary shareholders	**3 848**	**3 874**	**7 718**
Headline adjustments, net of taxation	—	—	—
Headline earnings attributable to ordinary shareholders	**3 848**	**3 874**	**7 718**

Headline earnings has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2023 issued by the South African Institute of Chartered Accountants.

Expected credit loss impairment charges

For the six months to 30 September R'million	2024	2023
Expected credit loss impairment charges/(releases) are recognised on the following assets:		
Loans and advances to customers	273	143
Own originated securitised assets	(2)	(4)
Core loans	**271**	**139**
Other balance sheet assets	9	31
Off-balance sheet commitments and guarantees	(2)	(3)
	278	**167**

ADDITIONAL IAS 34 DISCLOSURES

Analysis of financial assets and liabilities by category of financial instrument

At 30 September 2024 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	—	20 064	—	20 064
Loans and advances to banks	—	8 471	—	8 471
Non-sovereign and non-bank cash placements	909	8 911	—	9 820
Reverse repurchase agreements and cash collateral on securities borrowed	28 747	31 114	—	59 861
Sovereign debt securities	28 740	45 039	—	73 779
Bank debt securities	2 522	4 157	—	6 679
Other debt securities	5 332	4 429	—	9 761
Derivative financial instruments	15 777	—	—	15 777
Securities arising from trading activities	8 391	—	—	8 391
Loans and advances to customers	14 211	323 133	—	337 344
Own originated loans and advances to customers securitised	—	7 072	—	7 072
Investment portfolio	3 203	—	—	3 203
Interests in associated undertakings	—	—	8	8
Deferred taxation assets	—	—	1 414	1 414
Other assets	1 239	2 150	2 916	6 305
Property and equipment	—	—	3 761	3 761
Goodwill	—	—	171	171
Software	—	—	79	79
Loans to Group companies	—	38 190	—	38 190
	109 071	**492 730**	**8 349**	**610 150**
Liabilities				
Deposits by banks	—	32 375	—	32 375
Derivative financial instruments	18 117	—	—	18 117
Other trading liabilities	22 753	—	—	22 753
Repurchase agreements and cash collateral on securities lent	6 225	21 973	—	28 198
Customer accounts (deposits)	52 556	382 131	—	434 687
Debt securities in issue	36	4 165	—	4 201
Liabilities arising on securitisation of own originated loans and advances	—	5 086	—	5 086
Current taxation liabilities	—	—	647	647
Deferred taxation liabilities	—	—	26	26
Other liabilities	810	800	3 473	5 083
Loans from Group companies	155	1 705	—	1 860
	100 652	**448 235**	**4 146**	**553 033**
Subordinated liabilities	—	7 186	—	7 186
	100 652	**455 421**	**4 146**	**560 219**

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 2024 **R'million**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	909	—	909	—
Reverse repurchase agreements and cash collateral on securities borrowed	28 747	—	28 747	—
Sovereign debt securities	28 740	28 740	—	—
Bank debt securities	2 522	2 276	246	—
Other debt securities	5 332	1 737	3 595	—
Derivative financial instruments	15 777	—	15 777	—
Securities arising from trading activities	8 391	7 001	1 390	—
Loans and advances to customers	14 211	—	13 302	909
Investment portfolio	3 203	157	73	2 973
Other assets	1 239	1 239	—	—
	109 071	**41 150**	**64 039**	**3 882**
Liabilities				
Derivative financial instruments	18 117	—	18 117	—
Other trading liabilities	22 753	264	22 489	—
Repurchase agreements and cash collateral on securities lent	6 225	—	6 225	—
Customer accounts (deposits)	52 556	—	52 556	—
Debt securities in issue	36	—	36	—
Other liabilities	810	—	810	—
Loans from Group companies	155	—	155	—
	100 652	**264**	**100 388**	**—**
Net financial assets/(liabilities) at fair value	**8 419**	**40 886**	**(36 349)**	**3 882**

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 financial instruments

R'million	Investment portfolio	Loans and advances to customers	**Total**
Balance at 1 April 2024	3 034	899	3 933
Net gains recognised in the income statement	13	21	34
Purchases	33	—	33
Sales	(83)	—	(83)
Issues	—	17	17
Settlements	(4)	(28)	(32)
Foreign exchange adjustments	(20)	—	(20)
Balance at 30 September 2024	**2 973**	**909**	**3 882**

The Group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change. Transfers are deemed to occur at the end of each semi-annual reporting period. There are no transfers into or out of level 3 for the current period.

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

For the six months to 30 September 2024 **R'million**	**Total**	Realised	Unrealised
Total losses included in the income statement for the period			
Interest income	74	74	—
Investment income/(loss)	(40)	—	(40)
	34	**74**	**(40)**

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 following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

					Potential impact on the income statement	
At 30 September 2024	**Level 3 balance sheet value R'million**	Valuation method	Significant unobservable input changed	Range of unobservable input used	**Favourable changes R'million**	**Unfavourable changes R'million**
Assets						
Investment portfolio	2 973				351	(509)
		Price earnings	EBITDA	*	178	(173)
		Discounted cash flow	Cash flows	*	22	(22)
		Net asset value	Underlying asset value	^	29	(63)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	5	(5)
		Other	Various	**	117	(246)
Loans and advances to customers	909				253	(313)
		Underlying asset value	Property values	*	251	(311)
		Net asset value	Underlying asset value	^	2	(2)
Total	**3 882**				**604**	**(822)**

* 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.

^ Underlying 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 earnings before interest, taxes, depreciation and amortisation of the company being valued. This is the main input into a price-earnings multiple valuation method.

Discount rates

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. To the extent possible, the underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

Property values and price of precious and industrial metal prices

The price property of precious and industrial metal prices is a key driver of future cash flows on these investments.

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 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
Loans and advances to customers	Discounted cash flow model	Yield curve
Investment portfolio	Adjusted quoted price	Liquidity adjustment
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
Debt securities in issue	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve
Loans from Group companies	Discounted cash flow model	Yield curve

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value of financial assets and liabilities at amortised cost

At 30 September 2024 **R'million**	**Carrying amount**	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts
Assets				
Cash and balances at central banks	20 064	20 064	—	—
Loans and advances to banks	8 471	8 471	—	—
Non-sovereign and non-bank cash placements	8 911	8 911	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	31 114	10 162	20 952	20 953
Sovereign debt securities	45 039	171	44 868	45 363
Bank debt securities	4 157	202	3 955	3 848
Other debt securities	4 429	610	3 819	4 036
Loans and advances to customers	323 133	300 465	22 668	22 681
Own originated loans and advances to customers securitised	7 072	7 072	—	—
Other assets	2 150	2 150	—	—
Loans to Group companies	38 190	38 190	—	—
	492 730	**396 468**	**96 262**	**96 881**
Liabilities				
Deposits by banks	32 375	5 239	27 136	27 714
Repurchase agreements and cash collateral on securities lent	21 973	8 724	13 249	13 293
Customer accounts (deposits)	382 131	224 582	157 549	159 453
Debt securities in issue	4 165	3 900	265	267
Liabilities arising on securitisation of own originated loans and advances	5 086	5 086	—	—
Other liabilities	800	800	—	—
Loans from Group companies and subsidiaries	1 705	1 705	—	—
Subordinated liabilities	7 186	7 186	—	—
	455 421	**257 222**	**198 199**	**200 727**

ADDITIONAL NOTE DISCLOSURES

Extract of operating costs

For the six months to 30 September R'million	2024	2023*
Staff costs	3 402	3 155
Premises expenses	187	196
Premises expenses (excluding depreciation)	88	111
Premises depreciation	99	85
Equipment expenses (excluding depreciation)	392	310
Business expenses	461	417
Marketing expenses	200	187
Depreciation, amortisation and impairment on property, equipment, software and intangibles	44	36
	4 686	**4 301**

" The prior year has been restated for re-allocations between expense categories.

