Investec

OUT OF THE ORDINARY

Creating enduring worth

Investec Bank Limited
(a subsidiary of Investec Limited)

Unaudited condensed
consolidated financial information
for the six months ended 30 September 2023

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 42.

All other definitions can be found on page 43.

Key financial statistics	30 Sept 2023	30 Sept 2022^	% change	31 March 2023^
Total operating income before expected credit loss impairment charges (R'million)	9 365	7 936	18.0%	16 908
Operating costs (R'million)	4 301	3 769	14.1%	7 980
Operating profit before goodwill and acquired intangibles (R'million)	4 897	4 145	18.1%	8 639
Headline earnings attributable to ordinary shareholders (R'million)	3 874	3 149	23.0%	6 537
Cost to income ratio	45.9%	47.5%		47.2%
Total capital resources (including subordinated liabilities) (R'million)	55 822	56 548	(1.3%)	54 526
Total equity (R'million)	47 869	48 886	(2.1%)	46 778
Total assets (R'million)	625 818	569 247	9.9%	597 226
Net core loans and advances (R'million)	336 074	315 026	6.7%	322 580
Customer accounts (deposits) (R'million)	460 358	434 688	5.9%	448 718
Loans and advances to customers as a % of customer accounts (deposits)	71.6%	71.2%		70.6%
Cash and near cash balances (R'million)	177 700	149 216	19.1%	171 400
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	12.2x	11.0x		12.0x
Total capital ratio	20.3%	19.5%		21.2%
Tier 1 ratio	17.3%	16.7%		18.2%
Common Equity Tier 1 ratio	16.3%	15.9%		17.1%
Leverage ratio	6.8%	7.8%		7.2%
Stage 3 as a % of gross core loans subject to ECL	3.8%	2.2%		2.7%
Stage 3 net of ECL as a % of net core loans subject to ECL	3.2%	1.7%		2.1%
Credit loss ratio	0.08% ^^	0.01%^^		0.09%
Net Stable Funding Ratio % (NSFR)	113.4%	115.6%		116.4%
Liquidity Coverage Ratio % (LCR)	182.9%	157.7%		153.6%

^ Restated as detailed on page 23.
^^ Annualised

OVERVIEW OF RESULTS
CONTINUED

Financial review

Unless the context indicates otherwise, all comparatives relate to the six month period ended 30 September 2023 (1H2023)

Salient operational features for the period under review include:

Total operating income before expected credit loss (ECL) impairment charges increased by 18.0% to R9 365 million (1H2023: R7 936 million). The components of operating income are analysed further below:

- Net interest income increased 18.2% to R7 383 million (1H2023: R6 246 million) driven by higher average interest-earning assets and higher interest rates. Net core loans grew by 6.7% to R336.1 billion (1H2023: R315.0 billion) driven primarily by continued credit demand in corporate lending portfolios and growth in the residential mortgage book
- Net fee and commission income increased 9.0% to R1 728 million (1H2023: R1 584 million) due to increased client activity. This was driven by higher utilisation of trade finance facilities and increased activity in corporate and institutional banking. Higher fees from increased point of sales and account fees were more than offset by the increase in the associated costs and lower lending fees
- Investment income of R324 million (1H2023: R195 million) represents higher realised and dividend income from investment portfolios
- Trading loss of R133 million (1H2023: R101 million) from client flow reflects lower deal flow in the interest rate desk as a result of foreign disinvestment from the South African bonds market, while trading income from balance sheet activities increased to R60million (1H2023: R(188) million) due to mark-to-market movements on interest rate hedging positions.

ECL impairment charges increased to R167 million from R22 million in the prior year. The credit loss ratio on core loans subject to ECL was 8bps (1H2023: 1bps), driven by stage 3 ECL charges which was partially offset by the recoveries on previously impaired loans and in-model ECL releases following recalibrations.

The cost to income ratio improved to 45.9% (1H2023: 47.5%). Operating costs increased 14.1% to R4 301 million (1H2023: R3 769 million) driven by higher personnel expenses due to annual salary increases, higher variable remuneration and growth in business expenses in line with increased business activity.

As a result of the foregoing factors, profit before taxation increased 18.6% to R4 884million (1H2023: R4 119 million) while profit after taxation increased 23.7% to R4 039 million (1H2023: R3 265 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

R'million	Six months to 30 Sept 2023	Six months to 30 Sept 2022^	Year to 31 March 2023^
Interest income	25 647	16 539	38 112
Interest expense	(18 264)	(10 293)	(25 347)
Net interest income	**7 383**	**6 246**	**12 765**
Fee and commission income	2 192	1 971	4 106
Fee and commission expense	(464)	(387)	(874)
Investment income	324	195	274
Share of post-taxation profit/(loss) of associates	3	(4)	(3)
Trading (loss)/income arising from			
– customer flow	(133)	101	597
– balance sheet management and other trading activities	60	(188)	42
Other operating income	—	2	1
Total operating income before expected credit loss impairment charges	**9 365**	**7 936**	**16 908**
Expected credit loss impairment charges	(167)	(22)	(289)
Operating income	**9 198**	**7 914**	**16 619**
Operating costs	(4 301)	(3 769)	(7 980)
Operating profit before goodwill and acquired intangibles	**4 897**	**4 145**	**8 639**
Impairment of goodwill	—	—	(1)
Amortisation of acquired intangibles	(13)	(26)	(51)
Profit before taxation	**4 884**	**4 119**	**8 587**
Taxation on operating profit before acquired intangibles	(849)	(861)	(1 809)
Taxation on acquired intangibles	4	7	14
Profit after taxation	**4 039**	**3 265**	**6 792**
Profit after taxation attributable to ordinary shareholders	3 874	3 149	6 536
Profit after taxation attributable to perpetual preference shareholders and Other Additional Tier 1 security holders	165	116	256

^ Restated as detailed on page 23

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

R'million	Six months to 30 Sept 2023	Six months to 30 Sept 2022^	Year to 31 March 2023^
Profit after taxation	4 039	3 265	6 792
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*	(47)	(204)	(3)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	(178)	(102)	121
Gain on realisation of debt instruments at FVOCI recycled through the income statement*	(67)	(19)	(59)
Foreign currency adjustments on translating foreign operations	548	1 525	1 425
Items that will never be reclassified to the income statement			
Net gain attributable to own credit risk*	20	2	2
Total comprehensive income	**4 315**	**4 467**	**8 278**
Total comprehensive income attributable to ordinary shareholders	4 150	4 351	8 022
Total comprehensive income attributable to perpetual preference shareholders and Other Additional Tier 1 security holders	165	116	256
Total comprehensive income	**4 315**	**4 467**	**8 278**

^ Restated as detailed on page 23
* Net of taxation expense of R19.9 million (Six months to 30 Sept 2022: (R208.0 million), year to 31 March 2023: R316.9 million).

CONSOLIDATED BALANCE SHEET

At R'million	30 Sept 2023	31 March 2023^	30 Sept 2022^
Assets			
Cash and balances at central banks	13 450	22 761	13 564
Loans and advances to banks	7 789	10 502	17 101
Non-sovereign and non-bank cash placements	9 113	9 705	8 566
Reverse repurchase agreements and cash collateral on securities borrowed	75 481	49 995	46 177
Sovereign debt securities	79 732	77 456	67 388
Bank debt securities	13 223	16 249	19 817
Other debt securities	10 155	12 002	13 863
Derivative financial instruments	15 874	16 449	12 913
Securities arising from trading activities	6 464	6 735	6 936
Investment portfolio	2 801	2 926	2 937
Loans and advances to customers	329 600	316 592	309 598
Own originated loans and advances to customers securitised	6 474	5 988	5 428
Other loans and advances	—	1	86
Other securitised assets	548	547	1 440
Interests in associated undertakings	20	33	33
Current taxation assets	1	1	—
Deferred taxation assets	1 366	1 573	1 908
Other assets	10 819	6 334	7 590
Property and equipment	3 181	3 306	3 359
Investment properties	—	—	1
Goodwill	171	171	172
Software	108	127	50
Other acquired intangible assets	—	13	39
Loans to Group companies	39 448	37 760	29 962
Non-current assets classified as held for sale	—	—	319
	625 818	**597 226**	**569 247**
Liabilities			
Deposits by banks	34 973	26 420	15 965
Derivative financial instruments	35 362	33 242	26 972
Other trading liabilities	3 875	1 542	2 802
Repurchase agreements and cash collateral on securities lent	18 183	17 933	17 742
Customer accounts (deposits)	460 358	448 718	434 688
Debt securities in issue	4 128	2 585	2 371
Liabilities arising on securitisation of own originated loans and advances	3 911	3 594	3 535
Current taxation liabilities	606	848	536
Deferred taxation liabilities	15	19	10
Other liabilities	7 763	7 087	7 132
Loans from Group companies	822	712	946
	569 996	**542 700**	**512 699**
Subordinated liabilities	7 953	7 748	7 662
	577 949	**550 448**	**520 361**
Equity			
Ordinary share capital	32	32	32
Ordinary share premium	14 250	14 250	14 250
Other reserves	4 565	4 272	2 853
Retained income	26 312	25 514	29 191
Shareholders' equity excluding non-controlling interests	**45 159**	**44 068**	**46 326**
Other Additional Tier 1 securities in issue	2 710	2 710	2 560
Total equity	**47 869**	**46 778**	**48 886**
Total liabilities and equity	**625 818**	**597 226**	**569 247**

