

— OUT OF THE ORDINARY

Built on strong foundations

Investec Bank Limited

Q & A fact sheet
November 2021



OVERVIEW OF INVESTEC AND INVESTEC BANK LIMITED

Investec partners with private, institutional and corporate clients, offering international banking, investments and wealth management services in two principal markets, South Africa and the UK, as well as certain other countries. The group was established in 1974 and currently has approximately 8,200+ employees.

In July 2002, the Investec group implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg.

Investec Limited (housing the Southern African operations) and Investec plc (housing the non-Southern African operations) form a single economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies.

Investec Bank Limited (IBL) is the main banking subsidiary of Investec Limited while Investec Bank (Mauritius) Limited is IBL's main operating subsidiary. IBL is regulated by the South African Prudential Authority.

Key financial statistics

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

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

** Annualised.

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to in the financial information relate to the six months ended 30 September 2020 (1H2021). For the six months ended 30 September 2021 (1H2022), IBL reported an increase in headline earnings attributable to ordinary shareholders of 60.7% to R2 605 million (1H2021: R1 621 million). IBL has sound capital and liquidity buffers.



Further details on IBL's results can be found on Investec's website at www.investec.com

Capital adequacy

19.9%

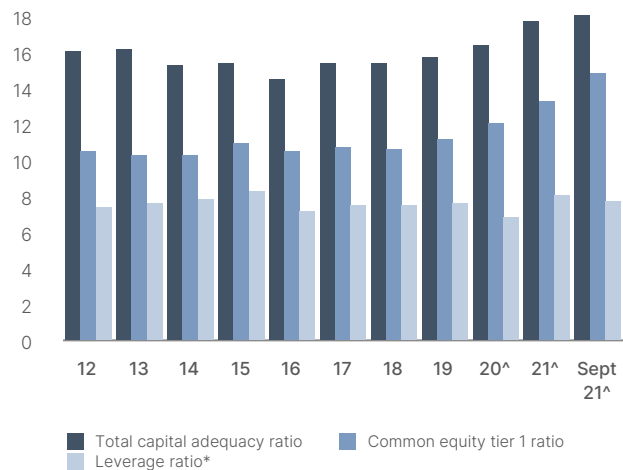
total capital adequacy ratio

IBL holds capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure that it remains well capitalised. As at 30 September 2021, the total capital adequacy ratio of IBL was 19.9% and the common equity tier 1 ratio (CET1) was 14.9%.

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

Basel capital ratios

Percentage



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

^ Sept 21 is on the AIRB approach; FY20 and FY21 are on the FIRB approach; all prior years are on the Standardised approach..

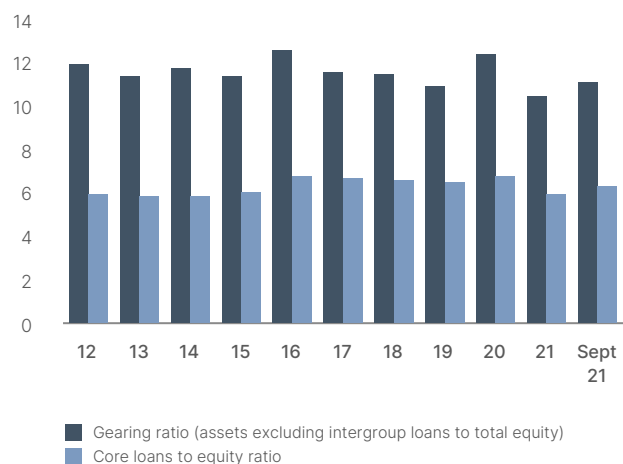
Gearing

11.1x

IBL is not a highly geared bank. A number of banks that have experienced difficulty in the past have been in excess of 40 times geared. IBL's gearing ratio at 30 September 2021 was 11.1x.