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 2024	31 March 2024
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	59 862	77 354
Expected credit loss on amortised cost	(1)	(2)
Net reverse repurchase agreements and cash collateral on securities borrowed	**59 861**	**77 352**
Reverse repurchase agreements	54 037	72 908
Cash collateral on securities borrowed	5 824	4 444
	59 861	**77 352**
Liabilities		
Repurchase agreements	24 246	16 442
Cash collateral on securities lent	3 952	3 264
	28 198	**19 706**

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

At R'million	30 Sept 2024	31 March 2024
Gross loans and advances to customers at amortised cost	325 490	321 962
Gross loans and advances to customers designated at FVPL at inception*	13 288	14 779
Suspended interest	564	613
Gross loans and advances to customers subject to ECL	339 342	337 354
Expected credit loss on amortised cost	(2 555)	(2 758)
Suspended interest	(564)	(613)
	336 223	333 983
Loans and advances to customers at fair value	1 121	1 137
Net loans and advances to customers	**337 344**	**335 120**

* 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 2024	31 March 2024
Gross own originated loans and advances to customers securitised	7 084	6 460
Expected credit loss of own originated loans and advances to customers securitised	(12)	(14)
Net own originated loans and advances to customers securitised	**7 072**	**6 446**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Other assets

At R'million	30 Sept 2024	31 March 2024
Gross other assets	6 305	9 240
Expected credit loss on amortised cost	—	—
Net other assets	**6 305**	**9 240**
Financial assets		
Settlement debtors	628	1 360
Prepayments and accrued income	1 139	810
Trading initial margin	1 227	2 849
Other financial assets	395	437
Non-financial instruments or scoped out of IFRS 9		
Trading properties	58	65
Prepayments and accrued income	633	555
Commodities	1 944	2 937
Other	281	227
	6 305	**9 240**

Debt securities in issue

At R'million	30 Sept 2024	31 March 2024
Repayable in:		
Less than three months	317	427
Three months to one year	258	1 152
One to five years	3 626	3 136
	4 201	**4 715**
Debt securities in issue shown above comprise:		
Redeemable preference shares	3 676	3 313
Other	525	1 402
	4 201	**4 715**

Extract of subordinated liabilities

At R'million	30 Sept 2024	31 March 2024
Remaining maturity:		
In more than one year, but not more than two years	1 636	1 636
In more than two years, but not more than five years	5 550	5 647
	7 186	**7 283**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting

At 30 September 2024 R'million	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross amounts	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Amounts offset	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Net amounts reported on the balance sheet	Amounts subject to enforceable netting arrangements: Related amounts not offset: Financial instruments (including non-cash collateral)	Net amount
Assets					
Cash and balances at central banks	20 064	—	20 064	—	20 064
Loans and advances to banks	12 943	(4 472)	8 471	—	8 471
Non-sovereign and non-bank cash placements	9 820	—	9 820	—	9 820
Reverse repurchase agreements and cash collateral on securities borrowed	60 856	(995)	59 861	(2 947)	56 914
Sovereign debt securities	73 779	—	73 779	(18 079)	55 700
Bank debt securities	6 679	—	6 679	(1 074)	5 605
Other debt securities	9 761	—	9 761	(1 698)	8 063
Derivative financial instruments	22 188	(6 411)	15 777	—	15 777
Securities arising from trading activities	8 391	—	8 391	(3 660)	4 731
Loans and advances to customers	337 344	—	337 344	—	337 344
Own originated loans and advances to customers securitised	7 072	—	7 072	—	7 072
Investment portfolio	3 203	—	3 203	—	3 203
Other assets	6 305	—	6 305	—	6 305
	578 405	**(11 878)**	**566 527**	**(27 458)**	**539 069**
Liabilities					
Deposits by banks	36 212	(3 837)	32 375	—	32 375
Derivative financial instruments	25 163	(7 046)	18 117	—	18 117
Other trading liabilities	22 753	—	22 753	—	22 753
Repurchase agreements and cash collateral on securities lent	29 193	(995)	28 198	(24 628)	3 570
Customer accounts (deposits)	434 687	—	434 687	—	434 687
Debt securities in issue	4 201	—	4 201	—	4 201
Liabilities arising on securitisation of own originated loans and advances	5 086	—	5 086	—	5 086
Other liabilities	5 083	—	5 083	—	5 083
Subordinated liabilities	7 186	—	7 186	—	7 186
	569 564	**(11 878)**	**557 686**	**(24 628)**	**533 058**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting (continued)

At 31 March 2024 R'million	Amounts subject to enforceable netting arrangements: Effects of offsetting on balance sheet: Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset: Financial instruments (including non-cash collateral)	Net amount
Assets					
Cash and balances at central banks	14 795	—	14 795	—	14 795
Loans and advances to banks	9 556	(1 805)	7 751	—	7 751
Non-sovereign and non-bank cash placements	10 818	—	10 818	—	10 818
Reverse repurchase agreements and cash collateral on securities borrowed	78 347	(995)	77 352	(2 098)	75 254
Sovereign debt securities	72 142	—	72 142	(11 044)	61 098
Bank debt securities	8 297	—	8 297	(998)	7 299
Other debt securities	10 271	—	10 271	(987)	9 284
Derivative financial instruments	17 213	(7 225)	9 988	—	9 988
Securities arising from trading activities	7 980	—	7 980	(2 263)	5 717
Loans and advances to customers	335 120	—	335 120	—	335 120
Own originated loans and advances to customers securitised	6 446	—	6 446	—	6 446
Investment portfolio	3 085	—	3 085	—	3 085
Other assets	9 240	—	9 240	—	9 240
	583 310	**(10 025)**	**573 285**	**(17 390)**	**555 895**
Liabilities					
Deposits by banks	37 562	(6 497)	31 065	—	31 065
Derivative financial instruments	16 705	(2 533)	14 172	—	14 172
Other trading liabilities	20 410	—	20 410	—	20 410
Repurchase agreements and cash collateral on securities lent	20 701	(995)	19 706	(15 844)	3 862
Customer accounts (deposits)	448 635	—	448 635	—	448 635
Debt securities in issue	4 715	—	4 715	—	4 715
Liabilities arising on securitisation of own originated loans and advances	4 997	—	4 997	—	4 997
Other liabilities	7 975	—	7 975	—	7 975
Subordinated liabilities	7 283	—	7 283	—	7 283
	568 983	**(10 025)**	**558 958**	**(15 844)**	**543 114**

RESTATEMENTS

Balance sheet and statement of total comprehensive income restatements

All restatements only affect 30 September 2023.

Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments

It was identified that the application of hedge accounting (cash flow and fair value hedging) applied in prior years, for certain portfolios within Investec Bank Limited, did not meet the requirements to apply hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement. It was further identified that certain financial instruments were incorrectly fair valued.

This hedge accounting matter was initially restated in the 30 September 2023 interim results but was subsequently revised for 31 March 2024 reporting to accurately reflect the impact of this matter. This required a restatement to the 30 September 2023 comparative interim period.

Accordingly, the related ‘cash flow hedge reserve’ and ‘fair value reserve’ through OCI reserves totalling R115 million have been restated retrospectively to ‘retained income’. In addition, certain fair value hedge adjustments made in the balance sheet to hedged items (R1 168 million) have been reversed to ‘retained income’ and the valuation of a specific portfolio of fair value instruments was corrected to ‘retained income’. These adjustments resulted in a reduction of taxable income for certain prior periods to which these matters relate to and resulted in a reduction in ‘current taxation liabilities’ of R336 million recognised against ‘retained income’ for the recovery of those income taxes. The associated deferred taxation of R42 million previously raised on the cash flow hedge reserve was also derecognised. All changes were retrospectively restated. These changes have no impact on the cash flow statement.

