

Out of the Ordinary



Investec Limited
Q and A fact sheet

2018



Overview of Investec and Investec Limited

Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia. Investec focuses on delivering distinct profitable solutions for its clients in three core areas of activity, namely: Asset Management, Wealth & Investment and Specialist Banking

In July 2002, the Investec group implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg. Investec plc (housing the non-Southern African operations) and Investec Limited (housing the Southern African operations) form a single economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Salient features

Key financial statistics	30 Sept 2018	30 Sept 2017	% change	31 March 2018
Total operating income before expected credit losses/impairment losses (R'million)	9 755	9 073	7.5%	18 217
Operating costs (R'million)	5 037	4 841	4.0%	9 619
Operating profit before taxation and acquired intangibles (R'million)	4 340	3 859	12.5%	7 869
Headline earnings attributable to ordinary shareholders (R'million)	2 583	2 617	(1.3%)	5 490
Cost to income ratio (%)	51.6%	53.4%		52.8%
Total capital resources (including subordinated liabilities) (R'million)	67 881	63 007	7.7%	66 292
Total equity (R'million)	53 258	48 858	9.0%	51 279
Total assets (R'million)	637 952	599 824	6.4%	617 710
Net core loans and advances (R'million)	260 636	251 549	3.6%	256 702
Customer accounts (deposits) (R'million)	331 672	309 964	7.0%	321 823
Loans and advances to customers as a % of customer deposits	76.1%	78.6%		77.4%
Cash and near cash balances (R'million)	110 827	102 620	8.0%	116 533
Funds under management (R'million)	955 655	939 880	1.7%	896 237
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	9.1x	9.4x		9.3x

Key asset quality and capital ratios	30 Sept 2018	1 April 2018
Capital adequacy ratio	14.7%	14.5%
Tier 1 ratio	11.1%	10.8%
Common equity tier 1 ratio	10.3%	10.0%
Leverage ratio – current	7.5%	7.4%
Leverage ratio – 'fully loaded'	7.1%	6.9%
Stage 3 exposure as a % of gross core loans and advances to customers subject to ECL	1.5%	1.1%
Stage 3 exposure net of ECL as a % of net core loans and advances to customers subject to ECL	0.8%	0.7%
Credit loss ratio [#]	0.30%*	0.28%**

* Annualised.

** As at 31 March 2018.

[#] Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL.

Financial performance

Investec Limited reported a 1.3% decrease in headline earnings attributable to shareholders to R2 583 million for the six months ended 30 September 2018 (2017: R2 617 million). Investec Limited has sound capital and liquidity buffers.

Further detail on Investec Limited's results can be found on Investec's website at www.investec.com

Capital adequacy

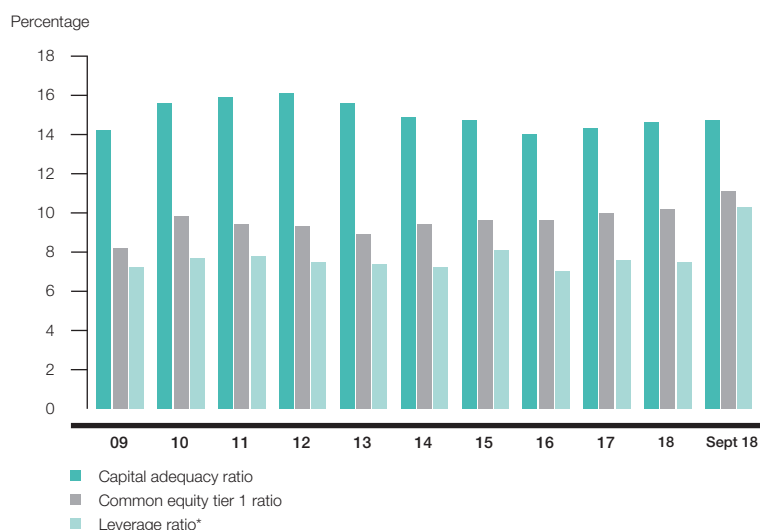
14.7%

Investec Limited holds capital in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised. As at 30 September 2018, the capital adequacy ratio of Investec Limited was 14.7% and the common equity tier 1 ratio was 10.3%.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets.

This bank is on track to implement the Foundation Internal Ratings-Based Approach, subject to regulatory approval, as an intermediate step to implementing the Advanced Internal Ratings-Based Approach. This will have a positive impact on capital ratios.