^ Restated as detailed on page 23.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Ordinary share capital	Share premium
At 31 March 2022	**32**	**14 250**
Restatement	—	—
At 1 April 2022	**32**	**14 250**
Movement in reserves 1 April 2022 – 30 September 2022		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Net gain attributable to own credit risk	—	—
Total comprehensive income for the period	**—**	**—**
Dividends paid to ordinary shareholders	—	—
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Transfer between cash flow hedge reserve and retained income	—	—
Net capital contribution from Group companies	—	—
Employee benefit liability recognised	—	—
Other equity movements	—	—
At 30 September 2022	**32**	**14 250**
Movement in reserves 1 October 2022 – 31 March 2023		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Total comprehensive income for the period	**—**	**—**
Dividends paid to ordinary shareholders	—	—
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Issue of Other Additional Tier 1 securities in issue	—	—
Redemption of Other Additional Tier 1 securities in issue	—	—
Net capital contribution from Group companies	—	—
Transfer between cash flow hedge reserve and retained income	—	—
Other equity movements	—	—
At 31 March 2023	**32**	**14 250**
Movement in reserves 1 April 2023 – 30 September 2023		
Profit after taxation	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—
Foreign currency adjustments on translating foreign operations	—	—
Net gain attributable to own credit risk	—	—
Total comprehensive income for the period	**—**	**—**
Dividends paid to ordinary shareholders	—	—
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	—	—
Net capital contribution to Group companies	—	—
Transfer from fair value reserve to retained income	—	—
Other equity movements	—	—
At 30 September 2023	**32**	**14 250**

^ Restated as detailed on page 23.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves								
Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve^	Own credit risk reserve	Foreign currency reserve	Retained income^	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	**Total equity**
(68)	**665**	**(1 620)**	**13**	**2 027**	**28 981**	**44 280**	**2 560**	**46 840**
—	—	1 128	—	—	(802)	326	—	326
(68)	**665**	**(492)**	**13**	**2 027**	**28 179**	**44 606**	**2 560**	**47 166**
—	—	—	—	—	3 265	3 265	—	3 265
—	—	(204)	—	—	—	(204)	—	(204)
(102)	—	—	—	—	—	(102)	—	(102)
(19)	—	—	—	—	—	(19)	—	(19)
—	—	—	—	1 525	—	1 525	—	1 525
—	—	—	2	—	—	2	—	2
(121)	**—**	**(204)**	**2**	**1 525**	**3 265**	**4 467**	**—**	**4 467**
—	—	—	—	—	(2 700)	(2 700)	—	(2 700)
—	—	—	—	—	(116)	(116)	116	—
—	—	—	—	—	—	—	(116)	(116)
—	—	(543)	—	—	543	—	—	—
—	—	—	—	—	154	154	—	154
—	—	—	—	—	(85)	(85)	—	(85)
—	49	—	—	—	(49)	—	—	—
(189)	**714**	**(1 239)**	**15**	**3 552**	**29 191**	**46 326**	**2 560**	**48 886**
—	—	—	—	—	3 527	3 527	—	3 527
—	—	201	—	—	—	201	—	201
223	—	—	—	—	—	223	—	223
(40)	—	—	—	—	—	(40)	—	(40)
—	—	—	—	(100)	—	(100)	—	(100)
183	**—**	**201**	**—**	**(100)**	**3 527**	**3 811**	**—**	**3 811**
—	—	—	—	—	(6 000)	(6 000)	—	(6 000)
—	—	—	—	—	(140)	(140)	140	—
—	—	—	—	—	—	—	(140)	(140)
—	—	—	—	—	—	—	500	500
—	—	—	—	—	—	—	(350)	(350)
—	—	—	—	—	71	71	—	71
—	—	1 051	—	—	(1 051)	—	—	—
—	84	—	—	—	(84)	—	—	—
(6)	**798**	**13**	**15**	**3 452**	**25 514**	**44 068**	**2 710**	**46 778**
—	—	—	—	—	4 039	4 039	—	4 039
—	—	(47)	—	—	—	(47)	—	(47)
(178)	—	—	—	—	—	(178)	—	(178)
(67)	—	—	—	—	—	(67)	—	(67)
—	—	—	—	548	—	548	—	548
—	—	—	20	—	—	20	—	20
(245)	**—**	**(47)**	**20**	**548**	**4 039**	**4 315**	**—**	**4 315**
—	—	—	—	—	(3 000)	(3 000)	—	(3 000)
—	—	—	—	—	(165)	(165)	165	—
—	—	—	—	—	—	—	(165)	(165)
—	—	—	—	—	(59)	(59)	—	(59)
43	—	—	—	—	(43)	—	—	—
—	(26)	—	—	—	26	—	—	—
(208)	**772**	**(34)**	**35**	**4 000**	**26 312**	**45 159**	**2 710**	**47 869**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

R'million	Six months to 30 Sept 2023	Six months to 30 Sept 2022^	Year to 31 March 2023^
Net cash (outflow)/inflow from operating activities	(9 512)	1 284	12 726
Net cash inflow/(outflow) from investing activities	101	(105)	(282)
Net cash outflow from financing activities*	(3 375)	(4 633)	(11 100)
Effects of exchange rate changes on cash and cash equivalents	321	1 464	1 135
Net (decrease)/increase in cash and cash equivalents	**(12 465)**	**(1 990)**	**2 479**
Cash and cash equivalents at the beginning of the period	31 297	28 818	28 818
Cash and cash equivalents at the end of the period	**18 832**	**26 828**	**31 297**

^ Restated as detailed on page 23.

* Net cash outflow from financing activities comprises:

R'million	Six months to 30 Sept 2023	Six months to 30 Sept 2022	Year to 31 March 2023
Proceeds on issue of subordinated liabilities	500	2 569	2 359
Repayment of subordinated liabilities	(667)	(4 347)	(4 576)
Dividends paid	(3 165)	(2 816)	(8 956)
Proceeds on issue of Other Additional Tier 1 securities	—	—	500
Repayment of Other Additional Tier 1 securities	—	—	(350)
Lease liabilities paid	(43)	(39)	(77)
Net cash outflow from financing activities	**(3 375)**	**(4 633)**	**(11 100)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Accounting policies and disclosures

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

The accounting policies applied in the preparation of the condensed consolidated interim financial statements for the six months ended 30 September 2023 are consistent with those adopted in the financial statements for the year ended 31 March 2023.

The condensed consolidated interim financial statements have been prepared under the supervision of Rupesh Govan, the Investec Bank Limited Finance Director.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Segmental information

For the six months to 30 September 2023 R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group costs	Total Group
Group					
Net interest income/(expense)	2 947	4 447	(11)	—	7 383
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	—	(133)	—	—	(133)
– balance sheet management and other trading activities	(2)	62	—	—	60
Total operating income before expected credit loss impairment charges	**3 492**	**5 884**	**(11)**	**—**	**9 365**
Expected credit loss impairment release/(charges)	53	(220)	—	—	(167)
Operating income	**3 545**	**5 664**	**(11)**	**—**	**9 198**
Operating costs	(1 869)	(2 267)	(1)	(164)	(4 301)
Profit/(loss) before goodwill, acquired intangibles and taxation	**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	389 634	672	—	625 818

For the six months to 30 September 2022^ R'million	Specialist Banking Private Client Private Banking	Specialist Banking Corporate, Investment Banking and Other	Group Investments	Group costs	Total Group
Group					
Net interest income/(expense)	2 791	3 462	(7)	—	6 246
Net fee and commission income	502	1 082	—	—	1 584
Investment income	174	21	—	—	195
Share of post-taxation loss of associates	(4)	—	—	—	(4)
Trading income/(loss) arising from					
– customer flow	—	101	—	—	101
– balance sheet management and other trading activities	(5)	(183)	—	—	(188)
Other operating income	—	2	—	—	2
Total operating income before expected credit loss impairment charges	**3 458**	**4 485**	**(7)**	**—**	**7 936**
Expected credit loss impairment release/(charges)	81	(103)	—	—	(22)
Operating income	**3 539**	**4 382**	**(7)**	**—**	**7 914**
Operating costs	(1 750)	(1 866)	(1)	(152)	(3 769)
Profit/(loss) before goodwill, acquired intangibles and taxation	**1 789**	**2 516**	**(8)**	**(152)**	**4 145**
Cost to income ratio	50.6%	41.6%	n/a	n/a	47.5%
Total assets (R'million)	228 192	340 324	731	—	569 247

^ Restated as detailed on page 23

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Net interest income

For the six months to 30 September R'million	Notes	2023 Average balance sheet value	2023 Interest income	2023 Average yield	2022 Average balance sheet value	2022 Interest income	2022 Average yield
Cash, near cash and bank debt and sovereign debt securities	1	199 911	6 523	6.53%	180 383	3 932	4.36%
Core loans and advances	2	328 719	17 207	10.47%	300 762	11 391	7.57%
Private client		229 600	12 210	10.64%	223 459	8 316	7.44%
Corporate, institutional and other clients		99 119	4 997	10.08%	77 303	3 075	7.96%
Other debt securities and other loans and advances		10 744	336	6.25%	13 762	422	6.13%
Other	3	37 732	1 581	n/a	26 813	794	n/a
		577 106	**25 647**		**521 720**	**16 539**	

For the six months to 30 September R'million	Notes	2023 Average balance sheet value	2023 Interest expense	2023 Average yield	2022 Average balance sheet value	2022 Interest expense	2022 Average yield
Deposits by banks and other debt-related securities	4	53 435	(1 600)	5.99%	31 844	(480)	3.01%
Customer accounts (deposits)		457 911	(15 587)	6.81%	427 955	(9 252)	4.32%
Subordinated liabilities		7 719	(309)	8.01%	7 473	(244)	6.53%
Other	5	4 928	(768)	n/a	4 550	(317)	n/a
		523 993	**(18 264)**		**471 822**	**(10 293)**	
Net interest income			**7 383**			**6 246**	
Net interest margin			**2.56%**			**2.39%**	

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Net fee and commission income

For the six months to 30 September R'million	2023	2022^
Specialist Banking net fee and commission income	**1 728**	**1 584**
Specialist Banking fee and commission income	2 192	1 971
Specialist Banking fee and commission expense	(464)	(387)
Net fee and commission income	**1 728**	**1 584**
Annuity fees (net of fees payable)	996	843
Deal fees	732	741

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

^ Restated as detailed on page 23.