The income statement impacts are disclosed in the income statement restatement section.

Gross-down of balance sheet lines

Capital guarantee products

Investec Bank Limited traded a capital guarantee product with clients with Investec Markets Limited. The traded positions were incorrectly duplicated and booked on a gross basis to ‘loans to Group companies’ and ‘derivative financial instruments’. The capital guarantee represents a single derivative contract that should be accounted for on a net basis in ‘derivative financial instruments’ liabilities. An amount of R703 million was accordingly adjusted downwards in ‘loans to Group companies’ and ‘derivative financial instruments’ to reflect a net derivative position. The comparative balance sheets have been restated. This change has no impact on the income statement, cash flow statement or statement of changes in equity.

Gross down of other securitised assets and customer accounts (deposits)

Investec Bank Limited consolidates securitisation vehicles. The cash held by the vehicles was considered by management to be restricted cash and was separately accounted for in the Group as ‘customer accounts (deposits)’ with the corresponding entry in ‘other securitised assets’. Following a re-assessment of the current treatment, it was concluded that the accounting treatment should be revised. Accordingly, an amount of R548 million was adjusted downwards on each line. This change has no impact on the income statement, cash flow statement (other than the consequential impact on operating assets and operating liabilities, due to the changes in the balance sheet line items) or statement of changes in equity.

Reclassifications

Reclassification of a reverse repurchase agreement

Investec Bank Limited purchased listed bond positions and entered into a future sale agreement to sell the positions back to the same counterparty at a fixed price. The bond and the forward purchase were incorrectly accounted for in ‘sovereign debt securities’ and ‘derivative financial instruments’ asset respectively. The two separate positions of R5.6 billion were reclassified to ‘reverse repurchase agreements and cash collateral on securities borrowed’ to reflect a collateralised lending transaction. The comparative balance sheets have been restated. This change has no impact on the income statement, cash flow statement or statement of changes in equity.

Reclassification of fully funded trading positions

Investec Bank Limited enters into fully funded credit and equity linked trading positions with clients. The positions were incorrectly accounted for as a derivative as a fully funded position does not meet the definition of a derivative as per IFRS 9 Financial Instruments. R15.0 billion was reclassified from ‘derivative financial instruments’ liabilities to ‘other trading liabilities’. The comparative balance sheets have been restated. This change has no impact on the income statement, cash flow statement or statement of changes in equity.

RESTATEMENTS
CONTINUED

The impact of these changes on the 30 September 2023 Group balance sheet is:

R'million	At 30 Sept 2023 as previously reported	Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments	Gross-down of balance sheet lines	Reclassifications	**At 30 Sept 2023 restated**
Assets					
Reverse repurchase agreements and cash collateral on securities borrowed	75 481	—	—	5 564	81 045
Sovereign debt securities	79 732	—	—	(5 217)	74 515
Bank debt securities	13 223	(811)	—	—	12 412
Other debt securities	10 155	(357)	—	—	9 798
Derivative financial instruments	15 874	—	—	(347)	15 527
Other securitised assets	548	—	(548)	—	—
Deferred taxation assets	1 366	(42)	—	—	1 324
Loans to Group companies	39 448	—	(703)	—	38 745
Total assets	625 818	(1 210)	(1 251)	—	623 357
Liabilities					
Derivative financial instruments	35 362	—	(703)	(15 037)	19 622
Other trading liabilities	3 875	—	—	15 037	18 912
Customer accounts (deposits)	460 358	—	(548)	—	459 810
Current taxation liabilities	606	(336)	—	—	270
Total liabilities	577 949	(336)	(1 251)	—	576 362
Equity					
Shareholders' equity excluding non-controlling interests	45 159	(874)	—	—	44 285
Total equity	47 869	(874)	—	—	46 995

The impact of the above changes on the 30 September 2023 Group statement of total comprehensive income is:

R'million	Six months to 30 Sept 2023 as previously reported	Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments	**Six months to 30 Sept 2023 restated**
Fair value movements on cash flow hedges taken directly to other comprehensive income	(47)	(10)	(57)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(178)	58	(120)
Total comprehensive income	4 315	48	4 363

RESTATEMENTS
CONTINUED

Income statement restatements

Reclassifications between interest income, interest expense and trading income/(loss)

The interest consequences of certain financial instrument liabilities were incorrectly accounted for in the interest income line rather than the interest expense line. This resulted in a reclassification of 'interest income' of R418 million to 'interest expense'.

Fair value adjustments on certain derivative instruments, not formally designated in a hedge relationship, were accounted for in either 'interest income' or 'interest expense'. The fair value adjustments of R117 million were reclassified to 'trading income arising from customer flow'.

In addition, realised cash flows on interest rate swaps (formally designated in a hedge relationship) were incorrectly grossed up and separately recognised as 'interest income' and 'interest expense'. The two lines were appropriately reduced for the gross cash flows, and the net movement of R552 million was accounted for in either 'interest income' or 'interest expense' (depending if it was an asset or liability being hedged).

Interest expense between related parties was incorrectly netted in the 'interest income' and 'interest expense' line items. The respective lines were increased by R214 million to reflect the correct gross position.

Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments

As described above in terms of the balance sheet restatements, it was identified that the application of hedge accounting (cash flow and fair value hedging) applied in prior years, for certain portfolios within Investec Bank Limited, did not meet the requirements to apply hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement.

As a result of not qualifying to apply hedge accounting, adjustments previously made to 'interest income' of R242 million have been reclassified to 'trading income/(loss) arising from customer flow'.

The impact of the above changes on the 30 September 2023 Group income statement is:

R'million	Six months to 30 Sept 2023 as previously reported	Reclassifications between interest income, interest expense and trading income/(loss)	Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments	**Six months to 30 Sept 2023 restated**
Interest income	25 647	80	(242)	25 485
Interest expense	(18 264)	(197)	—	(18 461)
Trading (loss)/income arising from customer flow	(133)	117	242	226

ASSET QUALITY

An analysis of gross core loans, asset quality and ECL

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

The overall loan portfolio continues to perform well with strong asset quality, reflecting our disciplined approach and secured nature of lending. Gross core loans grew by 1.5% annualised mainly due to increased activity in the High net worth and specialised lending portfolio (4.4% annualised growth) where the Residential Mortgage portfolio grew at 4.3% annualised.

The bank reported a credit loss ratio of 0.16% at 30 September 2024 (31 March 2024: -0.04%) driven by new impairments offset by reversals of certain prior year provisions and post write-off recoveries. Excluding the post write-off recoveries, the reported credit loss ratio would be 0.25% (31 March 2024: 0.09%).

Stage 3 exposures decreased to 2.7% of gross core loans subject to ECL at 30 September 2024 (31 March 2024: 3.6%) mainly due to settlements from a few large single name exposures. Stage 2 remained flat at 2.4% of gross core loans subject to ECL at 30 September 2024 (31 March 2024: 2.4%), mainly driven by a few large single name exposures migrating from Stage 1 and Stage 3 offset by some exposures normalising, a few settlements and a reduction arising from the residential mortgage model due to updated macro-economic scenarios.

Overall coverage for Stage 2 is 2.6% at 30 September 2024 (31 March 2024: 3.0%) while Stage 3 coverage is 19.3% (31 March 2024: 15.4%).