Basel capital ratios – standardised approach



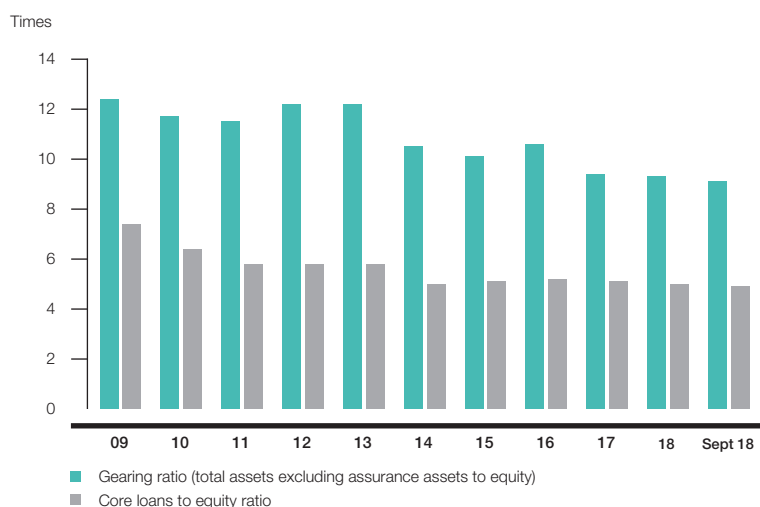
* The leverage ratio has only been disclosed since 2014. Historic information has been estimated.

Gearing

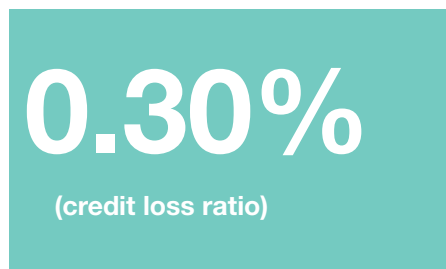
9.1x

Investec Limited is not a highly geared bank. A number of banks that have come into difficulty in the past have been in excess of 40 times geared. Investec Limited's comparative ratio would be 9.1 times.

Gearing ratio



Asset quality and exposures

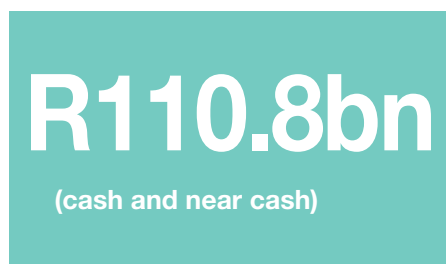


The bulk of Investec Limited's credit and counterparty risk arises through its private client and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid- to large-sized corporates, public sector bodies and institutions.

The total ECL impairments charges amounted to R378 million for the six months ended 30 September 2018 (2017: R373 million). The annualised credit loss ratio was 0.30% at 30 September 2018 (31 March 2018: 0.28%).

Stage 3 exposures net of ECL at 30 September 2018 amounted to R2 172 million (1 April 2018: R1 745 million). Stage 3 exposure net of ECL as a percentage of net core loans and advances to customers subject to ECL as at 30 September 2018 amounted to 0.8% (1 April 2018: 0.7%).

Liquidity and funding

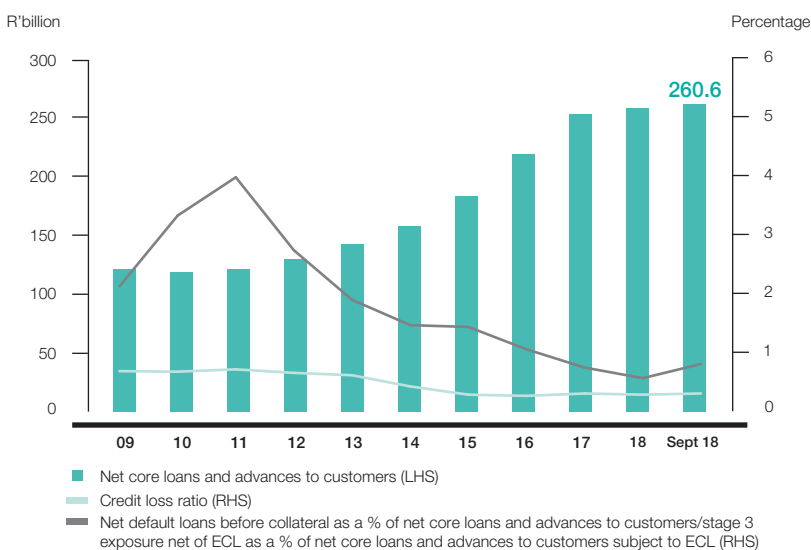


Investec Limited has a liquidity management philosophy that has been in place for many years. The bank continues to focus on maintaining a stock of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%.