Investment income

For the six months to 30 September R'million	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit share	Investment portfolio	Debt securities (sovereign bank and other)	Trading properties	Other asset categories	Total
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**
2022									
Realised	—	(5)	—	45	40	122	35	8	205
Unrealised^	(7)	(23)	—	10	(20)	9	—	(39)	(50)
Dividend income	3	55*	—	—	58	—	—	—	58
Funding and other net related costs	—	(16)	—	—	(16)	—	(2)	—	(18)
	(4)	**11**	**—**	**55**	**62**	**131**	**33**	**(31)**	**195**

^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised item.
* Includes dividend income and realised fair value losses from unlisted equities classified as non-current assets held for sale.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONTINUED

Calculation of headline earnings

R'million	Six months to 30 Sept 2023	Six months to 30 Sept 2022	Year to 31 March 2023
Profit after taxation	4 039	3 265	6 792
Dividend paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(165)	(116)	(256)
Earnings attributable to ordinary shareholders	**3 874**	**3 149**	**6 536**
Headline adjustments, net of taxation	—	—	1
Impairment of goodwill	—	—	1
Headline earnings attributable to ordinary shareholders	**3 874**	**3 149**	**6 537**

Expected credit loss impairment charges

For the six months to 30 September R'million	2023	2022
Expected credit loss impairment charges/(releases) are recognised on the following assets:		
Loans and advances to customers	143	20*
Own originated securitised assets	(4)	(11)
Core loans	139	9
Other balance sheet assets	31	29*
Off-balance sheet commitments and guarantees	(3)	(16)
	167	**22**

* Reclassified following balance sheet restatement.

ADDITIONAL IAS 34 DISCLOSURES

Analysis of financial assets and liabilities by measurement category

At 30 September 2023 **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	—	13 450	—	13 450
Loans and advances to banks	—	7 789	—	7 789
Non-sovereign and non-bank cash placements	465	8 648	—	9 113
Reverse repurchase agreements and cash collateral on securities borrowed	25 531	49 950	—	75 481
Sovereign debt securities	49 121	30 611	—	79 732
Bank debt securities	7 898	5 325	—	13 223
Other debt securities	5 476	4 679	—	10 155
Derivative financial instruments	15 874	—	—	15 874
Securities arising from trading activities	6 464	—	—	6 464
Investment portfolio	2 801	—	—	2 801
Loans and advances to customers	13 675	315 925	—	329 600
Own originated loans and advances to customers securitised	—	6 474	—	6 474
Other securitised assets	—	548	—	548
Interests in associated undertakings	—	—	20	20
Current taxation assets	—	—	1	1
Deferred taxation assets	—	—	1 366	1 366
Other assets	2 267	5 586	2 966	10 819
Property and equipment	—	—	3 181	3 181
Goodwill	—	—	171	171
Software	—	—	108	108
Loans to Group companies	—	39 448	—	39 448
	129 572	**488 433**	**7 813**	**625 818**
Liabilities				
Deposits by banks	—	34 973	—	34 973
Derivative financial instruments	35 362	—	—	35 362
Other trading liabilities	3 875	—	—	3 875
Repurchase agreements and cash collateral on securities lent	4 893	13 290	—	18 183
Customer accounts (deposits)	75 576	384 782	—	460 358
Debt securities in issue	—	4 128	—	4 128
Liabilities arising on securitisation of own originated loans and advances	—	3 911	—	3 911
Current taxation liabilities	—	—	606	606
Deferred taxation liabilities	—	—	15	15
Other liabilities	796	3 333	3 634	7 763
Loans from Group companies	80	742	—	822
	120 582	**445 159**	**4 255**	**569 996**
Subordinated liabilities	—	7 953	—	7 953
	120 582	**453 112**	**4 255**	**577 949**

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 2023 **R'million**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	465	—	465	—
Reverse repurchase agreements and cash collateral on securities borrowed	25 531	—	25 531	—
Sovereign debt securities	49 121	49 121	—	—
Bank debt securities	7 898	3 875	4 023	—
Other debt securities	5 476	1 850	3 626	—
Derivative financial instruments	15 874	—	15 874	—
Securities arising from trading activities	6 464	6 192	272	—
Investment portfolio	2 801	30	4	2 767
Loans and advances to customers	13 675	—	12 926	749
Other assets	2 267	2 081	186	—
	129 572	**63 149**	**62 907**	**3 516**
Liabilities				
Derivative financial instruments	35 362	—	35 362	—
Other trading liabilities	3 875	523	3 352	—
Repurchase agreements and cash collateral on securities lent	4 893	—	4 893	—
Customer accounts (deposits)	75 576	—	75 576	—
Other liabilities	796	—	796	—
Loans from Group companies	80	—	80	—
	120 582	**523**	**120 059**	**—**
Net financial assets/(liabilities) at fair value	**8 990**	**62 626**	**(57 152)**	**3 516**

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 2023	2 877	729	3 606
Net gains/(losses) recognised in the income statement	20	(24)	(4)
Purchases	16	—	16
Sales	(151)	—	(151)
Issues	—	76	76
Settlements	—	(32)	(32)
Foreign exchange adjustments	5	—	5
Balance at 30 September 2023	**2 767**	**749**	**3 516**

There were no transfers into and out of level 3 in the current period.

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.

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 2023 **R'million**	**Total**	Realised	Unrealised
Total losses included in the income statement for the period			
Investment (loss)/income	(4)	146	(150)
	(4)	**146**	**(150)**

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 2023	**Level 3 balance sheet value R'million**	Valuation method	Significant unobservable input changed	Range of unobservable input used	**Favourable changes R'million**	**Unfavourable changes R'million**
Assets						
Investment portfolio	2 767				345	(360)
		Price earnings	EBITDA	*	179	(149)
		Discounted cash flow	Cash flows	*	23	(23)
		Net asset value	Underlying asset value	^	20	(39)
		Discounted cash flow	Precious and industrial metal prices	(5%)-5%	27	(27)
		Other	Various	**	96	(122)
Loans and advances to customers	749				351	(184)
		Underlying asset value	Property values	*	351	(184)
Total	**3 516**				**696**	**(544)**

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

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

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

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

EBITDA

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

Discount rates

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

Cash flows

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

Underlying asset value

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

Property values and price of precious and industrial metals

The price property of precious and industrial metals 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
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Yield curve
Other assets	Discounted cash flow model	Yield curve
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve
Loans from Group companies	Discounted cash flow model	Yield curve

ADDITIONAL IAS 34 DISCLOSURES
CONTINUED

Fair value of financial assets and liabilities at amortised cost

At 30 September 2023 **R'million**	**Carrying amount**	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts
Assets				
Cash and balances at central banks	13 450	13 450	—	—
Loans and advances to banks	7 789	7 789	—	—
Non-sovereign and non-bank cash placements	8 648	8 648	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	49 950	8 606	41 344	40 878
Sovereign debt securities	30 611	—	30 611	30 378
Bank debt securities	5 325	311	5 014	4 458
Other debt securities	4 679	1 990	2 689	2 649
Loans and advances to customers	315 925	293 882	22 043	22 051
Own originated loans and advances to customers securitised	6 474	6 474	—	—
Other securitised assets	548	548	—	—
Other assets	5 586	5 586	—	—
Loans to Group companies	39 448	39 448	—	—
	488 433	**386 732**	**101 701**	**100 414**
Liabilities				
Deposits by banks	34 973	4 669	30 304	30 657
Repurchase agreements and cash collateral on securities lent	13 290	1 614	11 676	12 254
Customer accounts (deposits)	384 782	230 316	154 466	167 856
Debt securities in issue	4 128	2 907	1 221	1 223
Liabilities arising on securitisation of own originated loans and advances	3 911	3 911	—	—
Other liabilities	3 333	3 333	—	—
Loans from Group companies and subsidiaries	742	742	—	—
Subordinated liabilities	7 953	—	7 953	8 331
	453 112	**247 492**	**205 620**	**220 321**

ADDITIONAL NOTE DISCLOSURES

Extract of operating costs

For the six months to 30 September R'million	2023	2022^
Staff costs	3 353	2 954
Premises expenses	168	145
Premises expenses (excluding depreciation)	83	54
Premises depreciation	85	91
Equipment expenses (excluding depreciation)	238	215
Business expenses	291	220
Marketing expenses	186	157
Depreciation, amortisation and impairment on property, equipment, software and intangibles	65	78
	4 301	**3 769**

^ Restated as detailed on page 23

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 2023	31 March 2023
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	75 482	49 996
Expected credit loss on amortised cost	(1)	(1)
Net reverse repurchase agreements and cash collateral on securities borrowed	**75 481**	**49 995**
Reverse repurchase agreements	68 162	45 105
Cash collateral on securities borrowed	7 319	4 890
	75 481	**49 995**
Liabilities		
Repurchase agreements	18 189	16 724
Cash collateral on securities lent	(6)	1 209
	18 183	**17 933**

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

At R'million	30 Sept 2023	31 March 2023^
Gross loans and advances to customers at amortised cost	319 212	304 230
Gross loans and advances to customers designated at FVPL at inception*	12 785	14 322
Gross loans and advances to customers subject to ECL	331 997	318 552
Expected credit loss on amortised cost	(3 565)	(3 256)
	328 432	315 296
Loans and advances to customers at fair value	1 168	1 296
Net loans and advances to customers	**329 600**	**316 592**
Gross other loans and advances	—	1
Expected credit loss of other loans and advances	—	—
Net other loans and advances	**—**	**1**

^ Restated as detailed on page 23

* 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 2023	31 March 2023
Gross own originated loans and advances to customers securitised	6 490	6 008
Expected credit loss of own originated loans and advances to customers securitised	(16)	(20)
Net own originated loans and advances to customers securitised	**6 474**	**5 988**
Total other securitised assets	**548**	**547**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Other assets

At R'million	30 Sept 2023	31 March 2023
Gross other assets	10 823	6 334
Expected credit loss on amortised cost	(4)	—
Net other assets	**10 819**	**6 334**
Settlement debtors	4 087	614
Trading properties	69	71
Prepayments and accruals	1 776	1 377
Trading initial margin	2 260	2 368
Commodities	1 973	1 457
Fee debtors	—	45
Other	654	402
	10 819	**6 334**

