

# Possibilities and opportunities

Investec plc

Q & A fact sheet



## OVERVIEW OF INVESTEC AND INVESTEC 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. Investec plc is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority and is a member of the London Stock Exchange.

## 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 (£'000)	<b>618 234</b>	512 689	20.6%	1 087 969
Operating costs (£'000)	<b>421 540</b>	380 426	10.8%	775 866
Adjusted operating profit (£'000)	<b>168 791</b>	127 413	32.5%	286 944
Earnings attributable to ordinary shareholders (£'000)	<b>124 138</b>	108 425	14.5%	235 854
Cost to income ratio (%)	<b>68.2%</b>	74.2%		71.3%
Total capital resources (including subordinated liabilities) (£'000)	<b>3 328 847</b>	3 375 859	(1.4%)	3 438 905
Total equity (£'000)	<b>2 620 266</b>	2 613 354	0.3%	2 680 166
Total assets (£'000)	<b>29 124 396</b>	25 468 465	14.4%	27 946 313
Net core loans (£'000)	<b>15 348 588</b>	13 692 364	12.1%	14 423 199
Customer accounts (deposits) (£'000)	<b>18 880 502</b>	16 701 989	13.0%	18 293 891
Loans and advances to customers as a % of customer deposits	<b>81.3%</b>	82.0%		78.9%
Cash and near cash balances (£'mn)	<b>8 463</b>	7 315	15.7%	8 871
Funds under management (£'mn)	<b>40 473</b>	44 704	(9.5%)	44 419
Total gearing ratio (i.e. total assets to equity)	<b>11.1x</b>	9.7x		10.4x
Total capital ratio	<b>15.7%</b>	14.6%		16.5%
Tier 1 ratio	<b>12.2%</b>	12.5%		12.8%
Common Equity Tier 1 ratio	<b>10.8%</b>	10.9%		11.4%
Leverage ratio	<b>8.0%</b>	7.7%		9.0%
Leverage ratio (fully loaded)	<b>7.8%</b>	7.3%		8.7%
Stage 3 exposure as a % of gross core loans subject to ECL	<b>2.0%</b>	2.1%		2.1%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	<b>1.6%</b>	1.6%		1.6%
Credit loss ratio	<b>0.32%*</b>	0.09%*		0.17%

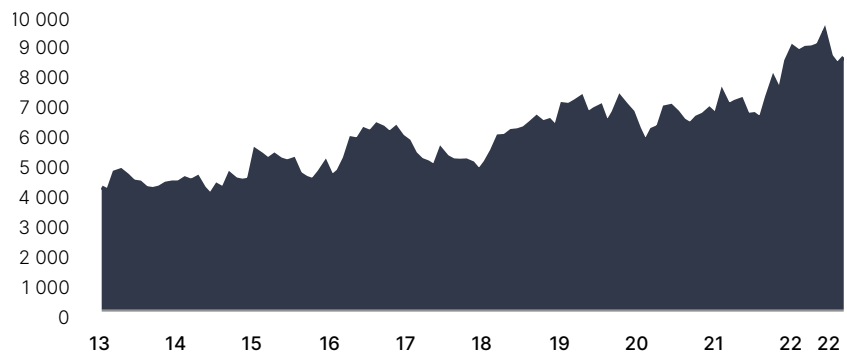
\* Annualised.

## FINANCIAL INFORMATION

## Liquidity and funding

# £8.5 billion

cash and near cash

Cash and near cash trend  
£'million

Investec plc 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, Investec plc had £8.5 billion of cash and near cash to support its activities, representing approximately 44.8% of customer deposits.

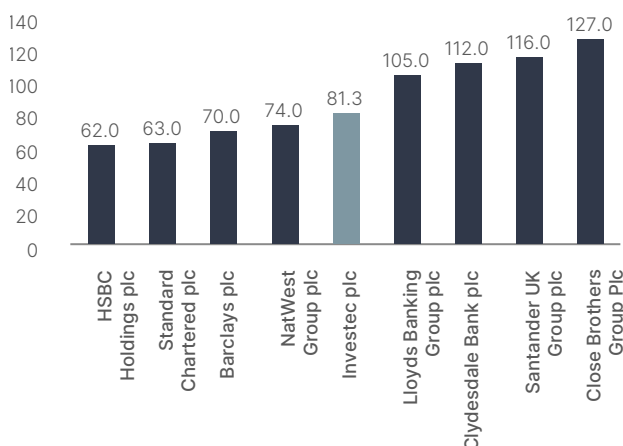
Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. Investec plc targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits amounted to £18.9 billion as at 30 September 2022 (31 March 2022: £18.3 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