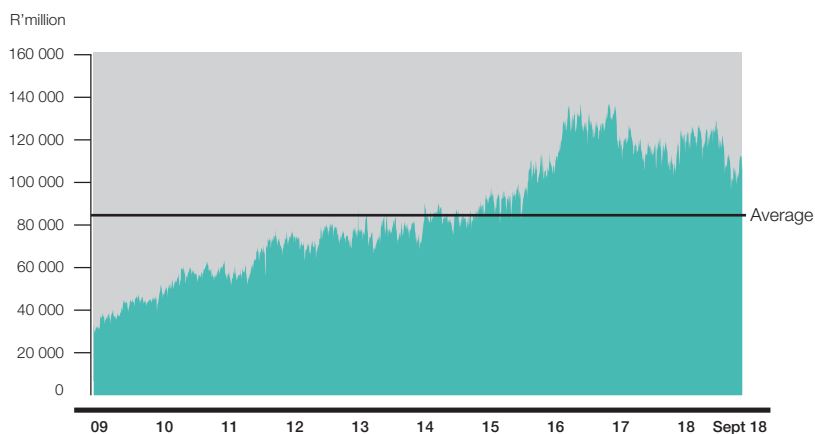
As at 30 September 2018 the bank had R110.8 billion of cash and near cash to support its activities, representing 33.4% of customer deposits. Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. Investec Limited targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits have increased by 3.1% since 31 March 2018 to R331.7 billion at 30 September 2018. Investec Limited's loans and advances to customers as a percentage of customer deposits as at 30 September 2018 was 76.1% (31 March 2018: 77.4%).

There are no deposit guarantees in South Africa.

Core loans and asset quality



Cash and near cash trend



Our corporate responsibility philosophy

Guided by our purpose to create sustained long-term wealth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education, and leveraging the value in our diversity. We recognise the challenges that climate change presents to the global economy and we will consider supporting any meaningful activity that either reduces the negative impact on or prolongs the life of our planet.

We care about our People

Attracting and developing a strong, diverse and capable workforce.

3.9%

% spend on learning and development as a % of staff costs for Investec Limited
March 2018 (2017: 3.8%)

Recognition

- Voted third most attractive employer in South Africa through the Universum 2018 survey
- Investec received a Level 1 BEE rating under the revised financial sector code.

We care about our Communities

Unselfishly contributing to our communities through education and entrepreneurship.

1.3%

% CSI spend as a % of operating profit for Investec Limited
March 2018 (2017: 1.4%)

Recognition

- R164.8 million spent on Promaths since inception
- Finalist in the Thomson Reuters 2018 Southern Africa Excellence Awards in the Most Impactful Business: Doing Good and Doing Well Award category.

We care about our Environment

Having a positive environmental impact through our operations and business activities.

6.9%

% reduction in carbon emissions for Investec Limited
March 2018 (2017: 6.7%)

Recognition

- R4.1 million spent on BirdLife SA since inception
- Over R18 million spent on Rhino Lifeline since inception, of which over 67% spent on educating communities.

External recognition and memberships

	2018	2017	2016
Carbon Disclosure Project (CDP) (Investec is a member and Investec Asset Management is a signatory Investor)	B	A-	A-
Dow Jones Sustainability Investment Index (score out of 100)	73	69	69
ECPI Index	Constituent	n/a	n/a
FTSE4Good	Included	Included	Included
JSE Limited Socially Responsible Investment Index	Constituent	Constituent	Constituent
MSCI Global Sustainability Index Series Investec plc (Intangible value assessment (IVA) rating)	AAA	AAA	AAA
STOXX Global ESG Leaders indices	Member	Member	Member
United Nations Global Compact	Participant	Active	Active
United Nations Principles for Responsible Investment (UNPRI)	Signatory	Signatory	Signatory



Credit ratings

Investec Limited's and its main banking subsidiary, Investec Bank Limited's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poors and Global ratings are in line with their larger domestic peers and are listed below:

Investec Limited	Fitch
Foreign currency long-term rating	BB+
Foreign currency short-term rating	B

Investec Bank Limited	Fitch	Moody's	Standard & Poors	Global ratings
National long-term rating	AA(zaf)	Aa1.za	za.AA+	AA(za)
National short-term rating	F1+(zaf)	P-1.za	za.A-1+	A1+(za)

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