Debt securities in issue

At R'million	30 Sept 2023	31 March 2023
Repayable in:		
Less than three months	468	321
Three months to one year	1 465	1 022
One to five years	2 195	1 242
	4 128	**2 585**

Extract of subordinated liabilities

At R'million	30 Sept 2023	31 March 2023
Remaining maturity:		
In one year or less, or on demand	1 454	1 996
In more than one year, but not more than two years	—	—
In more than two years, but not more than five years	5 999	5 752
In more than five years	500	—
	7 953	**7 748**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting

	Amounts subject to enforceable netting arrangements				
	Effects of offsetting on balance sheet			Related amounts not offset	
At 30 September 2023 **R'million**	Gross amounts	Amounts offset	**Net amounts reported on the balance sheet**	Financial instruments (including non-cash collateral)	**Net amount**
Assets					
Cash and balances at central banks	13 450	—	13 450	—	13 450
Loans and advances to banks	2 170	5 619	7 789	—	7 789
Non-sovereign and non-bank cash placements	9 113	—	9 113	—	9 113
Reverse repurchase agreements and cash collateral on securities borrowed	76 476	(995)	75 481	(320)	75 161
Sovereign debt securities	79 732	—	79 732	(10 910)	68 822
Bank debt securities	13 223	—	13 223	(1 010)	12 213
Other debt securities	10 155	—	10 155	(1 759)	8 396
Derivative financial instruments	19 047	(3 173)	15 874	(484)	15 390
Securities arising from trading activities	6 464	—	6 464	(1 581)	4 883
Investment portfolio	2 801	—	2 801	—	2 801
Loans and advances to customers	329 600	—	329 600	—	329 600
Own originated loans and advances to customers securitised	6 474	—	6 474	—	6 474
Other securitised assets	548	—	548	—	548
Other assets	10 819	—	10 819	—	10 819
	580 072	**1 451**	**581 523**	**(16 064)**	**565 459**
Liabilities					
Deposits by banks	37 888	(2 915)	34 973	—	34 973
Derivative financial instruments	30 001	5 361	35 362	(484)	34 878
Other trading liabilities	3 875	—	3 875	—	3 875
Repurchase agreements and cash collateral on securities lent	19 178	(995)	18 183	(14 143)	4 040
Customer accounts (deposits)	460 358	—	460 358	—	460 358
Debt securities in issue	4 128	—	4 128	—	4 128
Liabilities arising on securitisation of own originated loans and advances	3 911	—	3 911	—	3 911
Other liabilities	7 763	—	7 763	—	7 763
Subordinated liabilities	7 953	—	7 953	—	7 953
	575 055	**1 451**	**576 506**	**(14 627)**	**561 879**

ADDITIONAL NOTE DISCLOSURES
CONTINUED

Offsetting continued)

At 31 March 2023^ 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	22 761	—	22 761	—	22 761
Loans and advances to banks	14 772	(4 270)	10 502	(266)	10 236
Non-sovereign and non-bank cash placements	9 705	—	9 705	—	9 705
Reverse repurchase agreements and cash collateral on securities borrowed	50 987	(992)	49 995	(69)	49 926
Sovereign debt securities	77 456	—	77 456	(11 823)	65 633
Bank debt securities	16 249	—	16 249	(1 106)	15 143
Other debt securities	12 002	—	12 002	(1 760)	10 242
Derivative financial instruments	23 307	(6 858)	16 449	(3 301)	13 148
Securities arising from trading activities	6 735	—	6 735	(3 608)	3 127
Investment portfolio	2 926	—	2 926	—	2 926
Loans and advances to customers	316 592	—	316 592	—	316 592
Own originated loans and advances to customers securitised	5 988	—	5 988	—	5 988
Other loans and advances	1	—	1	—	1
Other securitised assets	547	—	547	—	547
Other assets	6 334	—	6 334	—	6 334
	566 362	**(12 120)**	**554 242**	**(21 933)**	**532 309**
Liabilities					
Deposits by banks	29 948	(3 528)	26 420	—	26 420
Derivative financial instruments	40 842	(7 600)	33 242	(3 301)	29 941
Other trading liabilities	1 542	—	1 542	—	1 542
Repurchase agreements and cash collateral on securities lent	18 925	(992)	17 933	(15 749)	2 184
Customer accounts (deposits)	448 718	—	448 718	—	448 718
Debt securities in issue	2 585	—	2 585	—	2 585
Liabilities arising on securitisation of own originated loans and advances	3 594	—	3 594	—	3 594
Other liabilities	7 087	—	7 087	—	7 087
Subordinated liabilities	7 748	—	7 748	—	7 748
	560 989	**(12 120)**	**548 869**	**(19 050)**	**529 819**

^ Restated as detailed on page 23

RESTATEMENTS

Balance sheet, cash flow statement and statement of total comprehensive income restatements

Derivative financial instruments

Resulting from the restatement made at 31 March 2023, certain derivative financial assets and liabilities that are managed by the Group's trading desks were previously presented on a gross basis, while the IAS 32 on-balance sheet netting requirements were met. Due to an upgrade of the internal reporting processes, the intent to net settle was evidenced. The derivative transactions, totalling R824 million, at 30 September 2022, satisfied the legally enforceable right of set off in terms of IAS 32. These positions are also operationally net settled through the use of the Continuous Linked Settlement (CLS) system. The comparative balance sheet has been restated for the reclassification. This change has no impact on the comparative income statement or cash flow statement.

Non-sovereign and non-bank cash placements and loans and advances to customers

Change in classification from non-sovereign and non-bank cash placements to loans and advances to customers

During the period to 30 September 2023, following a revision of management's internal policies defining the instruments to be included as non-sovereign and non-bank cash placements and loans and advances, management concluded that R4 538 million (March 2023: R4 428 million, September 2022: R4 671 million) previously classified in non-sovereign and non-bank cash placements should be disclosed within loans and advances to customers (based on the revised policies). The change in classification is considered more relevant on the basis that certain short term facilities to small and medium enterprises are better reflected as loans and advances to customers as it forms part of the funding strategy of these clients. The comparative balance sheets have been restated for the reclassification. This change has no impact on the comparative income statements.

Restatement of non-sovereign and non-bank cash placements in the cash flow statement

R9 113 million (March 2023: R14 133 million, September 2022: R13 237 million) net of ECL of R17 million (March 2023: R50 million, September 2022: R65 million) of non-sovereign and non-bank cash placements were previously classified as cash and cash equivalents for the purposes of the cash flow statement. Management concluded that whilst these balances are available on demand, the nature of these products and the underlying credit risk more closely aligns with operating cash flow rather than cash and cash equivalents. The comparative cash flow statements have been restated to more appropriately reflect the nature of these balances. This change has no impact on the comparative income statements or balance sheets.

Cash flow hedge reserve

During the period to 30 September 2023, it was identified that the fair value of instruments designated as fair value hedges were incorrectly booked in equity to the cash flow hedge reserve. Accordingly, the cash flow hedging reserve was reclassified to the underlying hedged items that are disclosed in bank debt securities and other debt securities on the balance sheet. The adjustment was made to the hedged item line item as the hedged item was accounted for at amortised cost. The associated deferred taxation was reversed. The hedges were effective and accordingly did not have any impact on the income statement. This change has no impact on the cash flow statement. It was further identified that amounts previously recognised within the cash flow hedging reserve were not correctly released to the income statement within the respective periods in which the hedged risk impacted earnings. These amounts have been restated retrospectively against retained earnings.

The impact of these changes on the 30 September 2022 and 31 March 2023 balance sheet is:

R'million	At 30 Sept 2022 as previously reported	Restatement	**At 30 Sept 2022 restated**
Assets			
Non-sovereign and non-bank cash placements	13 237	(4 671)	8 566
Bank debt securities*	19 677	140	19 817
Other debt securities*	13 502	361	13 863
Derivative financial instruments	13 737	(824)	12 913
Loans and advances to customers	304 927	4 671	309 598
Deferred taxation assets*	2 113	(205)	1 908
Total assets	569 775	(528)	569 247
Liabilities			
Derivative financial instruments	27 796	(824)	26 972
Total liabilities	521 185	(824)	520 361
Equity			
Other reserves*	2 298	555	2 853
Retained income*	29 450	(259)	29 191
Total equity	48 590	296	48 886

* Relates to cash flow hedge reserve restatement

RESTATEMENTS

R'million	At 31 March 2023 as previously reported	Restatement	**At 31 March 2023 restated**
Assets			
Non-sovereign and non-bank cash placements	14 133	(4 428)	9 705
Bank debt securities*	16 019	230	16 249
Other debt securities*	11 676	326	12 002
Loans and advances to customers	312 164	4 428	316 592
Deferred taxation assets*	2 077	(504)	1 573
Total assets	597 174	52	597 226
Equity			
Other reserves*	2 910	1 362	4 272
Retained income*	26 824	(1 310)	25 514
Total equity	46 726	52	46 778

The impact of the above changes on the 30 September 2022 and 31 March 2023 cash flow statements is:

R'million	At 30 Sept 2022 as previously reported	Restatement	**At 30 Sept 2022 restated**
Net cash inflow/(outflow) from operating activities	1 377	(93)	1 284
Cash and cash equivalents at the beginning of the period	42 027	(13 209)	28 818
Cash and cash equivalents at the end of the period	40 130	(13 302)	26 828

R'million	At 31 March 2023 as previously reported	Restatement	**At 31 March 2023 restated**
Net cash inflow/(outflow) from operating activities	13 700	(974)	12 726
Cash and cash equivalents at the beginning of the period	42 027	(13 209)	28 818
Cash and cash equivalents at the end of the period	45 480	(14 183)	31 297

The impact of the above changes on the 30 September 2022 and 31 March 2023 statement of total comprehensive income is:

R'million	At 30 Sept 2022 as previously reported	Restatement	**At 30 Sept 2022 restated**
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(174)	(30)	(204)
Total comprehensive income*	4 497	(30)	4 467

R'million	At 31 March 2023 as previously reported	Restatement	**At 31 March 2023 restated**
Fair value movements on cash flow hedges taken directly to other comprehensive income*	271	(274)	(3)
Total comprehensive income*	8 552	(274)	8 278

* Relates to cash flow hedge reserve restatement

RESTATEMENTS

Income statement restatements

Fee and commission expense and operating costs

During the period to 30 September 2023, management identified that R89 million (September 2022: R51 million; March 2023: R146 million) of costs relating to fee and commission income would be more appropriately disclosed within fee and commission expense, due to the nature of these costs. As a result, fee and commission expense and operating costs for the prior periods have been voluntarily restated. The restatement has no impact on operating profit in the income statement, headline earnings, the cash flow statement and balance sheet.

