

Possibilities and opportunities

Investec Bank Limited

Q & A fact sheet



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 8,500+ 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 2022	30 Sept 2021	% change	31 March 2022
Total operating income before expected credit loss impairment charges (R'million)	7 987	6 936	15.2%	14 304
Operating costs (R'million)	3 820	3 395	12.5%	7 048
Operating profit before goodwill and acquired intangibles (R'million)	4 145	3 460	19.8%	7 247
Headline earnings attributable to ordinary shareholders (R'million)	3 149	2 605	20.9%	5 260
Cost to income ratio	47.8%	48.9%		49.3%
Total capital resources (including subordinated liabilities) (R'million)	56 252	58 037	(3.1%)	55 973
Total equity (R'million)	48 590	45 941	5.8%	46 840
Total assets (R'million)	569 775	532 006 [^]	7.1%	555 237 [^]
Net core loans and advances (R'million)	310 355	293 345	5.8%	294 757
Customer accounts (deposits) (R'million)	434 688	399 038	8.9%	420 072
Loans and advances to customers as a % of customer accounts (deposits)	70.1%	71.6%		68.4%
Cash and near cash balances (R'million)	149 216	134 592	10.9%	159 454
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.1x	11.1x		11.4x
Total capital ratio	19.5%	19.9%		20.0%
Tier 1 ratio	16.7%	15.6%		16.6%
Common equity tier 1 ratio	15.9%	14.9%		15.8%
Leverage ratio	7.8%	7.8%		7.9%
Stage 3 as a % of gross core loans subject to ECL	2.2%	2.1%		1.8%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.7%	1.7%		1.4%
Credit loss ratio	(0.01)%**	0.04%**		0.0%
Net Stable Funding Ratio % (NSFR)	115.6%	110.6%		112.6%
Liquidity Coverage Ratio % (LCR)*	157.7%	158.0%		138.9%

[^] Restated

* 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 2021 (1H2022). For the six months ended 30 September 2022 (1H2023), IBL reported an increase in headline earnings attributable to ordinary shareholders of 20.9% to R3 149 million (1H2022: R2 605 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

19.5%

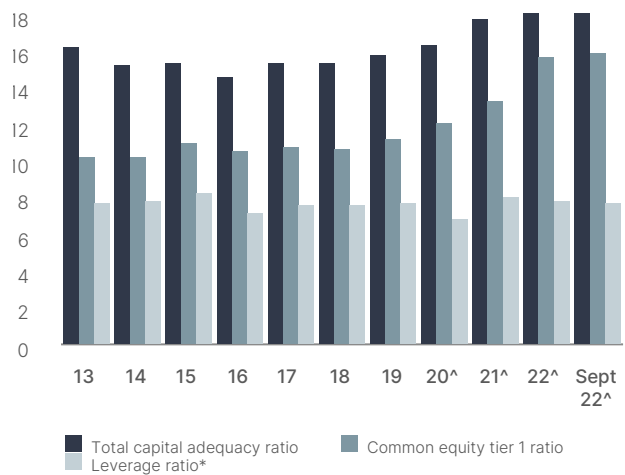
Total capital adequacy ratio

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 2022, the total capital adequacy ratio of IBL was 19.5% and the common equity tier 1 ratio (CET1) was 15.9%.

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 have made progress in our application to adopt AIRB on remaining models where capital is still measured on FIRB. On full AIRB adoption, the CET1 ratio at 30 September 2022 would on a pro forma basis increase by 200bps.

Basel capital ratios

Percentage



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

^ FY22 is based on increased AIRB scope; FY20 and FY21 are on the FIRB approach; all prior years are on the Standardised approach.

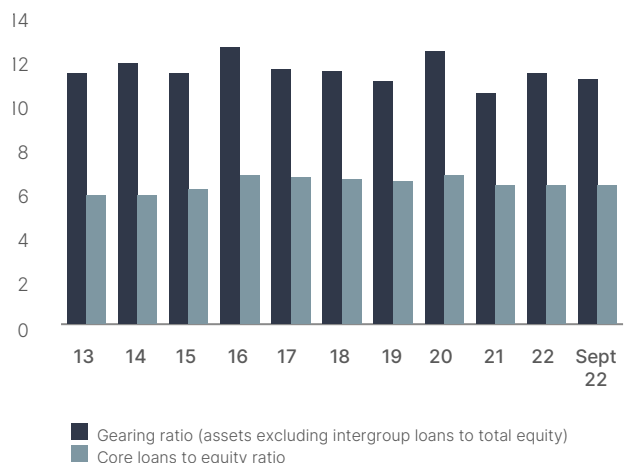
Gearing

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 2022 was 11.1x.

Gearing ratio

Times



Note: All information presented in the graphs are as at 31 March (the Group's financial year end) unless otherwise stated.

