

# Possibilities and opportunities

Investec Limited

Q & A fact sheet



## OVERVIEW OF INVESTEC AND INVESTEC 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. Investec Limited also has a 47.4% interest in the IEP Group (Proprietary) Limited. 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)	<b>9 996</b>	8 528	17.2%	17 907
Operating costs (R'million)	<b>4 868</b>	4 349	11.9%	9 282
Operating profit before goodwill and acquired intangibles (R'million)	<b>5 089</b>	4 071	25.0%	8 562
Headline earnings attributable to ordinary shareholders (R'million)	<b>3 889</b>	2 498	55.7%	5 373
Cost to income ratio	<b>51.6%</b>	53.1%		54.3%
Total capital resources (including subordinated liabilities) (R'million)	<b>70 990</b>	76 638	(7.4)%	73 251
Total equity (R'million)	<b>61 315</b>	62 958	(2.6)%	62 529
Total assets (R'million)	<b>610 053</b>	571 452 <sup>^</sup>	6.8%	600 495 <sup>^</sup>
Net core loans (R'million)	<b>313 749</b>	297 193	5.6%	298 411
Customer accounts (deposits) (R'million)	<b>434 605</b>	398 936	8.9%	419 948
Loans and advances to customers as a % of customer accounts (deposits)	<b>70.9%</b>	72.6%		69.3%
Cash and near cash balances (R'million)	<b>149 216</b>	134 592	10.9%	159 454
Funds under management (R'million)	<b>371 139</b>	301 431	23.1%	340 618
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	<b>9.9x</b>	9.1x		9.6x
Total capital adequacy ratio	<b>18.0%</b>	17.7%		17.5%
Tier 1 ratio	<b>15.0%</b>	14.8%		15.0%
Common equity tier 1 ratio	<b>14.1%</b>	13.9%		14.0%
Leverage ratio	<b>7.1%</b>	7.6%		7.4%
Stage 3 as a % of gross core loans subject to ECL	<b>2.3%</b>	1.3%		1.9%
Stage 3 net of ECL as a % of net core loans subject to ECL	<b>1.8%</b>	0.8%		1.5%
Credit loss ratio	<b>(0.01)%**</b>	0.04%**		0.00%
Net Stable Funding Ratio % (NSFR)	<b>115.6%</b>	110.6%		112.6%
Liquidity Coverage Ratio % (LCR)*	<b>157.7%</b>	158.0%		138.9%


<sup>^</sup> 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 below relate to the six month period ended 30 September 2021 (1H2022). For the six month period ended 30 September 2022, Investec Limited reported an increase in headline earnings attributable to ordinary shareholders of 55.7% to R3 889 million (1H2022: R2 498 million). Investec Limited has sound capital and liquidity buffers.

 Further details on Investec Limited's results can be found on Investec's website at [www.investec.com](http://www.investec.com)

## Capital adequacy

# 18.0%

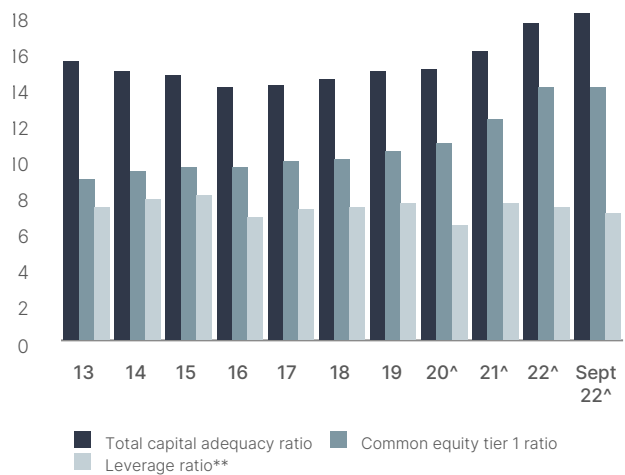
Total capital adequacy ratio

Investec Limited 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 Investec Limited was 18.0% and the common equity tier 1 (CET1) ratio was 14.1%.\*

Investec Limited made progress in the application to adopt the Advanced Internal Ratings Based (AIRB) approach for the measurement of capital on certain portfolios currently on the Foundation Internal Ratings Based (FIRB) approach.

## Basel capital ratios

Percentage



\* On full adoption of the advanced internal ratings based (AIRB) approach, Investec Limited's CET1 ratio at 30 September 2022 would on pro-forma basis increase by 200bps.