R'million	At 30 Sept 2022 as previously reported	Restatement	**At 30 Sept 2022 restated**
Fee and commission expense	(336)	(51)	(387)
Operating costs	(3 820)	51	(3 769)

R'million	At 31 March 2023 as previously reported	Restatement	**At 31 March 2023 restated**
Fee and commission expense	(728)	(146)	(874)
Operating costs	(8 126)	146	(7 980)

ASSET QUALITY

An analysis of gross core loans, asset quality and ECL

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

Asset quality ratios remain robust as we continue to be pro-active and ensure that portfolios remain resilient while growing our loan book in a challenging macro-economic environment. There was annualised growth in gross core loans of 8.5% mainly due to increased activity and exchange rate movements in the corporate client lending portfolio. The bank reported a credit loss ratio of 0.08% (31 March 2023: 0.09%) driven by new impairments being offset by post write-off recoveries as well as a partial release in management ECL overlay. Excluding the post write-off recoveries and release in management ECL overlay, the reported credit loss ratio would be 0.27% (31 March 2023: 0.26%).

Stage 3 exposures increased to 3.8% of gross core loans subject to ECL at 30 September 2023 (31 March 2023: 2.7%) mainly due to a few large single name exposures migrating from Stage 2. There has been a decrease in Stage 2 to 2.9% of gross core loans subject to ECL at 30 September 2023 (31 March 2023: 5.0%), mainly due to a number of deals normalising and migrating back to Stage 1, a few large single name exposures migrating to Stage 3 and a reduction arising from the residential mortgage model.

Overall coverage for Stage 2 is 4.1% at 30 September 2023 (31 March 2023: 3.8%) while Stage 3 coverage is 18.5% (31 March 2023: 22.0%).

R'million	30 Sept 2023	31 March 2023**
Gross core loans	**339 655**	**325 856**
of which FVPL (excluding fixed rate loans)	1 168	1 296
Gross core loans subject to ECL*	**338 487**	**324 560**
Stage 1	315 666	299 615
Stage 2	9 802	16 328
of which past due greater than 30 days	499	747
Stage 3	13 019	8 617
ECL	**(3 581)**	**(3 276)**
Stage 1	(771)	(760)
Stage 2	(397)	(623)
Stage 3	(2 413)	(1 893)
Coverage ratio		
Stage 1	0.24%	0.25%
Stage 2	4.1%	3.8%
Stage 3	18.5%	22.0%
Annualised credit loss ratio	**0.08%**	**0.09%**
ECL impairment charges on core loans	(139)	(272)
Average gross core loans subject to ECL	331 524	310 327
An analysis of Stage 3 gross core loans subject to ECL		
Stage 3 net of ECL	10 606	6 724
Aggregate collateral and other credit enhancements on Stage 3	13 876	8 340
Stage 3 as a % of gross core loans subject to ECL	3.8%	2.7%
Total ECL as a % of Stage 3 exposure	27.5%	38.0%
Stage 3 net of ECL as a % of net core loans subject to ECL	3.2%	2.1%

* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the solely payments of principal and interest (SPPI) test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. R11.4 billion of the drawn exposure falls into Stage 1 (31 March 2023: R13.3 billion), R377.7 million falls in Stage 2 (31 March 2023: R27.5 million) and the remaining R1.0 billion falls into Stage 3 (31 March 2023: R1.0 billion). The ECL on the Stage 1 portfolio is R27.0 million (31 March 2023: R37.4 million), ECL on Stage 2 is R0.1 million (31 March 2023: R0.1 million) and the ECL on Stage 3 portfolio is R250.2 million (31 March 2023: R248.6 million).

** Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on pages 23 and 24.

ASSET QUALITY
CONTINUED

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

The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2023 to 30 September 2023.

	Stage 1		Stage 2		Stage 3		Total	
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2023**	**299 615**	**(760)**	**16 328**	**(623)**	**8 617**	**(1 893)**	**324 560**	**(3 276)**
Transfer from Stage 1	(3 846)	44	3 154	(42)	692	(2)	—	—
Transfer from Stage 2	4 529	(150)	(8 406)	224	3 877	(74)	—	—
Transfer from Stage 3	129	(21)	59	(10)	(188)	31	—	—
ECL remeasurement arising from transfer of stage	—	138	—	(84)	—	(352)	—	(298)
New lending net of repayments (includes assets written off)	12 777	(34)	(973)	61	(32)	(106)	11 772	(79)
Changes to risk parameters and models	—	15	—	76	—	(16)	—	75
Foreign exchange and other	2 462	(3)	(360)	1	53	(1)	2 155	(3)
At 30 September 2023	**315 666**	**(771)**	**9 802**	**(397)**	**13 019**	**(2 413)**	**338 487**	**(3 581)**
At 31 March 2022**	**277 779**	**(889)**	**17 685**	**(620)**	**5 369**	**(1 206)**	**300 833**	**(2 715)**
Transfer from Stage 1	(5 087)	21	3 734	(18)	1 353	(3)	—	—
Transfer from Stage 2	4 630	(101)	(5 403)	509	773	(408)	—	—
Transfer from Stage 3	79	(9)	70	(9)	(149)	18	—	—
ECL remeasurement arising from transfer of stage	—	84	—	(444)	—	(58)	—	(418)
New lending net of repayments (includes assets written off)	13 971	(34)	(1 438)	2	(406)	5	12 127	(27)
Changes to risk parameters and models	—	149	—	23	—	80	—	252
Foreign exchange and other	3 426	(11)	195	—	7	(1)	3 628	(12)
At 30 September 2022**	**294 798**	**(790)**	**14 843**	**(557)**	**6 947**	**(1 573)**	**316 588**	**(2 920)**

** Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on pages 23 and 24.

ASSET QUALITY
CONTINUED

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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 30 September 2023										
Commercial real estate	**43 206**	**(138)**	**3 269**	**(31)**	**6 168**	**(730)**	**52 643**	**(899)**	**—**	**52 643**
Commercial real estate – investment	40 873	(134)	2 751	(31)	6 134	(728)	49 758	(893)	—	49 758
Commercial real estate – development	1 780	(3)	511	—	4	(1)	2 295	(4)	—	2 295
Commercial vacant land and planning	553	(1)	7	—	30	(1)	590	(2)	—	590
Residential real estate	**6 098**	**(19)**	**92**	**—**	**379**	**(41)**	**6 569**	**(60)**	**—**	**6 569**
Residential real estate – investment	1 657	(4)	2	—	36	—	1 695	(4)	—	1 695
Residential real estate – development	3 541	(11)	83	—	163	(38)	3 787	(49)	—	3 787
Residential vacant land and planning	900	(4)	7	—	180	(3)	1 087	(7)	—	1 087
Total lending collateralised by property*	**49 304**	**(157)**	**3 361**	**(31)**	**6 547**	**(771)**	**59 212**	**(959)**	—	**59 212**
Coverage ratio		**0.32%**		**0.9%**		**11.8%**		**1.6%**		
At 31 March 2023										
Commercial real estate	**44 020**	**(140)**	**6 265**	**(136)**	**3 142**	**(524)**	**53 427**	**(800)**	**—**	**53 427**
Commercial real estate – investment	41 890	(134)	5 661	(135)	3 111	(521)	50 662	(790)	—	50 662
Commercial real estate – development	1 534	(4)	598	(1)	—	—	2 132	(5)	—	2 132
Commercial vacant land and planning	596	(2)	6	—	31	(3)	633	(5)	—	633
Residential real estate	**4 743**	**(17)**	**265**	**(4)**	**215**	**(5)**	**5 223**	**(26)**	**—**	**5 223**
Residential real estate – investment	2 098	(5)	140	(3)	36	—	2 274	(8)	—	2 274
Residential real estate – development	1 869	(8)	110	(1)	—	—	1 979	(9)	—	1 979
Residential vacant land and planning	776	(4)	15	—	179	(5)	970	(9)	—	970
Total lending collateralised by property*	**48 763**	**(157)**	**6 530**	**(140)**	**3 357**	**(529)**	**58 650**	**(826)**	—	**58 650**
Coverage ratio		**0.32%**		**2.1%**		**15.8%**		**1.4%**		

* In addition, 59% of other high net worth lending (31 March 2023: 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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2023										
Mortgages	88 190	(99)	3 273	(151)	1 660	(252)	93 123	(502)	—	93 123
Other high net worth lending*	73 875	(207)	576	(26)	1 180	(342)	75 631	(575)	—	75 631
Total high net worth and other private client lending	**162 065**	**(306)**	**3 849**	**(177)**	**2 840**	**(594)**	**168 754**	**(1 077)**	**—**	**168 754**
Coverage ratio		**0.19%**		**4.6%**		**20.9%**		**0.6%**		
At 31 March 2023										
Mortgages	84 511	(99)	4 744	(256)	1 469	(244)	90 724	(599)	—	90 724
Other high net worth lending*	71 148	(197)	589	(32)	1 219	(287)	72 956	(516)	—	72 956
Total high net worth and other private client lending	**155 659**	**(296)**	**5 333**	**(288)**	**2 688**	**(531)**	**163 680**	**(1 115)**	**—**	**163 680**
Coverage ratio		**0.19%**		**5.4%**		**19.8%**		**0.7%**		