R'million	30 Sept 2024	31 March 2024
Gross core loans	**346 983**	**344 339**
of which FVPL (excluding fixed rate loans)	1 122	1 137
Gross core loans subject to ECL*	**345 861**	**343 202**
Stage 1	327 999	322 779
Stage 2	8 404	8 220
of which past due greater than 30 days	930	671
Stage 3^	9 458	12 203
ECL	**(2 567)**	**(2 773)**
Stage 1	(525)	(644)
Stage 2	(215)	(250)
Stage 3	(1 827)	(1 879)
Coverage ratio		
Stage 1	0.16%	0.20%
Stage 2	2.6%	3.0%
Stage 3	19.3%	15.4%
Annualised credit loss ratio	**0.16%**	**(0.04%)**
ECL impairment (charges)/releases on core loans	(271)	123
Average gross core loans subject to ECL	344 532	333 881
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	7 631	10 324
Aggregate collateral and other credit enhancements on Stage 3	9 474	12 873
Stage 3 as a % of gross core loans subject to ECL	2.7%	3.6%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	3.0%

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the solely payments of principal and interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R11.9 billion of the drawn exposure falls into Stage 1 (31 March 2024: R13.8 billion), R373.9 million falls in Stage 2 (31 March 2024: R16.4 million) and the remaining R1.0 billion falls into Stage 3 (31 March 2024: R1.0 billion). The ECL on the Stage 1 portfolio is R43.3 million (31 March 2024: R30.9 million), ECL on Stage 2 is R0.2 million (31 March 2024: R0.4 million) and the ECL on Stage 3 portfolio is R155.0 million (31 March 2024: R119.3 million).

^ Stage 3 exposures disclosed above and in the tables that follow are net of suspended interest of R564mn (31 March 2024: R613 million).

ASSET QUALITY
CONTINUED

An analysis of staging of gross exposure 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 2024 to 30 September 2024. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL.

The decrease in Stage 3 was mainly driven mainly by a few single name exposures settling. The movement in Stage 2 was mainly due to a few large single name exposures migrating from Stage 1 and Stage 3 offset by some exposures normalising, a few settlements and a reduction arising from the residential mortgage model due to updated macro-economic scenarios.

The net remeasurement of ECL arising from stage transfers represents the (increase)/decrease in ECL due to these transfers. New lending net of repayments comprises new originations, further drawdowns, repayments and sell-downs as well as, with respect to ECLs, Stage 3 ECLs that have been written off, typically when an asset has been sold.

The ECL impact of changes to risk parameters and models during the year largely relates to the changes in the macro-economic scenarios. The foreign exchange and other category comprises of foreign exchange movement in the period under review on all of our non-ZAR related loans.

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2024	**322 779**	**(644)**	**8 220**	**(250)**	**12 203**	**(1 879)**	**343 202**	**(2 773)**
Transfer from Stage 1	(3 814)	26	3 248	(22)	566	(4)	—	—
Transfer from Stage 2	2 247	(91)	(2 866)	121	619	(30)	—	—
Transfer from Stage 3	217	(21)	694	(30)	(911)	51	—	—
ECL remeasurement arising from transfer of stage	—	102	—	(54)	—	(98)	—	(50)
New lending net of repayments (includes assets written off)	8 263	(75)	(799)	29	(2 906)	130	4 559	84
Changes to risk parameters and models	—	173	—	(12)	—	(15)	—	146
Foreign exchange and other	(1 693)	5	(93)	3	(113)	18	(1 900)	26
At 30 September 2024	**327 999**	**(525)**	**8 404**	**(215)**	**9 458**	**(1 827)**	**345 861**	**(2 567)**

ASSET QUALITY
CONTINUED

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

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 2024										
Commercial real estate	**44 705**	**(60)**	**1 567**	**(3)**	**4 229**	**(621)**	**50 501**	**(684)**	**—**	**50 501**
Commercial real estate – investment	41 732	(56)	1 558	(3)	4 215	(616)	47 505	(675)	—	47 505
Commercial real estate – development	2 492	(3)	—	—	—	—	2 492	(3)	—	2 492
Commercial vacant land and planning	481	(1)	9	—	14	(5)	504	(6)	—	504
Residential real estate	**5 993**	**(8)**	**126**	**—**	**314**	**(54)**	**6 433**	**(62)**	**—**	**6 433**
Residential real estate – investment	2 259	(2)	119	—	—	—	2 378	(2)	—	2 378
Residential real estate – development	2 720	(5)	—	—	126	(26)	2 846	(31)	—	2 846
Residential vacant land and planning	1 014	(1)	7	—	188	(28)	1 209	(29)	—	1 209
Total lending collateralised by property*	**50 698**	**(68)**	**1 693**	**(3)**	**4 543**	**(675)**	**56 934**	**(746)**	—	**56 934**
Coverage ratio		**0.1%**		**0.2%**		**14.9%**		**1.3%**		
At 31 March 2024										
Commercial real estate	**44 601**	**(112)**	**1 073**	**(8)**	**6 578**	**(750)**	**52 252**	**(870)**	**—**	**52 252**
Commercial real estate – investment	42 046	(98)	1 072	(8)	6 539	(744)	49 657	(850)	—	49 657
Commercial real estate – development	2 044	(11)	—	—	4	—	2 048	(11)	—	2 048
Commercial vacant land and planning	511	(3)	1	—	35	(6)	547	(9)	—	547
Residential real estate	**6 295**	**(9)**	**148**	**—**	**312**	**(51)**	**6 755**	**(60)**	**—**	**6 755**
Residential real estate – investment	2 247	(2)	144	—	—	—	2 391	(2)	—	2 391
Residential real estate – development	3 220	(5)	—	—	133	(34)	3 353	(39)	—	3 353
Residential vacant land and planning	828	(2)	4	—	179	(17)	1 011	(19)	—	1 011
Total lending collateralised by property*	**50 896**	**(121)**	**1 221**	**(8)**	**6 890**	**(801)**	**59 007**	**(930)**	—	**59 007**
Coverage ratio		**0.2%**		**0.7%**		**11.6%**		**1.6%**		

* In addition, 59% of other high net worth lending (31 March 2024: 58%) shown on the next page relates to lending collateralised by property which is supported by high net worth clients.

ASSET QUALITY
CONTINUED

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) – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL (not subject to ECL)	Gross core loans
At 30 September 2024										
Mortgages	93 829	(54)	3 006	(145)	1 857	(215)	98 692	(414)	—	98 692
Other high net worth lending*	77 745	(109)	550	(17)	553	(202)	78 848	(328)	—	78 848
Total high net worth and other private client lending	**171 574**	**(163)**	**3 556**	**(162)**	**2 410**	**(417)**	**177 540**	**(742)**	**—**	**177 540**
Coverage ratio		**0.1%**		**4.6%**		**17.3%**		**0.4%**		
At 31 March 2024										
Mortgages	91 292	(82)	3 603	(181)	1 717	(210)	96 612	(473)	—	96 612
Other high net worth lending*	75 398	(165)	612	(28)	1 081	(217)	77 091	(410)	—	77 091
Total high net worth and other private client lending	**166 690**	**(247)**	**4 215**	**(209)**	**2 798**	**(427)**	**173 703**	**(883)**	**—**	**173 703**
Coverage ratio		**0.1%**		**5.0%**		**15.3%**		**0.5%**		

* 59% of other high net worth lending (31 March 2024: 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) – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL (not subject to ECL)	Gross core loans
At 30 September 2024										
Corporate and acquisition finance	75 611	(157)	2 437	(30)	1 931	(597)	79 979	(784)	1 089	81 068
Fund finance	11 162	(24)	—	—	—	—	11 162	(24)	—	11 162
Financial institutions and governments	2 701	(12)	—	—	87	—	2 788	(12)	—	2 788
Small ticket asset finance	5 312	(32)	171	(4)	234	(94)	5 717	(130)	—	5 717
Aviation finance*	4 627	(42)	138	(2)	—	—	4 765	(44)	33	4 798
Power and infrastructure finance	6 314	(27)	409	(14)	253	(44)	6 976	(85)	—	6 976
Total corporate and other lending	**105 727**	**(294)**	**3 155**	**(50)**	**2 505**	**(735)**	**111 387**	**(1 079)**	**1 122**	**112 509**
Coverage ratio		**0.3%**		**1.6%**		**29.3%**		**1.0%**		
At 31 March 2024										
Corporate and acquisition finance	72 175	(195)	2 536	(30)	1 856	(511)	76 567	(736)	1 117	77 684
Fund finance	13 208	(16)	—	—	—	—	13 208	(16)	—	13 208
Financial institutions and governments	3 388	(9)	—	—	109	—	3 497	(9)	—	3 497
Small ticket asset finance	4 933	(13)	181	(2)	245	(89)	5 359	(104)	—	5 359
Aviation finance*	5 595	(14)	—	—	—	—	5 595	(14)	20	5 615
Power and infrastructure finance	5 894	(29)	67	(1)	305	(51)	6 266	(81)	—	6 266
Total corporate and other lending	**105 193**	**(276)**	**2 784**	**(33)**	**2 515**	**(651)**	**110 492**	**(960)**	**1 137**	**111 629**
Coverage ratio		**0.3%**		**1.2%**		**25.9%**		**0.9%**		

* There are additional aviation exposures of R3.1 billion (31 March 2024: R1.8 billion) in Corporate and acquisition finance.

