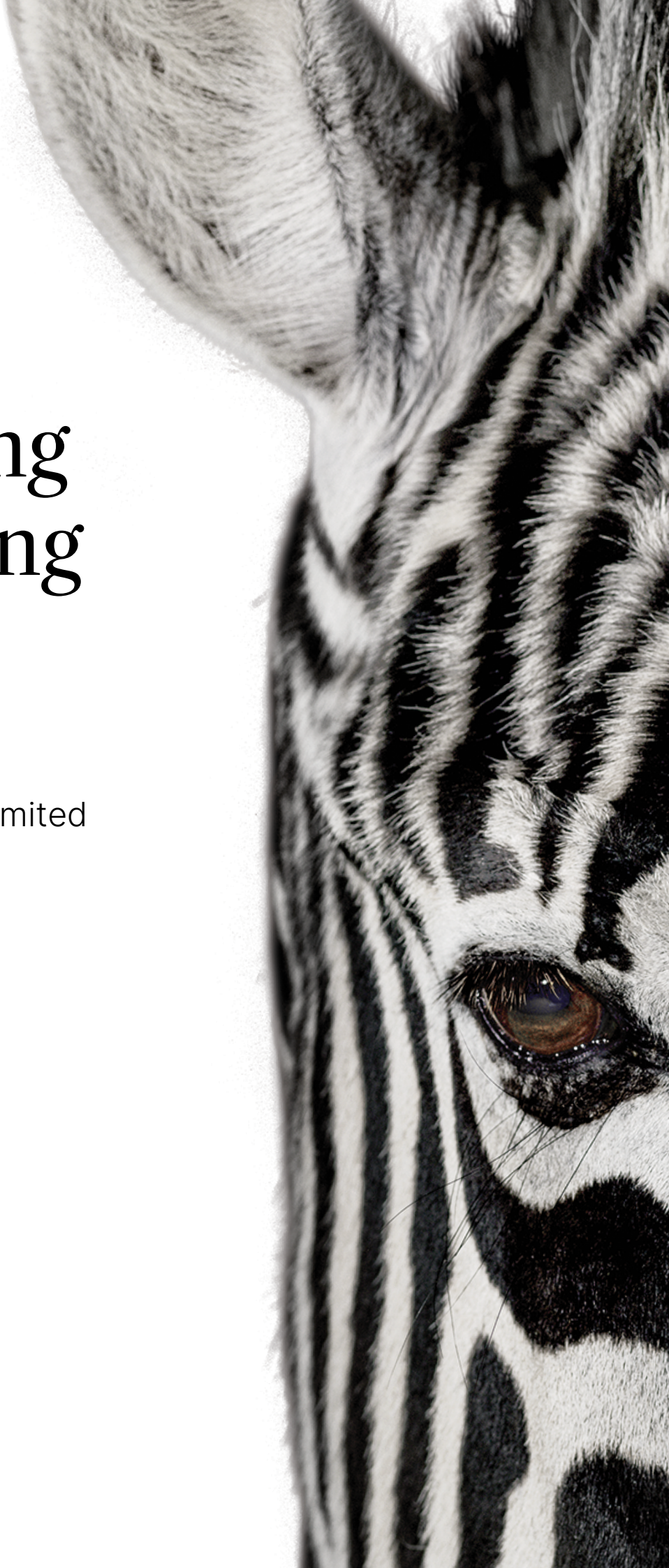


— OUT OF THE ORDINARY

# Creating enduring worth

Investec Bank Limited

Q & A fact sheet  
November 2023



## 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. In the UK, wealth management services are offered through our strategic long-term partnership with Rathbones. The group was established in 1974 and currently has approximately 7 400+ 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 2023	30 Sept 2022 <sup>^</sup>	% change	31 March 2023
Total operating income before expected credit loss impairment charges (R'million)	9 365	7 936	18.0 %	16 908
Operating costs (R'million)	4 301	3 769	14.1 %	7 980
Operating profit before goodwill and acquired intangibles (R'million)	4 897	4 145	18.1 %	8 639
Headline earnings attributable to ordinary shareholders (R'million)	3 874	3 149	23.0 %	6 537
Cost to income ratio	45.9%	47.5%		47.2%
Total capital resources (including subordinated liabilities) (R'million)	55 822	56 548	(1.3)%	54 526
Total equity (R'million)	47 869	48 886	(2.1)%	46 778
Total assets (R'million)	625 818	569 247	9.9 %	597 226
Net core loans and advances (R'million)	336 074	315 026	6.7 %	322 580
Customer accounts (deposits) (R'million)	460 358	434 688	5.9 %	448 718
Loans and advances to customers as a % of customer accounts (deposits)	71.6%	71.2%		70.6%
Cash and near cash balances (R'million)	177 700	149 216	19.1 %	171 400
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	12.2x	11.0x		12.0x
Total capital ratio	20.3%	19.5%		21.2%
Tier 1 ratio	17.3%	16.7%		18.2%
Common Equity Tier 1 ratio	16.3%	15.9%		17.1%
Leverage ratio	6.8%	7.8%		7.2%
Stage 3 as a % of gross core loans subject to ECL	3.8%	2.2%		2.7%