* 59% of other high net worth lending (31 March 2023: 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

	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2023										
Corporate and acquisition finance	78 368	(242)	2 494	(188)	2 196	(965)	83 058	(1 395)	1 147	84 205
Fund finance	11 809	(9)	—	—	—	—	11 809	(9)	—	11 809
Financial institutions and governments	2 746	(13)	—	—	816	(3)	3 562	(16)	—	3 562
Small ticket asset finance	1 989	(4)	21	—	—	—	2 010	(4)	—	2 010
Aviation finance*	4 245	(15)	—	—	—	—	4 245	(15)	21	4 266
Power and infrastructure finance	5 140	(25)	77	(1)	620	(80)	5 837	(106)	—	5 837
Total corporate and other lending	**104 297**	**(308)**	**2 592**	**(189)**	**3 632**	**(1 048)**	**110 521**	**(1 545)**	**1 168**	**111 689**
Coverage ratio		**0.30%**		**7.3%**		**28.9%**		**1.4%**		
At 31 March 2023**										
Corporate and acquisition finance	68 722	(230)	3 154	(189)	2 108	(720)	73 984	(1 139)	1 296	75 280
Fund finance	13 097	(24)	—	—	—	—	13 097	(24)	—	13 097
Financial institutions and governments	2 892	(6)	755	(4)	—	—	3 647	(10)	—	3 647
Small ticket asset finance	2 670	(5)	87	—	109	(58)	2 866	(63)	—	2 866
Aviation finance*	2 544	(16)	154	—	—	—	2 698	(16)	—	2 698
Power and infrastructure finance	5 268	(26)	315	(2)	355	(55)	5 938	(83)	—	5 938
Total corporate and other lending	**95 193**	**(307)**	**4 465**	**(195)**	**2 572**	**(833)**	**102 230**	**(1 335)**	**1 296**	**103 526**
Coverage ratio		**0.32%**		**4.4%**		**32.4%**		**1.3%**		

* There are additional aviation exposures of R1.7 billion (31 March 2023: R1.4 billion) in Corporate and acquisition finance.
** Restated as a result of a change in classification between non-sovereign and non-bank cash placements and loans and advances to customers as detailed on pages 23 and 24.

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 2023 **R'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	12 882	—	12 882	—	568	13 450
Loans and advances to banks	7 814	—	7 814	(25)	—	7 789
Non-sovereign and non-bank cash placement	9 130	465	8 665	(17)	—	9 113
Reverse repurchase agreements and cash collateral on securities borrowed	75 482	25 531	49 951	(1)	—	75 481
Sovereign debt securities	79 771	8 068	71 703	(70)	—	79 701
Bank debt securities	13 228	2 744	10 484	(21)	—	13 207
Other debt securities	10 168	463	9 705	(27)	—	10 141
Derivative financial instruments	14 024	14 024	—	—	1 850	15 874
Securities arising from trading activities	6 451	6 451	—	—	13	6 464
Investment portfolio	—	—	—	—	2 801*	2 801
Loans and advances to customers	333 165	13 953	319 212	(3 565)	—	329 600
Own originated loans and advances to customers securitised	6 490	—	6 490	(16)	—	6 474
Other loans and advances	—	—	—	—	—	—
Other securitised assets	—	—	—	—	548^^	548
Interest in associated undertakings	—	—	—	—	20	20
Current taxation assets	—	—	—	—	1	1
Deferred taxation assets	—	—	—	—	1 366	1 366
Other assets	7	—	7	(4)	10 816**	10 819
Property and equipment	—	—	—	—	3 181	3 181
Investment properties	—	—	—	—	—	—
Goodwill	—	—	—	—	171	171
Other acquired intangible assets	—	—	—	—	—	—
Software	—	—	—	—	108	108
Non-current assets classified as held for resale	—	—	—	—	—	—
Loans to Group companies	—	—	—	—	39 448	39 448
Total on-balance sheet exposures	**568 612**	**71 699**	**496 913**	**(3 746)**	**60 891**	**625 757**
Guarantees	22 651	—	22 651	(4)	2 088	24 735
Committed facilities related to loans and advances to customers	77 749	—	77 749	(57)	—	77 692
Contingent liabilities, letters of credit and other	11 490	6 386	5 104	—	22 356	33 846
Total off-balance sheet exposures	**111 890**	**6 386**	**105 504**	**(61)**	**24 444**	**136 273**
Total exposures	**680 502**	**78 085**	**602 417**	**(3 807)**	**85 335**	**762 030**

^ Includes R61 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

CREDIT AND COUNTERPARTY RISK
CONTINUED

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

At 31 March 2023** **R'million**	Total gross credit and counterparty exposure	of which FVPL	of which amortised cost and FVOCI	ECL^	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	22 061	—	22 061	—	700	22 761
Loans and advances to banks	10 506	—	10 506	(4)	—	10 502
Non-sovereign and non-bank cash placement	9 721	131	9 590	(16)	—	9 705
Reverse repurchase agreements and cash collateral on securities borrowed	49 996	13 515	36 481	(1)	—	49 995
Sovereign debt securities	77 485	8 247	69 238	(65)	—	77 420
Bank debt securities	16 253	1 652	14 601	(13)	—	16 240
Other debt securities	12 015	464	11 551	(28)	—	11 987
Derivative financial instruments	12 767	12 767	—	—	3 682	16 449
Securities arising from trading activities	6 719	6 719	—	—	16	6 735
Investment portfolio	—	—	—	—	2 926*	2 926
Loans and advances to customers	319 848	15 618	304 230	(3 256)	—	316 592
Own originated loans and advances to customers securitised	6 008	—	6 008	(20)	—	5 988
Other loans and advances	1	—	1	—	—	1
Other securitised assets	—	—	—	—	547^^	547
Interest in associated undertakings	—	—	—	—	33	33
Current taxation assets	—	—	—	—	1	1
Deferred taxation assets	—	—	—	—	1 573	1 573
Other assets	70	—	70	—	6 264#	6 334
Property and equipment	—	—	—	—	3 306	3 306
Investment properties	—	—	—	—	—	—
Goodwill	—	—	—	—	171	171
Other Intangible assets	—	—	—	—	13	13
Software	—	—	—	—	127	127
Non-current assets classified as held for resale	—	—	—	—	—	—
Loans to Group companies	—	—	—	—	37 760	37 760
Total on-balance sheet exposures	**543 450**	**59 113**	**484 337**	**(3 403)**	**57 119**	**597 166**
Guarantees	22 300	—	22 300	(7)	2 056	24 349
Committed facilities related to loans and advances to customers	75 917	—	75 917	(57)	—	75 860
Contingent liabilities, letters of credit and other	11 500	6 261	5 239	—	24 230	35 730
Total off-balance sheet exposures	**109 717**	**6 261**	**103 456**	**(64)**	**26 286**	**135 939**
Total exposures	**653 167**	**65 374**	**587 793**	**(3 467)**	**83 405**	**733 105**

^ Includes R60 million of ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserve. This will result in minor differences between certain balance sheet lines reported above (largely sovereign debt securities) and the statutory balance sheet.
* Largely relates to exposures that are classified as investment risk in the banking book.
^^ Largely cash in securitised vehicles.
# Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.
** Restated as detailed on pages 23 and 24.

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE

Key judgements

The post-model management overlays previously held for anticipated migration risk in Private Bank have decreased as they are now catered for in-model. The remaining management overlay of R47 million as at 30 September 2023 accounts for emerging risks assessed as inadequately reflected in the forward-looking model for commercial real estate lending clients. An improvement in the underlying performance of previously held stage 2 exposures, as well as realisation of risks in select counterparties, have additionally resulted in the partial release of the management ECL overlay. Stage 3 ECLs continue to be assessed using a combination of scenario analysis, informed by expert judgement and modelled ECL. Management will continue to review the need and basis of calculation for the overlay given the evolving situation and significant uncertainty faced with respect to the economic outlook.

Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability-weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and presented at the relevant BRCCs as well as the relevant capital committees for approval, which form part of the principal governance framework for macro-economic scenarios.
A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9 ECL measurement.

For Investec Bank Limited, five macro-economic scenarios are 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 several identified variables/risk drivers.

As of 30 September 2023, all five scenarios were updated to incorporate the latest available data.

The base case is characterised by the view that economic growth is modest but lifts towards 2.0% year-on-year in a five-year period on sufficient domestic policy support measures, while global financial market risk sentiment is neutral to positive. South Africa remains in the BB credit rating category bracket as fiscal consolidation (debt to GDP stabilisation) occurs which may lead to some positive outlooks. The Rand stabilises and then strengthens somewhat, while inflation is impacted by the course of weather patterns via food price inflation. Little expropriation without compensation occurs and has no negative effect on the economy, with no nationalisation. There is a modest transition to renewable energy and slow move away from fossil fuel usage and measures to alleviate the impact of climate change on the economy are modestly implemented. The Russian/Ukraine war eases and does not exacerbate. The grey listing proves temporary. As of 30 September 2023, the weighting of the base case was 47%, down slightly from 48% at 31 March 2023. The probability has fallen on the lowered growth outlook, deterioration in government finances and the rise in credit rating downgrade risk.

The lite down case has the same expected international environment (including global financial market risk sentiment) as the base case, but the domestic environment differs. South Africa fails to see debt projections stabilise, falls into the single B (local and foreign currency) credit ratings from all three key credit rating agencies. Business confidence is depressed, significant load shedding, weak investment growth, civil and political unrest occurs, along with a recession. High inflation on unfavourable weather conditions, marked Rand weakness also transpires, while little transition to renewable energy or measures to alleviate the impact of climate change takes place. Very limited expropriation of private sector property without compensation is a feature, with some negative impact on the economy. However, substantial fiscal consolidation ultimately occurs, preventing South Africa's credit ratings from falling into the C grades. The grey listing is lengthy. As of 31 March 2023, the weighting of the lite down case was 39%, while at 30 September 2023 it has increased to 43%. The probability has risen on the lowered growth outlook, deterioration in government finances and the rise in credit rating downgrade risk.