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 2024 **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	19 561	—	19 561	(20)	523	20 064
Loans and advances to banks	8 476	—	8 476	(5)	—	8 471
Non-sovereign and non-bank cash placement	9 829	909	8 920	(9)	—	9 820
Reverse repurchase agreements and cash collateral on securities borrowed	59 862	28 747	31 115	(1)	—	59 861
Sovereign debt securities	73 821	—	73 821	(42)	—	73 779
Bank debt securities	6 681	—	6 681	(2)	—	6 679
Other debt securities	9 768	395	9 373	(7)	—	9 761
Derivative financial instruments	13 063	13 063	—	—	2 714	15 777
Securities arising from trading activities	6 996	6 996	—	—	1 395	8 391
Loans and advances to customers	339 899	14 409	325 490	(2 555)	—	337 344
Own originated loans and advances to customers securitised	7 084	—	7 084	(12)	—	7 072
Investment portfolio	—	—	—	—	3 203*	3 203
Interest in associated undertakings	—	—	—	—	8	8
Current taxation assets	—	—	—	—	—	—
Deferred taxation assets	—	—	—	—	1 414	1 414
Other assets	402	402	—	—	5 903**	6 305
Property and equipment	—	—	—	—	3 761	3 761
Investment properties	—	—	—	—	—	—
Goodwill	—	—	—	—	171	171
Other acquired intangible assets	—	—	—	—	—	—
Software	—	—	—	—	79	79
Loans to Group companies	38 190	—	38 190	—	—	38 190
Total on-balance sheet exposures	**593 632**	**64 921**	**528 711**	**(2 653)**	**19 171**	**610 150**
Guarantees	21 922	—	21 922	(4)	3 658	25 576
Committed facilities related to loans and advances to customers	80 363	—	80 363	(47)	27	80 343
Contingent liabilities, letters of credit and other	15 942	10 606	5 336	—	23 766	39 708
Total off-balance sheet exposures	**118 227**	**10 606**	**107 621**	**(51)**	**27 451**	**145 627**
Total exposures	**711 859**	**75 527**	**636 332**	**(2 704)**	**46 622**	**755 777**

* Largely relates to exposures that are classified as investment risk in the banking book.
** The majority of the other assets balance relates to settlement debtors which we deem to be exposed to settlement risk. Settlement risk can arise due to undertaking transactions in either an agency capacity (on behalf of clients) or as principal. The risk is not considered to be material as most transactions are undertaken on recognised exchanges and with large institutional clients, monitored daily, with short-term settlement periods (usually settled within two to three days).

The table below summarises the ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserves. The ECL charges are recognised in 'Expected credit loss impairment charges' in the income statement.

At 30 September 2024 **R'million**	**Fair value**	**ECL**
Sovereign debt securities	28 740	(20)
Bank debt securities	2 522	—
Other debt securities	4 938	(15)

CREDIT AND COUNTERPARTY RISK
CONTINUED

An analysis of our gross credit and counterparty exposures (continued)

At 31 March 2024 **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	14 057	—	14 057	—	738	14 795
Loans and advances to banks	7 762	—	7 762	(11)	—	7 751
Non-sovereign and non-bank cash placement	10 835	289	10 546	(17)	—	10 818
Reverse repurchase agreements and cash collateral on securities borrowed	77 354	33 360	43 994	(2)	—	77 352
Sovereign debt securities	72 172	212	71 960	(55)	—	72 117
Bank debt securities	8 300	—	8 300	(5)	—	8 295
Other debt securities	10 282	480	9 802	(26)	—	10 256
Derivative financial instruments	7 897	7 897	—	—	2 091	9 988
Securities arising from trading activities	5 998	5 998	—	—	1 982	7 980
Loans and advances to customers	337 878	15 916	321 962	(2 758)	—	335 120
Own originated loans and advances to customers securitised	6 461	—	6 461	(15)	—	6 446
Other loans and advances	—	—	—	—	—	—
Investment portfolio	—	—	—	—	3 085 ^^	3 085
Interest in associated undertakings	—	—	—	—	22	22
Deferred taxation assets	—	—	—	—	1 498	1 498
Other assets	2 840	2 832	8	—	6 400#	9 240
Property and equipment	—	—	—	—	3 778	3 778
Investment properties	—	—	—	—	—	—
Goodwill	—	—	—	—	171	171
Other Intangible assets	—	—	—	—	—	—
Software	—	—	—	—	92	92
Loans to Group companies	31 092	—	31 092	—	—	31 092
Total on-balance sheet exposures	**592 928**	**66 984**	**525 944**	**(2 889)**	**19 857**	**609 896**
Guarantees	23 080	—	23 080	(4)	3 282	26 358
Committed facilities related to loans and advances to customers	79 852	2	79 850	(50)	1	79 803
Contingent liabilities, letters of credit and other	10 683	5 848	4 835	—	22 845	33 528
Total off-balance sheet exposures	**113 615**	**5 850**	**107 765**	**(54)**	**26 128**	**139 689**
Total exposures	**706 543**	**72 834**	**633 709**	**(2 943)**	**45 985**	**749 585**

^ Includes R42 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.

The majority of the other assets balance relates to settlement debtors which we deem to be exposed to settlement risk. Settlement risk can arise due to undertaking transactions in either an agency capacity (on behalf of clients) or as principal. The risk is not considered to be material as most transactions are undertaken on recognised exchanges and with large institutional clients, monitored daily, with short-term settlement periods (usually settled within two to three).

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE

Key judgements

Stage 3 ECLs continue to be assessed using a combination of scenario analysis, expert judgement, and modelled ECL.

Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and presented at the relevant BRCCs as well as the relevant capital committees for approval, which form part of the principal governance framework for macro-economic scenarios. They are also approved by the relevant Audit Committees.

A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9 ECL measurement.

For Investec Limited, 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 2024, all five scenarios were updated to incorporate the latest available data. The base case is now characterised by an improved economic growth outlook, lifting towards 3% by the end of the five-year period. The newly established Government of National Unity (GNU) overcomes most of the key structural constraints, including the rail and logistics crisis. Loadshedding is expected to be largely absent as generating capacity increasingly comes online over the five-year period, particularly renewable energy. A gradual move away from fossil fuel usage occurs and measures to alleviate the impact of climate change on the economy are modestly implemented. Inflation moderates on base effects and lower global inflationary pressures.

There are no negative effects of the occurrence of very limited expropriation without compensation, while the greylisting proves temporary in the period. South Africa's credit ratings do not fall below the BB credit rating category as moderate fiscal consolidation (debt to GDP stabilisation) occurs. Internationally, global financial market risk sentiment is neutral to positive and current geopolitical tensions ease, while the Rand strengthens on the US interest rate cutting cycle and the stronger domestic economic growth outlook.

