

Possibilities and opportunities

Investec Bank plc

Q & A fact sheet



OVERVIEW OF INVESTEC AND INVESTEC BANK PLC

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 plc is a FTSE 250 company.

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.

Investec Bank plc (IBP) is the main banking subsidiary of Investec plc and also houses the Wealth & Investment business, which is one of the largest private client wealth managers in the UK, with £40.5 billion funds under management as at 30 September 2022. It generates substantial capital light non-banking income for IBP. IBP is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority and is a member of the London Stock Exchange.

Key financial statistics

	30 Sept 2022	30 Sept 2021	% change	31 March 2022
Total operating income before expected credit loss impairment charges (£'000)	618 626	504 299	22.7%	1 073 332
Operating costs (£'000)	415 805	370 843	12.1%	760 286
Adjusted operating profit (£'000)	174 931	128 473	36.2%	287 683
Earnings attributable to ordinary shareholder (£'000)	127 577	105 365	21.1%	232 881
Cost to income ratio (%)	67.2%	73.5%		70.8%
Total capital resources (including subordinated liabilities) (£'000)	3 371 598	3 209 534	5.0%	3 305 924
Total equity (£'000)	2 663 017	2 447 029	8.8%	2 547 185
Total assets (£'000)	28 995 794	25 071 951	15.7%	27 588 676
Net core loans (£'000)	15 348 588	13 678 812	12.2%	14 423 199
Customer accounts (deposits) (£'000)	19 019 095	17 023 760	11.7%	18 616 233
Loans and advances to customers as a % of customer deposits	80.7%	80.4%		77.5%
Cash and near cash balances (£'mn)	8 463	7 315	15.7%	8 871
Funds under management (£'mn)	40 473	44 704	(9.5%)	44 419
Total gearing ratio (i.e. total assets to equity)	10.9x	10.2x		10.8x
Total capital ratio	17.4%	16.0%		18.2%
Tier 1 ratio	13.1%	13.3%		13.6%
Common Equity Tier 1 ratio	11.6%	11.7%		12.0%
Leverage ratio	8.4%	7.9%		9.3%
Leverage ratio (fully loaded)	8.2%	7.7%		9.1%
Stage 3 exposure as a % of gross core loans subject to ECL	2.0%	2.1%		2.1%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	1.6%	1.6%		1.6%
Credit loss ratio	0.32%	0.10%*		0.17%

*Annualised.

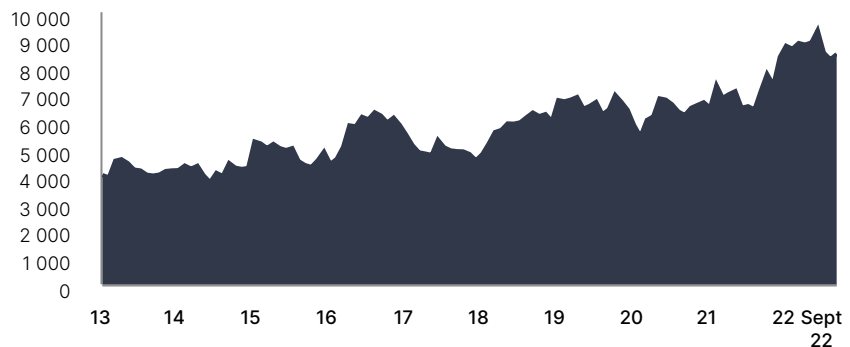
FINANCIAL INFORMATION

Liquidity and funding

£8.5 billion

cash and near cash

Cash and near cash trend
£'million



IBP has a liquidity management philosophy that has been in place for many years. The bank continues to focus on maintaining a high level of readily available high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%. At 30 September 2022, the bank had £8.5 billion of cash and near cash to support its activities, representing approximately 44.5% 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. IBP targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits amounted to £19.0 billion as at 30 September 2022 (31 March 2022: £18.6 billion).

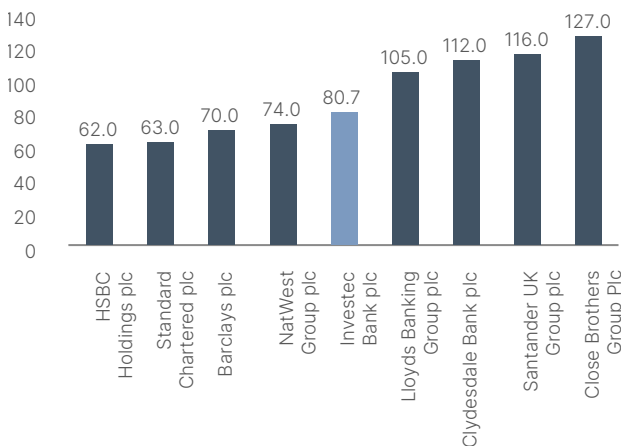
Deposit guarantees

In terms of the Financial Services Compensation Scheme, the UK government guarantees a maximum deposit of £85 000 per individual per institution.

Loan to customer deposit ratio

80.7%

Loan to customer deposit ratio
Percentage



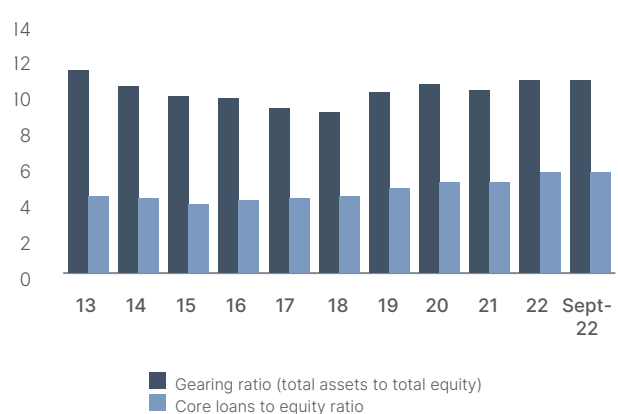
IBP's loan to customer deposit ratio is conservative in comparison to peers and further illustrates IBP's strong liquidity position.