Under the severe down case there is a lengthy global recession and a global financial crisis with insufficient monetary and other support domestically and internationally. This results in very high inflation on very adverse weather conditions and severe Rand weakness. SA is rated single B by all three key agencies and eventually downgraded into the CCC grade category showing the increased risk of default. Government borrows from increasingly wider sources, sinks deeper into a debt trap and the country experiences widespread, severe services load shedding, severe civil and political unrest. There is a failure to transition to renewable energy and other measures to sufficiently alleviate the impact of climate change on the economy. There is limited expropriation of private property without compensation with a marked negative economic impact. South Africa is blacklisted in this scenario. The Russian/Ukraine war widens. As at 31 March 2023, the scenario weighting of the severe down case was 10%, but this has decreased to 8% at 30 September 2023 due to the reduction in the perceived risk of global recession.

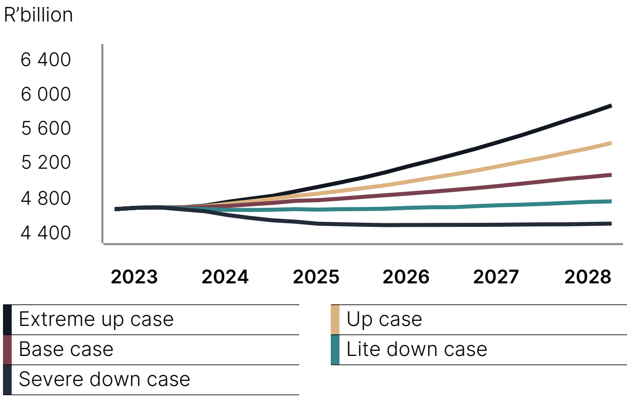
The up case is depicted by rising business confidence and investment levels as structural constraints to sustained, robust economic growth are removed, in an environment of strong global and domestic growth, and the global financial market is risk-on. Low domestic inflation occurs on Rand strength, along with favourable weather conditions for moderate food price inflation. A substantial transition to renewable energy, and a move away from fossil fuel usage occurs, along with comprehensive measures to alleviate the impact of climate change on the economy. There is no nationalisation or expropriation without compensation. No further credit rating downgrades occur and instead the rating outlooks become positive on strong fiscal consolidation (government debt projections fall substantially). The grey listing lasts for less than eighteen months. This scenario retains a weighting of 1%.

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

The extreme up case is an acceleration of the up case. Good governance and growth-creating reforms which overcome structural constraints rapidly occur. Business confidence is high, property rights are strong, fixed investment growth rates are very strong, while substantial FDI inflows occur, along with strong fiscal consolidation as 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. The grey listing is very short-lived. There is strong global growth and a commodity boom in this scenario too. This scenario retains a weighting of 1%.

The graph below depicts the forecast South African GDP growth under the macro-economic scenarios applied at 30 September 2023.

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 2023 average 2023 – 2028					At 31 March 2023 average 2023 – 2028				
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	3.9	2.5	1.4	0.3	(0.8)	4.2	2.8	1.5	0.4	(0.5)
Repo rate	5.6	6.2	7.3	8.7	10.3	5.0	5.7	6.8	8.2	10.3
Bond yield	9.3	10.0	10.7	11.6	12.5	9.2	9.7	10.3	11.4	12.5
CPI inflation	3.4	4.0	4.7	5.5	6.3	3.2	4.0	4.6	5.6	6.4
Residential property price growth	5.6	4.7	3.6	2.5	1.4	5.8	4.8	3.7	2.6	1.5
Commercial property price growth	3.8	2.1	1.0	(0.9)	(2.6)	3.5	2.0	0.9	(0.8)	(2.6)
Exchange rate (South African Rand:US Dollar)	14.8	16.4	17.4	18.9	20.8	14.6	15.7	17.0	18.6	20.6
Scenario weightings	**1**	**1**	**47**	**43**	**8**	**1**	**1**	**48**	**40**	**10**

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 2023.

	Financial years				
Base case %	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
GDP growth	0.3	1.3	1.5	1.7	2.1
Repo rate	8.2	7.3	7.0	7.0	7.0
Bond yield	11.6	11.0	10.6	10.4	10.1
CPI inflation	5.3	4.6	4.3	4.7	4.6
Residential property price growth	2.3	2.6	3.4	4.6	5.1
Commercial property price growth	(1.0)	0.6	1.2	1.8	2.2
Exchange rate (South African Rand:US Dollar)	18.1	17.6	17.2	17.0	17.0

ADDITIONAL CREDIT AND COUNTERPARTY RISK DISCLOSURE
CONTINUED

The following table outlines the extreme point forecast for each economic factor across the scenarios as at 30 September 2023. 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 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 2023**	**Extreme up case** **%**	**Up case** **%**	**Baseline: Base case five-year average** **%**	**Lite down case** **%**	**Severe down case** **%**
South Africa					
GDP growth	6.2	4.1	1.4	(1.0)	(2.8)
Repo rate	4.8	5.5	7.3	9.5	11.5
Bond yield	8.9	9.6	10.7	12.5	13.0
CPI inflation	2.6	3.4	4.7	6.2	6.8
Residential property price growth	8.1	6.6	3.6	1.1	—
Commercial property price growth	6.1	4.0	1.0	(2.7)	(4.8)
Exchange rate (South African Rand:US Dollar)	14.0	15.4	17.4	20.0	21.7

INVESTMENT RISK

Investment risk

Investment risk in the banking book comprised 0.5% of total assets at 30 September 2023.

Summary of investments held

An analysis of income and revaluations of these investments can be found in the investment income note on page 11. The balance sheet value of investments is indicated in the table below.

R'million	**On-balance sheet value of investments 30 Sept 2023**	On-balance sheet value of investments 31 March 2023
Unlisted investments*	2 770	2 880
Listed equities	31	46
Total investment portfolio	**2 801**	**2 926**
Investment and trading properties	69	71
Total	**2 870**	**2 997**

* Includes the fair value loans investments of R507 million (31 March 2023: R507 million).

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

30 September 2023

R2 801 million

Finance and Insurance	25.2%
Electricity, gas and water (utility services)	23.8%
Mining and resources	16.2%
Communication	13.5%
Manufacturing and Commerce	8.5%
Business Services	7.5%
Other	5.3%

MARKET RISK

Market risk in the trading book

Traded market risk

The focus of our trading activities is primarily on supporting our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.

Value at Risk (VaR)

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 2023				31 March 2023			
95% one-day VaR R'million	**Period end**	Average	High	Low	**Year end**	Average	High	Low
Commodities	0.6	0.6	0.8	0.3	0.4	0.3	1.9	0.1
Equities	3.8	3.4	4.7	2.7	3.2	2.9	5.5	1.3
Foreign exchange	0.8	0.7	2.8	0.2	0.4	0.7	3.1	0.1
Interest rates	13.4	9.0	14.6	5.0	8.9	7.5	14.4	3.4
Consolidated*	**15.0**	**10.1**	**16.3**	**5.8**	**10.7**	**8.0**	**15.3**	**3.8**

* 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 2023 Period end**	31 March 2023 Year end
Commodities	0.7	0.5
Equities	5.1	4.5
Foreign exchange	1.1	0.5
Interest rates	18.8	12.9
Consolidated*	**20.6**	**15.4**

* 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 2023 Period end**	31 March 2023 Year end
99% one-day sVaR	**27.8**	23.2

BALANCE SHEET RISK

Balance sheet risk management

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and IRRBB.

Liquidity risk

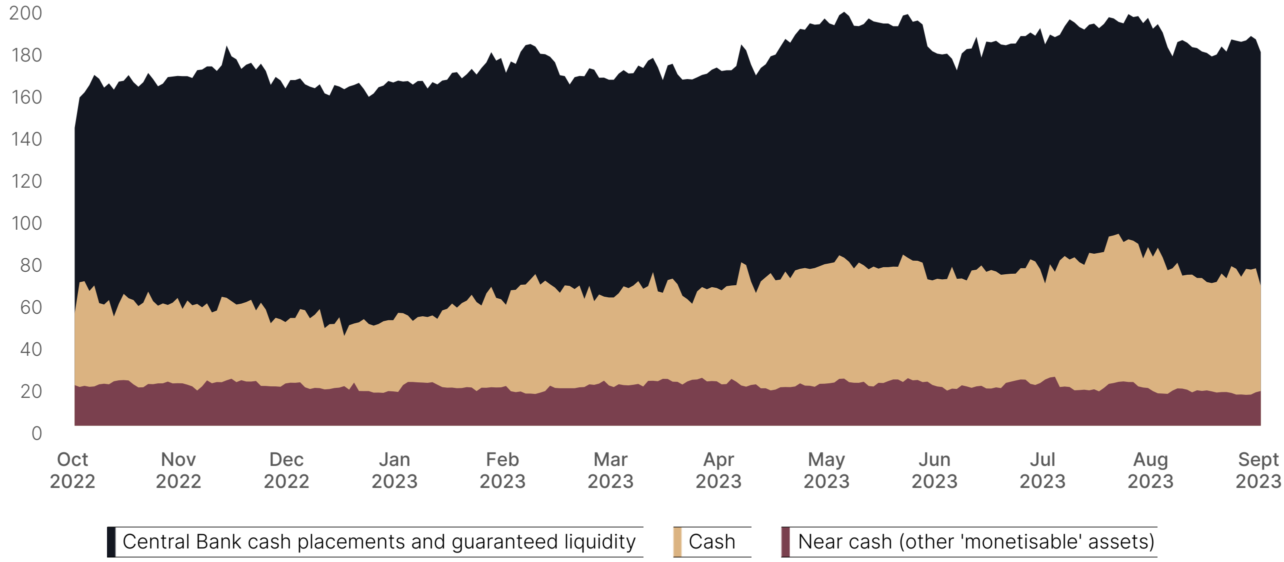
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises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