As at 30 September 2024, the weighting of the base case was 50%, up from 45% as at 31 March 2024 as the probability for the base case has risen post the national election. The GNU has committed to fiscal restraint and consolidation, along with the macroeconomic strategy to prioritise rapid economic growth. The change in government, along with a peaceful democratic election process and successful formation of the new government has also lifted investor confidence, particularly in financial markets, and the growth outlook.

The lite down case, in contrast, is an alternative scenario providing a situation where South Africa experiences weak GDP and investment growth, with business confidence depressed and little progress made on resolving SA's freight, logistics, water and other structural constraints on the economy, including failure to adequately improve electricity capacity to prevent loadshedding reoccurring. Little transition to renewable energy occurs, there is increased pressure on government finances from disaster relief due to unfavourable weather conditions driven by climate change. Expropriation of private sector property has a modestly negative impact on the economy. The greylisting persists over the period. Substantial Rand weakness drives higher inflation, along with unfavourable weather conditions. Government debt and debt projections fail to stabilise, and South Africa drops into the single B category from the key credit rating agencies but avoids falling into the C grade ratings on eventual fiscal consolidation.

There has been a marked drop in the likelihood of the lite down case occurring. As at 30 September 2024, the lite down case weighting was 35%, falling from 43% on 31 March 2024 as the base case weightings improved. However, the lite down case weighting is still meaningful, as risks are apparent with the fiscal debt and deficit ratios still very high as a % of GDP, which will require substantial work to be lowered, as will getting off the greylisting and repairing the structural impediments to faster economic growth.

It is important to note that the lite down case is characterised by the same expected international environment (including global financial market risk sentiment and geopolitical tensions) as the base case, but the domestic environment differs.

The severe down case is currently an extremely low probability scenario, characterised by a lengthy global recession and/or global financial crisis, with insufficient monetary and other policy support measures, while geopolitical tensions worsen. A lengthy recession occurs in South Africa, business confidence is very depressed, and investment deteriorates. South Africa's freight, logistics, water and other structural constraints on the economy do not see resolution and devolve into very high levels of loadshedding of both electricity and water services. High incidences of civil unrest and strike action occur, expropriation without compensation has a very negative impact on the economy. There is a failure to transition to renewable energy and implement sufficient measures to alleviate the impact of climate change on the economy. Severe rand weakness is a feature as well as very high domestic inflation, which is also affected by severely unfavourable weather conditions. Deteriorating government finances see the state borrowing from increasingly wider sources as it sinks deeper into a debt trap. South Africa's credit ratings fall into the C grades, with an increased risk of default. South Africa is blacklisted.

As at 31 March 2024, the scenario weighting of the severe down case was 9% but has dropped to 1% on 30 September 2024 as the downside probability has fallen on reduced domestic risks, while the risk of a US recession has fallen.

The up case is a positive or upside scenario and has greater likelihood now than before the national elections. It is a scenario which is depicted by rising business confidence and investment levels. Structural constraints to sustained, robust economic growth are removed in an environment of strong global and domestic growth, and the global financial market environment is one of risk taking, with geopolitical tensions falling. Low domestic inflation occurs on rand strength, along with favourable weather conditions for moderate to low food price inflation. A substantial transition to renewable energy, and a move away from fossil fuel usage occurs, along with comprehensive measures to alleviate the impact of climate change on the economy. There is no nationalisation or expropriation without compensation. No further credit rating downgrades occur and instead the rating outlooks turn positive on strong fiscal consolidation. The efficiencies on the greylist are rapidly worked down.

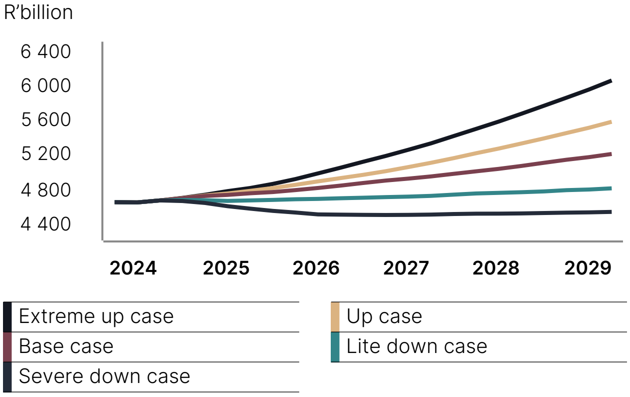
ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

As at 31 March 2024, the scenario weighting for the up case was 2% and rose to 12% on 30 September 2024. The business-government collaboration has gained further traction under the GNU, and this positive development raises the up case probability, along with the increased base case probability.

The extreme up case is an acceleration of the up case. Good governance and growth-creating reforms rapidly overcome structural constraints. Business confidence is high, property rights are strong, fixed investment growth rates are very strong, while substantial foreign direct investment (FDI) inflows occur, along with strong fiscal consolidation (and government debt falls back to the low ratios of the early 2000s). Domestic economic growth of 3-5%, then 5-7%, is achieved under this scenario and credit rating upgrades occur. Very subdued domestic inflation on extreme rand strength is a feature, along with a strong transition away from fossil fuel usage, a quick transition to renewable energy and very favourable weather conditions. There is strong global growth and a commodity boom in this scenario too. The greylisting is very short term in nature. This scenario's weighting lifts from 1% on 31 March 2024 to 2% by 30 September 2024.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 30 September 2024.

South African GDP scenarios



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 2024 average 2024 – 2029					At 31 March 2024 average 2024 – 2029				
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	4.6	3.1	2.0	0.6	(0.5)	4.8	3.1	1.7	0.5	(0.6)
Repo rate	5.6	6.0	7.1	9.2	10.2	5.3	5.8	7.0	9.1	10.3
Bond yield	9.4	10.2	11.1	12.0	12.6	9.1	9.8	10.6	11.7	12.6
CPI inflation	3.4	3.9	4.6	5.5	6.4	3.1	3.8	4.5	5.5	6.5
Residential property price growth	6.1	4.9	3.8	2.5	1.2	6.6	5.5	4.1	2.7	1.6
Commercial property price growth	4.2	2.6	1.4	(0.7)	(2.4)	4.4	2.7	1.4	(0.6)	(2.5)
Exchange rate (South African Rand:US Dollar)	14.8	16.3	17.1	19.7	21.8	14.5	16.0	18.1	19.7	21.9
Scenario weightings	**2**	**12**	**50**	**35**	**1**	**1**	**2**	**45**	**43**	**9**

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2024.

	Financial years				
Base case %	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
GDP growth	1.3	1.6	2.2	2.2	2.6
Repo rate	7.9	7.1	6.8	6.8	6.8
Bond yield	11.6	11.2	11.0	10.8	10.7
CPI inflation	4.6	4.4	4.7	4.6	4.7
Residential property price growth	1.2	2.9	4.4	4.9	5.5
Commercial property price growth	(0.6)	1.2	1.5	2.3	2.6
Exchange rate (South African Rand:US Dollar)	18.0	17.3	17.1	16.7	16.5

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 30 September 2024. Baseline represents the five-year base case average. The upside scenario values represent the best outcomes, namely the highest quarterly level of GDP, residential and commercial property price growth (year-on-year), lowest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate. The downside scenario values represent the worst outcomes being the lowest quarterly level of GDP, residential and commercial property price growth (year-on-year), highest level of CPI inflation (year-on-year), bond yield, exchange rate and repo rate.