Gearing ratio

Times



FINANCIAL INFORMATION
CONTINUED

Asset quality and exposures

0.04%

annualised credit loss ratio

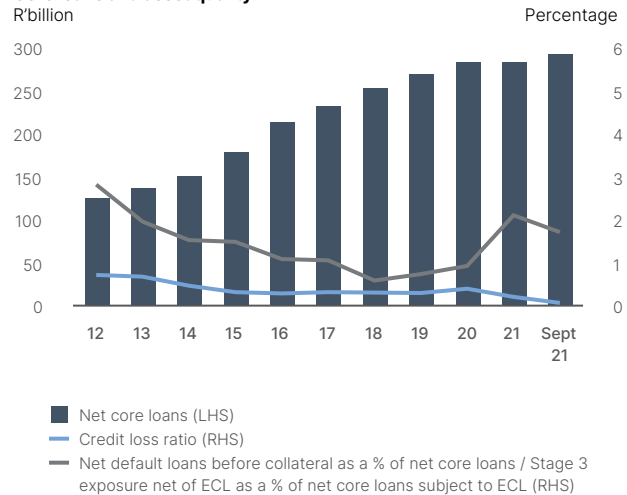
The bulk of IBL's credit and counterparty risk arises through its private and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid-to large-sized corporates, public sector bodies and institutions.

The total ECL impairment charges amounted to R81 million for the six months ended 30 September 2021 (2020: R532 million). The annualised credit loss ratio was 0.04% (2020: 0.36%).

Stage 3 exposures net of ECL at 30 September 2021 amounted to R4 922 million (31 March 2021: R5 855 million).

Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2021 amounted to 1.7% (31 March 2021: 2.1%).

Core loans and asset quality

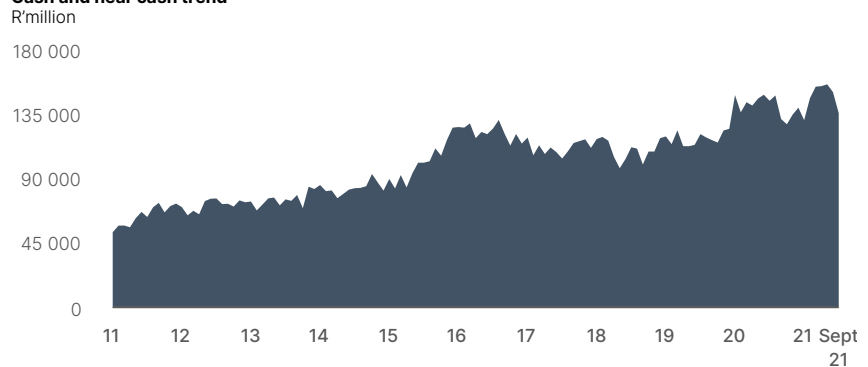


Liquidity and funding

R134.6 billion

cash and near cash

Cash and near cash trend



IBL 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 2021, the bank had R134.6 billion of cash and near cash to support its activities, representing 33.7% 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. IBL targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency.


Customer deposits increased by 6.6% to R399.0 billion at 30 September 2021 (31 March 2021: R374.4 billion). The bank's loan to customer deposit ratio was 71.6% as at 30 September 2021 (31 March 2021: 73.5%).

There are no deposit guarantees in South Africa.





SUSTAINABILITY

Sustainability highlights

Ensuring that we do no harm, contribute positively, lend and invest responsibly and maintain our competitive ESG position

Governance	Sustainable finance	Positioning
<ul style="list-style-type: none"> Created a framework linking executive directors' remuneration to ESG KPIs Deepened our ESG skills on the group board with the addition of two new non-executive directors, Nicky Newton-King and Jasandra Nyker 	<ul style="list-style-type: none"> Investec Property Fund launched first REIT sustainability-linked ESG bond in Africa \$30.6 million raised by Investec Wealth & Investment at 30 September 2021 through the launch of a Global Sustainable Equity Fund 	<ul style="list-style-type: none"> Received a low-risk rating from Sustainalytics (16.6) Aligned to the UN SDGs: Obtained 5-star rating from Support the Goals 