Stage 3 net of ECL as a % of net core loans subject to ECL	3.2%	1.7%		2.1%
Credit loss ratio	0.08%*	0.01%*		0.09%
Net Stable Funding Ratio % (NSFR)	113.4%	115.6%		112.6%
Liquidity Coverage Ratio % (LCR)	182.9%	157.7%		138.9%

<sup>^</sup> Restated

\* Annualised

## FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to in the financial information relate to the six months ended 30 September 2022 (1H2023). For the financial six months ended 30 September 2023 (1H2024), IBL reported an increase in headline earnings attributable to ordinary shareholders of 23.0% to R 3 874 million (1H2023: R3 149 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](http://www.investec.com)

## Capital adequacy

# 20.3%

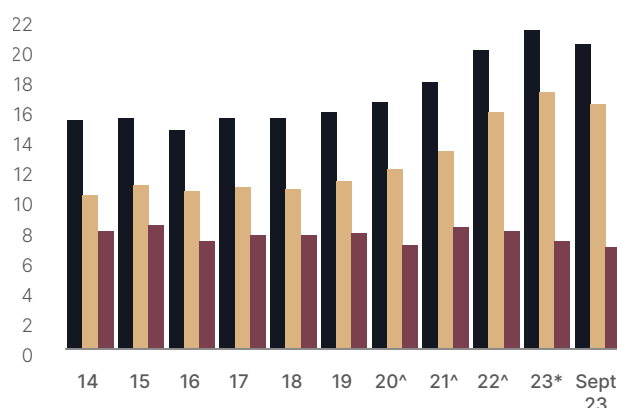
Total capital adequacy ratio

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 2023, the total capital adequacy ratio of IBL was 20.3% and the common equity tier 1 ratio (CET1) was 16.3%.

From 31 January 2023 Investec Limited received approval to adopt the AIRB approach for measurement of capital on the Income Producing Real Estate portfolio (IPRE). Investec Limited also migrated the High Value Commercial Real Estate (HVCRE) portfolio to the slotting approach, a subset of the Foundation Internal Rating Based (FIRB) approach.

## Basel capital ratios

Percentage



Total capital ratio

Common equity tier 1 ratio

Leverage ratio

\* The full adoption of the advanced internal ratings based (AIRB) approach  
^ FY22 is based on increased AIRB scope; FY20 and FY21 are on the FIRB approach; all prior years are on the Standardised approach.

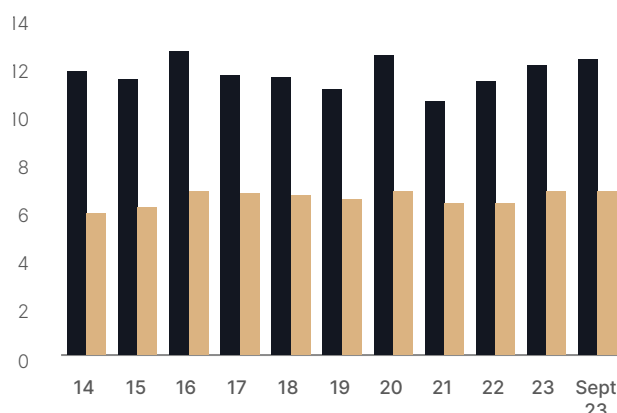
## Gearing

# 12.2x

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 2023 was 12.2x.