Five-year extreme points At 30 September 2024	**Extreme up case %**	**Up case %**	**Baseline: Base case five-year average %**	**Lite down case %**	**Severe down case %**
South Africa					
GDP growth	6.7	4.6	2.0	—	(2.4)
Repo rate	4.8	5.3	7.1	9.5	11.5
Bond yield	8.8	9.7	11.1	12.1	13.0
CPI inflation	2.9	3.4	4.6	6.1	7.0
Residential property price growth	8.8	7.4	3.8	0.6	(0.7)
Commercial property price growth	6.8	4.4	1.4	(2.5)	(4.7)
Exchange rate (South African Rand:US Dollar)	14.0	15.3	17.1	20.1	22.3

INVESTMENT RISK

Investment risk

Investment risk in the banking book comprised 0.5% of total assets at 30 September 2024.

Summary of investments held

An analysis of income and revaluations of these investments can be found in the investment income note on page 8. The balance sheet value of investments is indicated in the table below.

R'million	On-balance sheet value of investments 30 Sept 2024	On-balance sheet value of investments 31 March 2024
Unlisted investments*	3 041	3 043
Listed equities	162	42
Total investment portfolio	**3 203**	**3 085**
Investment and trading properties	58	65
Total	**3 261**	**3 150**

* Includes the fair value loans investments of R499 million (31 March 2024: R503 million).

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

30 September 2024
R3 203 million

Finance and Insurance	27.7%
Electricity, gas and water (utility services)	20.9%
Communication	19.0%
Other	10.0%
Manufacturing and Commerce	8.3%
Business Services	7.4%
Mining and resources	6.6%

MARKET RISK

Market risk in the trading book

Traded market risk

The focus of our trading activities is primarily to support 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)

VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels, being the average of the losses in the tail of the VaR distribution.

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

	30 September 2024				31 March 2024			
95% one-day VaR R'million	**Period end**	Average	High	Low	**Year end**	Average	High	Low
Commodities	0.4	0.5	0.6	0.3	0.5	0.5	0.8	0.3
Equities	4.3	3.8	6.8	2.5	2.5	3.1	5.9	1.4
Foreign exchange	0.3	0.7	2.7	0.2	0.5	0.7	4.3	0.2
Interest rates	6.4	5.3	9.9	3.0	4.0	5.4	41.0	2.0
Consolidated*	**6.1**	**6.5**	**11.2**	**3.9**	**6.8**	**9.1**	**45.1**	**4.0**

* The consolidated VaR is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

Expected shortfall (ES)

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 2024 Period end**	31 March 2024 Year end
Commodities	0.6	1.1
Equities	6.2	4.1
Foreign exchange	0.7	0.8
Interest rates	8.4	8.5
Consolidated*	**8.8**	**9.3**

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

Stressed VaR

Stressed VaR (sVaR) is calculated using the VaR model but is based on a one-year period through which the relevant market factors experienced stress. The information in the table below contains the 99% one-day sVaR.

R'million	**30 Sept 2024 Period end**	31 March 2024 Year end
99% one-day sVaR	12.1	43.9

BALANCE SHEET RISK

Balance sheet risk management

The balance sheet risk framework continually ensures that a comprehensive approach is taken to the management and mitigation of liquidity, funding and IRRBB risks, while ensuring adherence to regulatory requirements and internal risk appetite and policies.

Liquidity risk

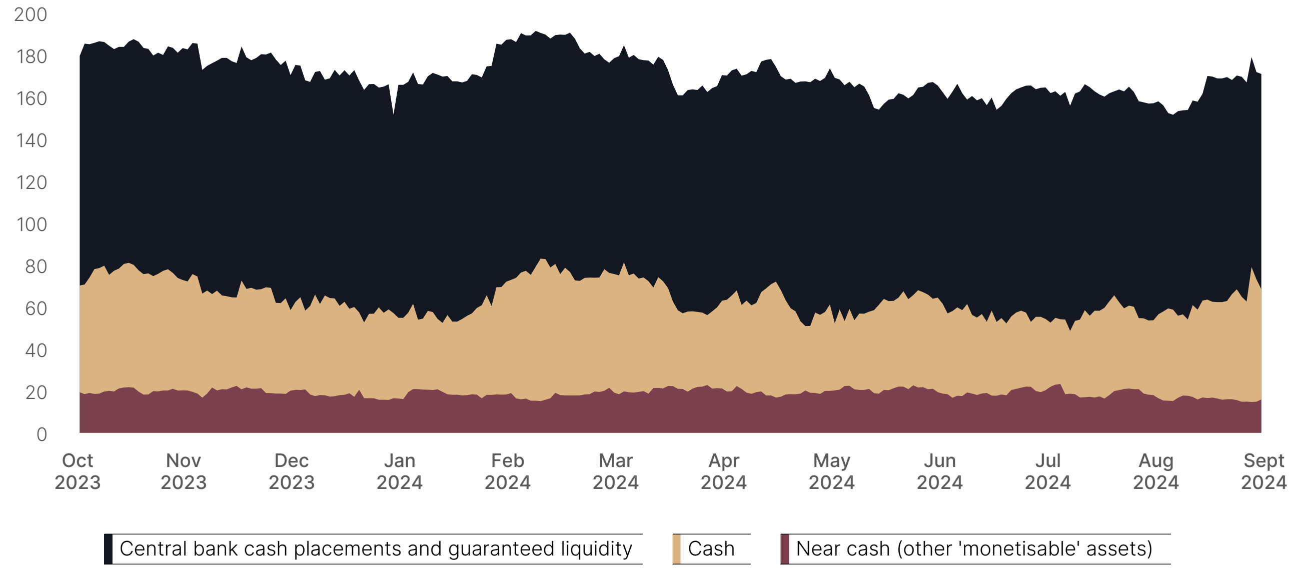
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises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

Liquidity risk is further broken down into:

- **Funding liquidity risk:** this relates to the risk that the Group will be unable to meet current and/or future cash flows or collateral requirements in the normal course of business, without adversely affecting its solvency, financial position or its reputation
- **Market liquidity risk:** this relates to the risk that the Group may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

Cash and near cash trend

R'billion



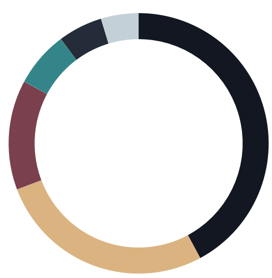
An analysis of cash and near cash at 30 September 2024

R170.9 billion

Central bank cash placements and guaranteed liquidity	60.0%
Cash	23.8%
Near cash (other 'monetisable' assets)	16.2%

Bank and non-bank depositor concentration by type at 30 September 2024

R467.1 billion



Non-bank financials	42.2%
Individuals	27.1%
Non-financial corporates	13.6%
Banks	6.9%
Small business	5.5%
Public sector	4.7%

BALANCE SHEET RISK
CONTINUED

Liquidity mismatch

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

The contractual liquidity table records all assets and liabilities with the underlying contractual maturity.

The table will not agree directly to the balances disclosed in the balance sheet due to the inclusion of loans from Group companies in the other asset line.