The loan to customer deposit ratio graph is sourced from the latest company interim/annual financial results available as at 17 November 2022 and reflects the balance sheet figures for loans and advances to customers and customer deposits.

Gearing

10.9x

Gearing ratio
Times



IBP is not a highly geared bank. A number of banks that have come into difficulty in the past have been in excess of 40x geared. IBP's comparative ratio would be 10.9x.

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

FINANCIAL INFORMATION

CONTINUED

Capital adequacy

17.4%

total capital ratio

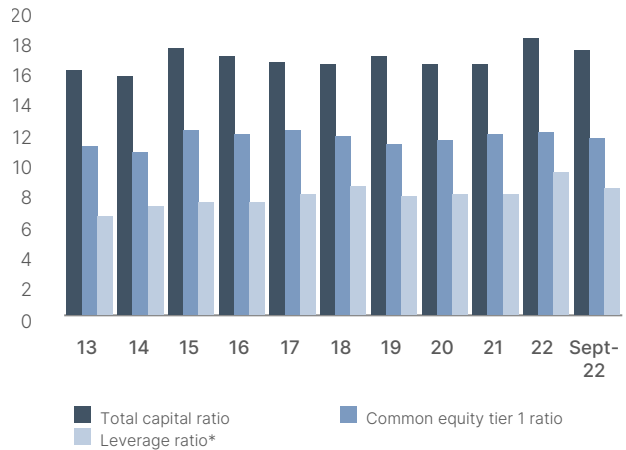
IBP holds capital in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised. The bank has never required shareholder or government support. As at 30 September 2022, the total capital ratio of IBP was 17.4% and the common equity tier 1 ratio was 11.6%.

The bank's anticipated 'fully loaded' Common Equity Tier 1 (CET1) ratio and leverage ratio are 11.4% and 8.2% respectively (where 'fully loaded' assumes full adoption of IFRS 9 and full adoption of all CRD IV rules). These disclosures incorporate the deduction of foreseeable charges and dividends. Excluding this deduction, the CET1 ratio would be 20bps (31 March 2022: 37bps) higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets. IBP is in the early stages of a process to migrate from the Standardised Approach to the Internal Ratings Based (IRB) approach.

Basel capital ratios – standardised approach

Percentage



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

Asset quality and exposures

0.32%

annualised credit loss ratio

The bulk of IBP's credit and counterparty risk arises through its private client and corporate client activities. The bank lends to high net worth individuals, mid to large sized corporates, public sector bodies and institutions. The majority of IBP's credit and counterparty exposures reside within its principal operating geography, namely the UK.

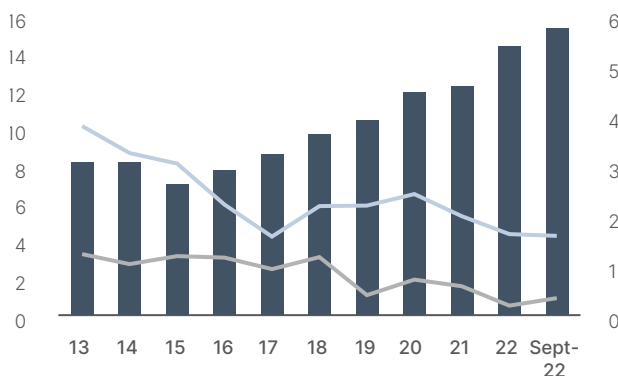
The total ECL impairment charges amounted to £27.9 million for the six months ended 30 September 2022 (30 September 2021: £5 million). The credit loss ratio increased from 0.17% at 31 March 2022 to 0.32% annualised at 30 September 2022.

Stage 3 exposure net of ECL at 30 September 2022 amounted to £231million (31 March 2022: £224million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL at 30 September 2022 amounted to 1.6% (31 March 2022: 1.6%).

Core loans and asset quality

£billion

Percentage



■ Net core loans (LHS)
 — Credit loss ratio (RHS)
 — Net default loans before collateral as a % of net core loans/stage 3 exposure net of ECL as a % of net core loans subject to ECL (RHS)

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

SUSTAINABILITY

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



- **192k tCO₂e Scope 3 financed emissions** established as a baseline covering 68% of our loans and investments
- **Thermal coal** as a % of loans and advances is 0.05% (Mar-22: 0.05%)
- **Fossil fuels** as a % of loans and advances is 1.69% (Mar-22: 2.04%)

Equality commitments



- **36% ethnicity** and **55% women** on our IBP Board
- **1mn meals** in response to the cost of living crisis in the UK
- Became a proud member of the **Business Disability Forum**

Sustainable finance

Specialist Banking

- **Ranked 7th** in the Sustainable Banking Revenues Ranking in the Corporate Knights The Banker survey, 2022
- **Won the Best Specialist ESG Research** in the ESG Investing Awards in the UK, 2022

Wealth & Investment

- **Signatory to Climate Action 100+**
- Joined the **Cambridge Institute of Sustainability Leadership Investment Leaders Group** in the UK
- Investec UK Charities team **ranked 8th** by the Charity Finance Fund Management Survey by size of charitable funds managed

Consistently well-positioned in international ESG rankings and ratings



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)



FTSE4Good

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

Investec Bank plc (IBP)**Moody's**

Long-term deposit rating	A1
Outlook	Stable

Fitch

Long-term Issuer Default rating (IDR)	BBB+
Outlook	Stable

FOR FURTHER INFORMATION:

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