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

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

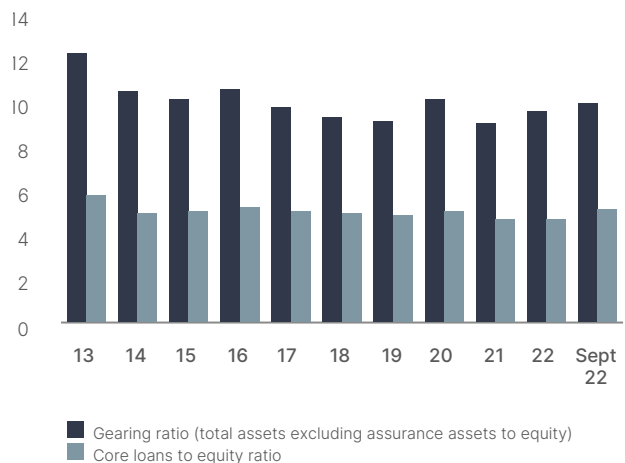
## Gearing

# 9.9x

Investec Limited is not highly geared. A number of bank holding companies that have experienced difficulty in the past were in excess of 40 times geared. Investec Limited's gearing ratio at 30 September 2022 was 9.9x.

## 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)%

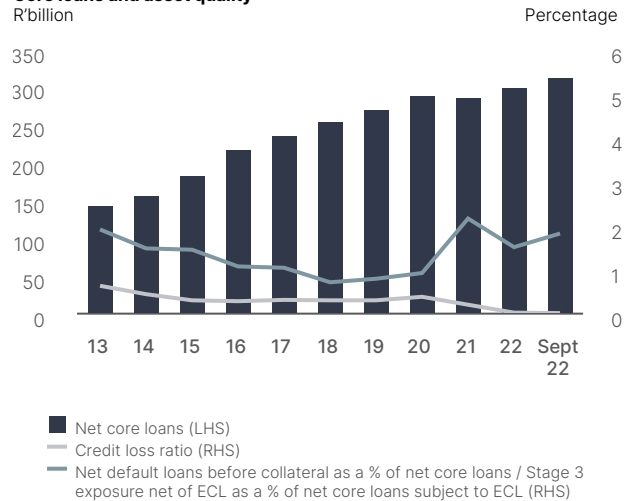
annualised credit loss ratio

The bulk of Investec Limited'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 R39 million for the six months ended 30 September 2022 (2021: R108 million). The annualised credit loss ratio was (0.01%) at 30 September 2022 (2021: 0.00%).

Stage 3 exposures net of ECL at 30 September 2022 amounted to R5 614 million (31 March 2022: R4 419 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2022 amounted to 1.8% (31 March 2022: 1.5%).

#### Core loans and asset quality

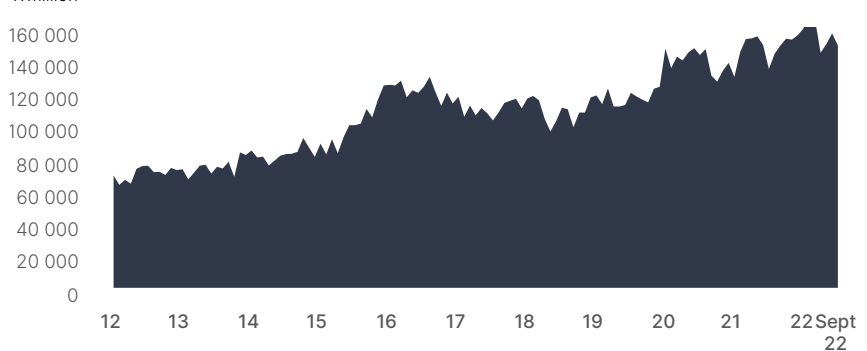


### Liquidity and funding

# R149.2 billion

Cash and near cash

#### Cash and near cash trend



Investec Limited has a liquidity management philosophy that has been in place for many years. The bank holding company 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. 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 3.5% since 31 March 2022 to R434.6 billion at 30 September 2022 (31 March 2022: R419.9 billion). The bank's loan to customer deposit ratio was 70.9% as at 30 September 2022 (31 March 2022: 69.3%).

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

# 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 tCO<sub>2</sub>e Scope 3 financed emissions** established as a baseline covering 69% 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



- **43% ethnicity** and **36% women** on our Group Board
- **R461mn procurement** from black women-owned suppliers in SA
- **5th** in the 2022 Unversum 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



**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

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

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>GCR</b>
<b>Investec Limited</b>				
National long-term rating	AA+(zaf)			
National short-term rating	F1+(zaf)			
Foreign currency long-term rating	BB-			
Foreign currency short-term rating	B			
Outlook	Stable			
<b>Investec Bank Limited</b>				
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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