With respect to the behavioural liquidity tables, 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:** historical observations were used to model the behavioural maturity profile, 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 2024

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	**Total**
Cash and short-term funds – banks	47 686	4 847	8 618	—	—	—	—	61 151
Cash and short-term funds – non-banks	7 564	346	563	—	—	—	—	8 473
Investment/trading assets and statutory liquids	47 416	28 700	7 913	4 701	9 631	18 504	27 212	144 077
Securitised assets	—	100	407	271	552	3 701	2 041	7 072
Advances	7 888	9 429	11 240	12 095	29 519	130 628	138 658	339 457
Other assets	13 858	23 149	674	1 616	—	—	8 763	48 060
Assets	**124 412**	**66 571**	**29 415**	**18 683**	**39 702**	**152 833**	**176 674**	**608 290**
Deposits – banks	(127)	(1 019)	—	(1 725)	(232)	(29 273)	—	(32 376)
Deposits – non-banks	(210 030)	(29 138)	(56 225)	(34 015)	(34 778)	(67 597)	(2 904)	(434 687)
Negotiable paper	—	(324)	(1 987)	(259)	(82)	(1 549)	—	(4 201)
Securitised liabilities	—	—	—	—	—	—	(5 086)	(5 086)
Investment/trading liabilities	(10 357)	(14 328)	(641)	(1 801)	(4 280)	(31 269)	(6 392)	(69 068)
Subordinated liabilities	—	—	—	—	—	(7 186)	—	(7 186)
Other liabilities	(305)	(112)	(44)	(1 115)	(1 281)	(766)	(2 132)	(5 755)
Liabilities	**(220 819)**	**(44 921)**	**(58 897)**	**(38 915)**	**(40 653)**	**(137 640)**	**(16 514)**	**(558 359)**
Total equity	—	—	—	—	—	—	(49 931)	(49 931)
Contractual liquidity gap	**(96 407)**	**21 650**	**(29 482)**	**(20 232)**	**(951)**	**15 193**	**110 229**	**—**
Cumulative liquidity gap	(96 407)	(74 757)	(104 239)	(124 471)	(125 422)	(110 229)	—	

Behavioural liquidity as at 30 September 2024

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	**Total**
Behavioural liquidity gap	**67 526**	**10 549**	**1 882**	**(1 709)**	**8 241**	**(223 366)**	**136 877**	**—**
Cumulative	67 526	78 075	79 957	78 248	86 489	(136 877)	—	

BALANCE SHEET RISK
CONTINUED

Interest rate risk in the banking book (IRRBB)

IRRBB arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity. IRRBB is an inherent consequence of conducting banking activities, and arises from the provision of retail and wholesale (non-trading) banking products and services

Sources of IRRBB include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of Group assets, liabilities and 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 Group 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 Group or its customers can alter the level and timing of their cash flows, such as the prepayment of fixed rate loans and withdrawal of non-maturity deposits (NMDs)
- **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.

Net interest income sensitivity at 30 September 2024

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

million	All (ZAR)
25bps down	(129.1)
25bps up	129.1

Economic value (EV) sensitivity at 30 September 2024

As outlined above, IRRBB is measured and monitored using an economic value sensitivity approach. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

million	All (ZAR)
200bps down	(403.2)
200bps up	369.4

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	IRB Scope*	
	30 Sept 2024^	31 March 2024^
Common Equity Tier 1 ratio	17.2%	16.5%
Tier 1 ratio	18.7%	17.8%
Total capital ratio	21.5%	20.5%
Risk-weighted assets (R'million)	261 455	273 185
Leverage exposure measure (R'million)	686 196	684 313
Leverage ratio	7.1%	7.1%

Capital structure and capital adequacy

	IRB Scope*	
R'million	**30 Sept 2024^**	31 March 2024^
Shareholders' equity	**45 979**	**45 989**
Shareholders' equity per balance sheet	45 979	45 989
Non-controlling interests	**—**	**—**
Non-controlling interests per balance sheet	2	—
Non-controlling interests excluded for regulatory purposes	(2)	—
Regulatory adjustments to the accounting basis	**(317)**	**(277)**
Prudent valuation adjustment	(250)	(220)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(27)	(32)
Cash flow hedging reserve	(40)	(25)
Deductions	**(731)**	**(588)**
Goodwill and intangible assets net of deferred tax	(249)	(262)
Shortfall of eligible provisions compared to expected loss	(459)	(306)
Other regulatory adjustments	(23)	(20)
Common Equity Tier 1 capital	**44 931**	**45 124**
Additional Tier 1 capital	**3 950**	**3 460**
Additional Tier 1 instruments	3 950	3 460
Tier 1 capital	**48 881**	**48 584**
Tier 2 capital	**7 331**	**7 447**
Collective impairment allowances	145	164
Tier 2 instruments	7 186	7 283
Total regulatory capital	**56 212**	**56 031**
Risk-weighted assets	**261 455**	**273 185**

* Investec Bank Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWAs. As at 30 September 2024, 56% (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 20% (31 March 2024: 23%) remaining on the standardised approach.

^ Investec Bank Limited's capital information includes unappropriated profits at 30 September 2024. If unappropriated profits are excluded from capital information, Investec Bank Limited's CET 1 ratio would be 156bps lower (March 2024: 118bps lower) and the leverage ratio would be 59bps lower (31 March 2024: 47bps).

CAPITAL ADEQUACY
CONTINUED

Capital requirements

	IRB Scope*	
R'million	**30 Sept 2024^**	31 March 2024^
Capital requirements	**31 827**	**32 898**
Credit risk	23 732	25 668
Equity risk	1 434	1 616
Counterparty credit risk	1 090	807
Credit valuation adjustment risk	499	318
Market risk	1 041	753
Operational risk	4 031	3 736
Risk-weighted assets	**261 455**	**273 185**
Credit risk^^	194 959	213 144
Equity risk	11 779	13 422
Counterparty credit risk	8 954	6 705
Credit valuation adjustment risk	4 097	2 637
Market risk	8 555	6 255
Operational risk	33 111	31 022

Leverage

R'million	30 Sept 2024^	31 March 2024^
Total exposure measure	686 196	684 313
Tier 1 capital	48 881	48 584
Leverage ratio	**7.1%**	**7.1%**

* Investec Bank Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWAs. As at 30 September 2024, 56% (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 20% (31 March 2024: 23%) remaining on the standardised approach.

^ Investec Bank Limited's capital information includes unappropriated profits at 30 September 2024. If unappropriated profits are excluded from capital information, Investec Bank Limited's CET 1 ratio would be 156bps lower (March 2024: 118bps lower) and the leverage ratio would be 59bps lower (31 March 2024: 47bps).

^^ The reduction in credit risk RWAs is mainly driven by the successful migration of the Investec for Business and Fund Finance portfolios to AIRB.

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.

Annuity income	Net interest income (refer to page 7) plus net annuity fees and commissions (refer to page 8)
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 2024	31 March 2024
Loans and advances to customers per the balance sheet	337 344	335 120
Add: Own originated loans and advances to customers per the balance sheet	7 072	6 446
Net core loans	**344 416**	**341 566**
*of which subject to ECL**	343 294	340 429
Net core loans at amortised cost	330 205	325 801
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)*	13 089	14 628
of which FVPL (excluding fixed rate loans above)	1 122	1 137
Add: ECL	2 567	2 773
Gross core loans	**346 983**	**344 339**
*of which subject to ECL**	345 861	343 202
of which FVPL (excluding fixed rate loans above)	1 122	1 137

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the solely payments of principal and interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R11.9 billion of the drawn exposure falls into Stage 1 (31 March 2024: R13.8 billion), R373.9 million falls in Stage 2 (31 March 2024: R16.4 million) and the remaining R1.0 billion falls into Stage 3 (31 March 2024: R1.0 billion). The ECL on the Stage 1 portfolio is R43.3 million (31 March 2024: R30.9 million), ECL on Stage 2 is R0.2 million (31 March 2024: R0.4 million) and the ECL on Stage 3 portfolio is R155.0 million (31 March 2024: R119.3 million).

Cost to income ratio	Refer to calculation in the table below

R'million	30 Sept 2024	30 Sept 2023	31 March 2024
Operating costs (A)	4 686	4 301	8 783
Operating income (B)	10 177	9 365	18 347
Less: Profit attributable to non-controlling interests	2	—	—
Total (B)	10 179	9 365	18 347
Cost to income ratio (A/B)	**46.0%**	**45.9%**	**47.9%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	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	Interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on page 7

DEFINITIONS

Cash and near cash

Comprises cash, near cash (other 'monetisable assets', which largely include short-dated trading assets) and central bank cash placements and guaranteed liquidity.

EBITDA

The earnings before interest, taxes, depreciation and amortisation of the company being valued

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 7 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 7 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

WACC

Weighted average cost of capital