Consistently well-positioned in international ESG rankings and ratings

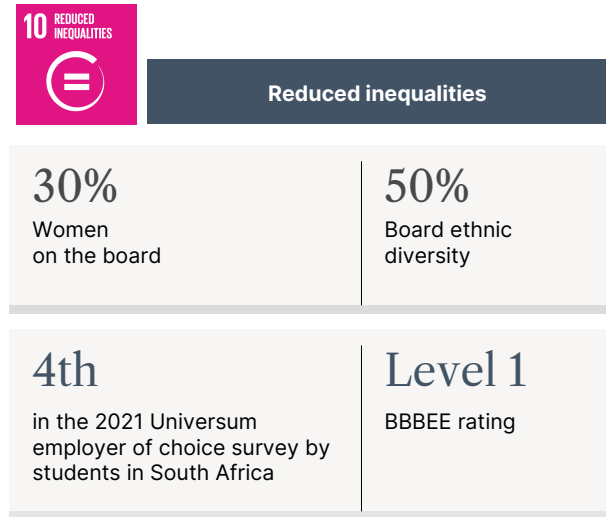
			
Top 15% in the global diversified financial services sector (inclusion since 2006)	Top 16% of globally-assessed companies in the Global Sustainability Leaders Index	Top 2% in the financial services sector in the MSCI Global Sustainability Index	Score B against an industry average of B (formerly Carbon Disclosure Project)

			
Top 20% of the ISS ESG global universe Top 14% of diversified financial services	1 of 43 banks and financial services in the Global ESG Leaders Index (total of 439 components)	Included in the FTSE UK 100 ESG Select Index (out of 641) Included in the FTSE4Good Index	Ranked 55 (out of 5 500) and 9th in the social category

SUSTAINABILITY

Addressing climate change and reducing inequalities

Through our focus on the UN Sustainable Development Goals



Providing profitable, impactful and sustainable products and services and innovative sustainability offerings

Some examples are shown below



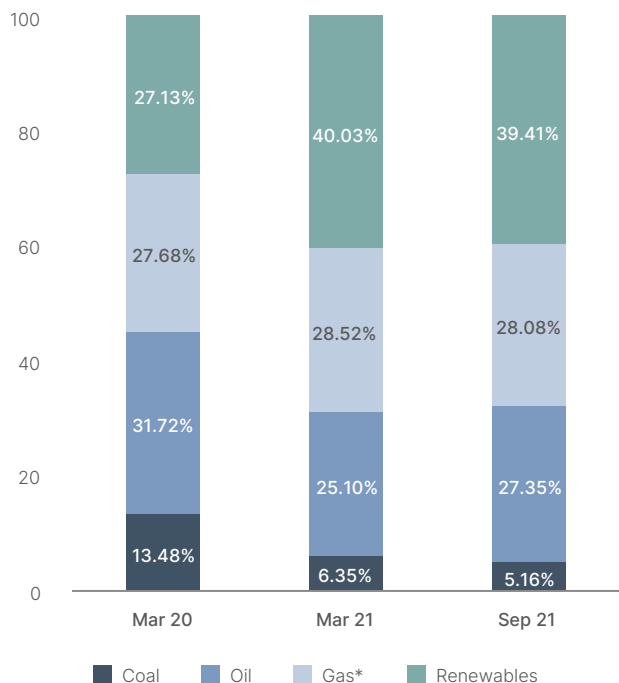
Minimal exposure to coal

0.17% Coal as a percentage of loans and advances
(31 March 2021: 0.20%)

5.16% Coal as a percentage of energy lending
(31 March 2021: 6.35%)

Breakdown of our energy lending portfolio

Percentage



CREDIT RATINGS

IBL's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poors and GCR are in line with its larger domestic peers and are listed below:

	Fitch	Moody's	Standard & Poors	GCR
Investec Bank Limited				
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)
Foreign currency long-term rating	BB-	Ba2	BB-	–
Foreign currency short-term rating	B	NP	B	–
International scale, local currency long-term rating	–	–	–	BB

FOR FURTHER INFORMATION:

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