Liquidity risk is further broken down into:

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

Cash and near cash trend

R'billion



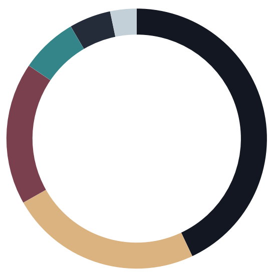
An analysis of cash and near cash at 30 September 2023

R177.7 billion

Central Bank cash placements and guaranteed liquidity	62.6%
Cash	29.1%
Near cash (other 'monetisable' assets)	8.3%

Bank and non-bank depositor concentration by type at 30 September 2023

R495.3 billion



Non-bank financials	42.9%
Individuals	23.8%
Non-financial corporates	17.7%
Banks	7.1%
Public sector	5.2%
Small business	3.3%

BALANCE SHEET RISK
CONTINUED

Liquidity mismatch

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

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

With respect to the contractual liquidity tables that follow, we record all assets and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity gap, we adjust the contractual profile of certain assets and liabilities:

- **Liquidity buffer:** the actual contractual profile of the assets in the liquidity buffer is of little consequence, as practically the Bank would meet any unexpected net cash outflows by repo'ing or selling these highly liquid securities. Consequently, for the liquidity buffer:
  - The time horizon to monetise our regulatory liquid assets which are guaranteed by the central bank has been adjusted to 'on demand'
  - The time horizon for the cash and near cash portfolio of discretionary treasury assets has been set to one month where there are deep secondary markets for this elective asset class.
- **Customer deposits:** the contractual repayments of many deposits are on demand, or at notice, but in reality withdrawals vary significantly from this. Historical observations of the products are used to model the behavioural lives, and this analysis has identified significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

Contractual liquidity at 30 September 2023

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	16 041	3 411	765	—	—	—	—	20 217
Cash and short-term funds – non-banks	5 567	193	268	—	—	—	—	6 028
Investment/trading assets and statutory liquids	92 621	45 719	16 360	4 976	7 373	17 485	19 217	203 751
Securitised assets	548	35	234	171	658	2 819	2 557	7 022
Advances	3 193	10 504	17 336	10 189	25 906	129 883	136 693	333 704
Other assets	23 321	14 179	(259)	288	5 954	1 870	8 921	54 274
Assets	**141 291**	**74 041**	**34 704**	**15 624**	**39 891**	**152 057**	**167 388**	**624 996**
Deposits – banks	(1 648)	(1 245)	(580)	(192)	–	(31 309)	—	(34 974)
Deposits – non-banks	(220 927)	(23 223)	(58 097)	(41 189)	(56 732)	(57 395)	(2 794)	(460 357)
Negotiable paper	(1)	(12)	(481)	(217)	(1 126)	(2 291)	—	(4 128)
Securitised liabilities	—	—	—	—	—	—	(3 912)	(3 912)
Investment/trading liabilities	(3 095)	(4 144)	(6 792)	(3 205)	(7 458)	(30 695)	(2 032)	(57 421)
Subordinated liabilities	—	—	(1 458)	–	—	(5 995)	(500)	(7 953)
Other liabilities	(3 726)	(76)	(13)	(341)	(290)	(535)	(3 395)	(8 376)
Liabilities	**(229 397)**	**(28 700)**	**(67 421)**	**(45 144)**	**(65 606)**	**(128 220)**	**(12 633)**	**(577 121)**
Total equity	—	—	—	—	—	—	(47 875)	(47 875)
Contractual liquidity gap	**(88 106)**	**45 341**	**(32 717)**	**(29 520)**	**(25 715)**	**23 837**	**106 880**	**—**
Cumulative liquidity gap	(88 106)	(42 765)	(75 482)	(105 002)	(130 717)	(106 880)	—	

Behavioural liquidity as at 30 September 2023

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**77 687**	**12 894**	**6 609**	**(4 685)**	**7 642**	**(228 054)**	**127 907**	**—**
Cumulative	77 687	90 581	97 190	92 505	100 147	(127 907)	—	

BALANCE SHEET RISK
CONTINUED

Interest rate risk in the banking book (IRRBB)

Measurement and management of IRRBB

IRRBB is an inherent consequence of conducting banking activities, and arises from the provision of non-trading banking products and services. The Bank considers the management of banking margin of vital importance, and our non-trading interest rate risk philosophy is reflected in our day-to-day practices.

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 off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the 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
- **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 2023

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	(56.9)
25bps up	56.9

Economic value (EV) sensitivity at 30 September 2023

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

million	All (ZAR)
200bps down	503.2
200bps up	(364.5)

CAPITAL ADEQUACY

A summary of capital adequacy and leverage ratios

	IRB Scope*	
	30 Sept 2023^	31 March 2023^
Common Equity Tier 1	16.3%	17.1 %
Tier 1 ratio	17.3%	18.2 %
Total capital ratio	20.3%	21.2 %
Risk-weighted assets (R'million)	271 727	261 263
Leverage exposure measure (R'million)	690 221	662 702
Leverage ratio	6.8%	7.2 %

Capital structure and capital adequacy

	IRB Scope*	
R'million	**30 Sept 2023^**	31 March 2023^
Shareholders' equity	**45 159**	**44 016**
Shareholders' equity per balance sheet	45 159	44 016
Regulatory adjustments to the accounting basis	**(248)**	**1 111**
Prudent valuation adjustment	(250)	(223)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(32)	(15)
Cash flow hedging reserve	34	1 349
Deductions	**(607)**	**(329)**
Goodwill and intangible assets net of deferred tax	(279)	(311)
Shortfall of eligible provisions compared to expected loss	(328)	(18)
Common Equity Tier 1 capital	**44 304**	**44 798**
Additional Tier 1 capital	**2 710**	**2 710**
Additional Tier 1 instruments	2 710	2 710
Tier 1 capital	**47 014**	**47 508**
Tier 2 capital	**8 090**	**7 928**
Collective impairment allowances	339	365
Tier 2 instruments	7 751	7 563
Total regulatory capital	**55 104**	**55 436**
Risk-weighted assets	**271 727**	**261 263**

* Investec Bank Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 30 September 2023, 50% (31 March 2023: 51%) of the portfolio applies the AIRB approach, 28% (31 March 2023: 27%) applies the FIRB approach, with the remaining balance of 22% (31 March 2023: 22%) remaining on the standardised approach.

^ Investec Bank Limited's capital information included unappropriated profits at 30 September 2023. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have been 70bps lower (March 2023: 164bps lower). The leverage ratio would have been 27bps (31 March 2023: 65bps) lower.

CAPITAL ADEQUACY
CONTINUED

Capital requirements

	IRB Scope*	
R'million	**30 Sept 2023^**	31 March 2023^
Capital requirements	**32 723**	**31 384**
Credit risk	26 058	24 828
Equity risk	1 187	1 254
Counterparty credit risk	851	953
Credit valuation adjustment risk	284	418
Market risk	810	695
Operational risk	3 533	3 236
Risk-weighted assets	**271 727**	**261 263**
Credit risk	216 377	206 693
Equity risk	9 858	10 437
Counterparty credit risk	7 068	7 930
Credit valuation adjustment risk	2 359	3 477
Market risk	6 728	5 784
Operational risk	29 337	26 942

Leverage

R'million	**30 Sept 2023^**	31 March 2023^
Total exposure measure	690 221	662 702
Tier 1 capital	47 014	47 508
Leverage ratio	**6.8%**	**7.2%**

* Investec Bank Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 30 September 2023, 50% (31 March 2023: 51%) of the portfolio applies the AIRB approach, 28% (31 March 2023: 27%) applies the FIRB approach, with the remaining balance of 22% (31 March 2023: 22%) remaining on the standardised approach.

^ Investec Bank Limited's capital information included unappropriated profits at 30 September 2023. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have been 70bps lower (March 2023: 164bps lower). The leverage ratio would have been 27bps (31 March 2023: 65bps) lower.

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 10) plus net annuity fees and commissions (refer to page 11)
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 2023	31 March 2023^^
Loans and advances to customers per the balance sheet	329 600	316 592
Add: Own originated loans and advances to customers per the balance sheet	6 474	5 988
Net core loans	**336 074**	**322 580**
*of which subject to ECL**	334 906	321 284
Net core loans at amortised cost	322 398	307 249
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	12 508	14 035
of which FVPL (excluding fixed rate loans above)	1 168	1 296
Add: ECL	3 581	3 276
Gross core loans^	**339 655**	**325 856**
*of which subject to ECL**	338 487	324 560
of which FVPL (excluding fixed rate loans above)	1 168	1 296

• 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. R11.4 billion of the drawn exposure falls into Stage 1 (31 March 2023: R13.3 billion), R377.7 million falls in Stage 2 (31 March 2023: R27.5 million) and the remaining R1.0 billion falls into Stage 3 (31 March 2023: R1.0 billion). The ECL on the Stage 1 portfolio is R27.0 million (31 March 2023: R37.4 million), ECL on Stage 2 is R0.1 million (31 March 2023: R0.1 million) and the ECL on Stage 3 portfolio is R250.2 million (31 March 2023: R248.6 million).

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

^^ Restated as detailed on page 23.

Cost to income ratio	Refer to calculation in the table below

R'million	30 Sept 2023	30 Sept 2022^	31 March 2023^
Operating costs (A)	4 301	3 769	7 980
Total operating income before expected credit loss impairment charges (B)	9 365	7 936	16 908
Cost to income ratio (A/B)	**45.9%**	**47.5%**	**47.2%**

^ Restated as detailed on page 23.

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	Annualised ECL impairment charges on core loans as a percentage of average gross core loans
Gearing ratio	Total assets excluding intergroup loans divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on page 10

DEFINITIONS

Cash and near cash

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

EBITDA

The Company being valued earnings before interest, taxes, depreciation and amortisation

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 10 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 10 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