## Gearing ratio

Times



Gearing ratio (assets excluding intergroup loans to total equity)

Core loans to equity ratio

**Note:** All information presented in the graphs are as at 30 September 2023 unless otherwise stated.

## FINANCIAL INFORMATION

### CONTINUED

### Asset quality and exposures

# 0.08%

annualised credit loss ratio

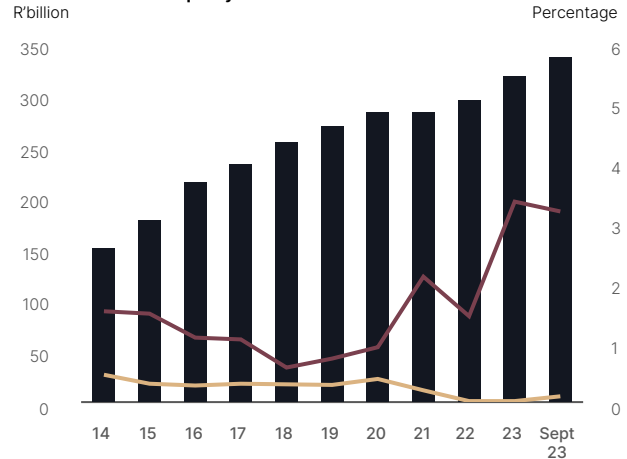
The majority of IBL's credit and counterparty risk arises through its private and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid-to large-sized corporates, public sector bodies and institutions.

The total ECL impairment charges amounted to R167 million for the six months ended 30 September 2023 (1H2023: R22 million). The annualised credit loss ratio was 0.08% (31 March 2023: 0.09%).

Stage 3 exposures net of ECL at 30 September 2023 amounted to R10 606 million (31 March 2023: R6 724 million).

Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2023 amounted to 3.2% (31 March 2023: 2.1%).

Core loans and asset quality



Net core loans (LHS)

Credit loss ratio (RHS)

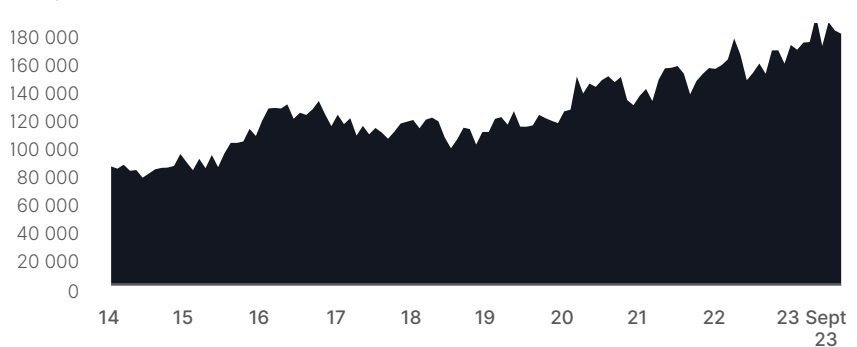
Net default loans before collateral as a % of net core loans/  
Stage 3 exposure net of ECL as a % of net core loans subject to ECL (RHS)

### Liquidity and funding

# R177.7 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 2023, the bank had R177.7 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 2.6% to R460.4 billion at 30 September 2023 (31 March 2023: R448.7 billion). The bank's loan to customer deposit ratio was 71.6% as at 30 September 2023 (31 March 2023: 70.6%).

The Corporation for Deposit Insurance will become fully operational from 1 April 2024.

**Note:** All information presented in the graphs are as at 30 September 2023 unless otherwise stated.



# 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



- Committed to **zero thermal coal** in our loan book **by 31 March 2030**
- Completed a **pro-climate assessment** to identify improvement areas towards our net-zero goals
- Coal** as a % of loans and advances is 0.08% (Mar-23: 0.10%)
- Fossil fuels** as a % of loans and advances is 1.41% (Mar-23: 1.19%)

### Equality commitments



- 75% ethnic diversity** and **25% women** on our IBL Board
- R454 mn procurement** from black women-owned suppliers in SA
- 4th** in the 2022 Universum employer of choice survey by professionals in South Africa

## Sustainable finance

### Specialist Banking

- Ranked 7th** in the Corporate Knights Sustainable Revenues Ranking, 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 R2.82bn** 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

## Consistently well-positioned in international ESG rankings and ratings

**S&P Global**

**Top 5%**  
in the global diversified financial services sector (inclusion since 2006)



**Top 7%**  
of diversified banks and included in the Global Sustainability Leader Index



**Top 2%**  
in the financial services sector in the MSCI Global Sustainability Index



**Score A-**  
against an industry average of B-



**Top 20%**  
of the ISS ESG global universe  
**Rated Prime – best in class**



**Top 100**  
in the Global sustainable companies in the world



**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:

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>GCR</b>
<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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Date of print: 16 November 2023