FINANCIAL INFORMATION
CONTINUED

Asset quality and exposures

(0.01)%

annualised credit loss ratio

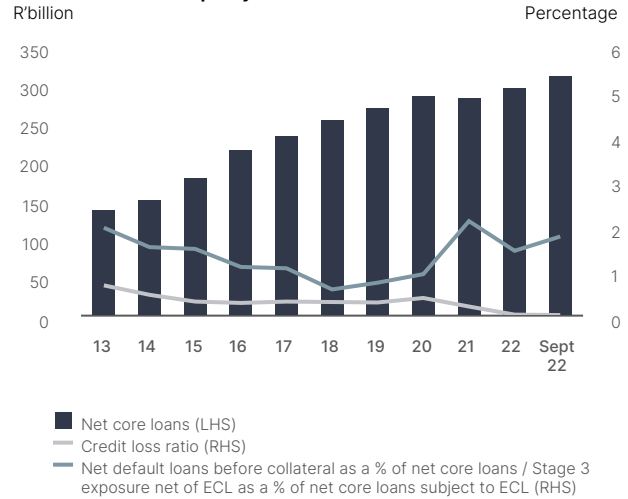
The bulk of IBL’s credit and counterparty risk arises through its private and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid-to large-sized corporates, public sector bodies and institutions.

The total ECL impairment charges amounted to R22 million for the six months ended 30 September 2022 (2021: R81 million). The annualised credit loss ratio was (0.01%) (2021: 0.00%).

Stage 3 exposures net of ECL at 30 September 2022 amounted to R5 362 million (31 March 2022: R4 161 million).

Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2022 amounted to 1.7% (31 March 2022: 1.4%).

Core loans and asset quality

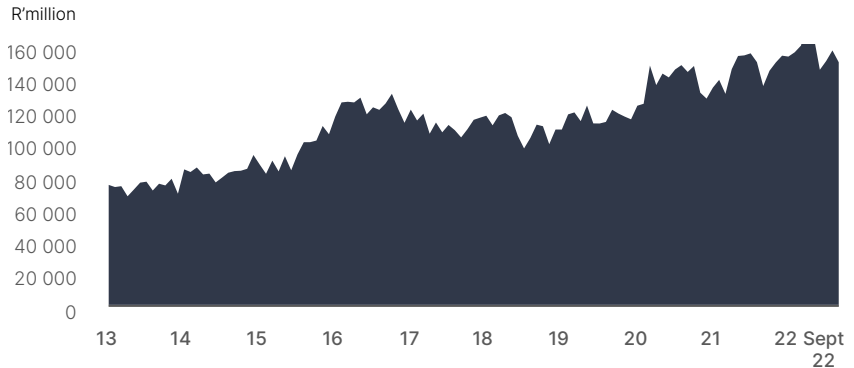


Liquidity and funding

R149.2 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 2022, the bank had R149.2 billion of cash and near cash to support its activities. 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 3.5% to R434.7 billion at 30 September 2022 (31 March 2022: R420.1 billion). The bank’s loan to customer deposit ratio was 70.1% as at 30 September 2022 (31 March 2022: 68.4%).

There are no deposit guarantees in South Africa.

Note: All information presented in the graphs are as at 31 March (the Group’s financial year end) unless otherwise stated.

SUSTAINABILITY
CONTINUED

Sustainability highlights

Operate responsibly, finance and invest for a sustainable future and maintain our competitive ESG position

Progress made on our impact SDGs

Net-zero commitments



- **1.6mn tCO₂e Scope 3 financed emissions** established as a baseline covering 68% of our loans and investments
- Participated in the **Transition Finance for Africa Roundtable**
- **Coal** as a % of loans and advances is 0.14% (Mar-22: 0.15%)
- **Fossil fuels** as a % of loans and advances is 2.06% (Mar-22: 1.92%)

Equality commitments



- **67% ethnicity** and **22% women** on our IBL Board
- **R264mn procurement** from black women-owned suppliers in SA
- **5th** in the 2022 Universum employer of choice survey by students in South Africa

Sustainable finance

Specialist Banking

- **Ranked 7th** in the Sustainable Banking Revenues Ranking in the Corporate Knights The Banker survey, 2022
- Implemented a project to calculate the amount of our **sustainable finance lending and investments** and understand the impact on our priority SDGs

Wealth & Investment

- Signatory to **Climate Action 100+**
- **Raised \$114.6mn** through the launch of two managed charity portfolios in SA
- **Ranked 1st** for Best Private Bank and Wealth Manager in Africa for philanthropy services, 2022 by the Financial Times of London

Consistently well-positioned in international ESG rankings and ratings

Sustainability Yearbook
Member 2021
S&P Global



MSCI
ESG RATINGS
AAA
ccc | B | BB | BBB | A | AA | AAA



Top 2%
in the global diversified financial services sector (inclusion since 2006)

Top 14%
of globally-assessed companies in the Global Sustainability Leaders Index

Top 1%
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

Top 30
in the FTSE/JSE Responsible Investment Index

CREDIT RATINGS

IBL's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poor's 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-	BB
Foreign currency short-term rating	B	NP	B	B
Outlook	Stable	Stable	Positive	Stable

FOR FURTHER INFORMATION:

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