# 81.3%

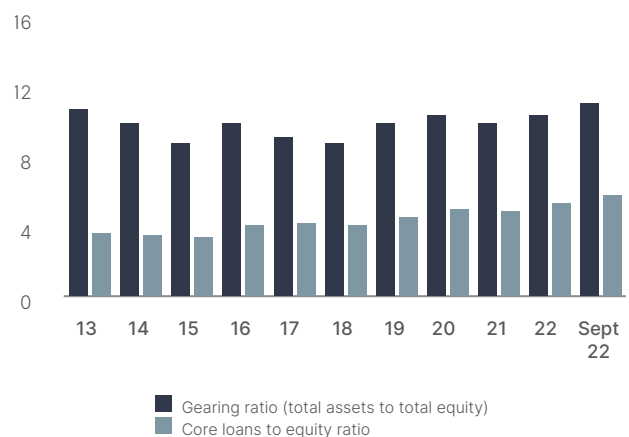
Loan to customer deposit ratio  
Percentage

Investec plc's loan to customer deposit ratio is conservative in comparison to peers and further illustrates Investec plc'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

# 11.1x

Gearing ratio  
Times

Investec plc 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. Investec plc's comparative ratio would be 11.1x.

**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

# 15.7%

total capital ratio

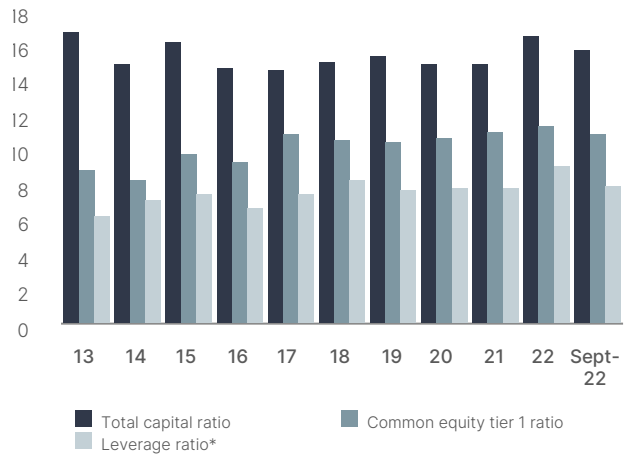
Investec plc holds capital in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised. The bank has never required shareholder or government support. As at 30 September 2022, the total capital ratio of Investec plc was 15.7% and the common equity tier 1 ratio was 10.8%.

The bank's anticipated 'fully loaded' Basel III common equity tier 1 ratio and leverage ratio are 10.6% and 7.8%, 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 as required by the regulations. Excluding this deduction, the common equity tier 1 ratio would be 24bps (31 March 2022: 28bps higher).

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets. Investec plc 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 Investec plc'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 Investec plc's credit and counterparty exposures reside within its principal operating geography, namely the UK.

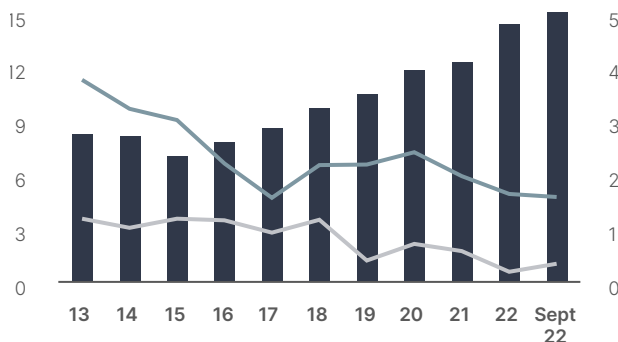
The total ECL impairment charges amounted to £27.9 million for the six months ended 30 September 2022 (30 September 2021: £4.9million). The credit loss ratio increased from 0.17% at 31 March 2022 to 0.32% annualised at 30 September 2022.

Stage 3 exposure net of ECL at 30 September 2022 amounted to £231 million (31 March 2022: £224 million). 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 tCO<sub>2</sub>e 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



- **43% ethnicity** and **36% women** on our Group 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 for 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

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)

**ISS ESG**

**STOXX** | QONTIGO

**FTSE4Good**

**JSE**

**FTSE Russell**

**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

**Investec plc (holding company)****Moody's**

Long-term Issuer and senior unsecured rating	Baa1
Outlook	Stable

**Investec Bank plc (main banking subsidiary)****Moody's**

Long-term deposit rating	A1
Outlook	Stable

**Fitch**

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

## FOR FURTHER INFORMATION:

Investor Relations  
 Tel: (27) 11 286 7070/(44) 20 7597 5546  
 e-mail: investorrelations@investec.com  
 Website: www.investec.com  
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