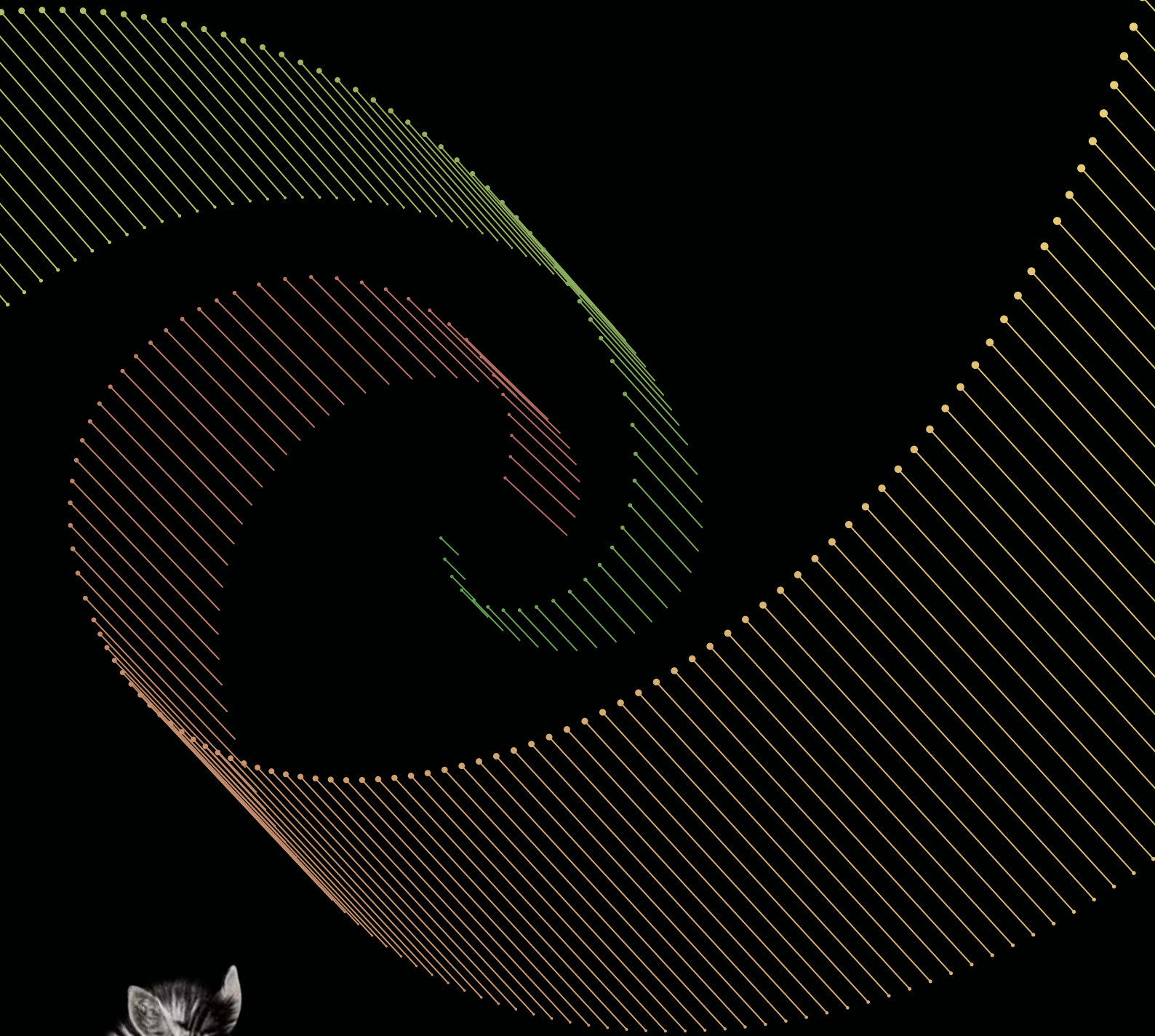


INVESTEC | 2019  
PLC

*Q and A fact sheet*



 Investec

**Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia. Investec focuses on delivering distinct profitable solutions for its clients in three core areas of activity, namely: Asset Management, Wealth & Investment and Specialist Banking**

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.

### Key financial statistics

For the year to 31 March	2019	2018	% change
Total operating income before expected credit losses/impairment losses (£'000)	1 423 433	1 380 220	3.1%
Operating costs (£'000)	1 129 976	1 074 112	5.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests (£'000)	271 246	199 357	36.1%
Earnings attributable to ordinary shareholders (£'000)	189 183	135 231	39.9%
Cost to income ratio <sup>^</sup> (%)	79.3%	77.9%	
Total capital resources (including subordinated liabilities) (£'000)	3 088 971	2 920 374	5.8%
Total equity (£'000)	2 285 272	2 340 701	(2.4%)
Total assets (£'000)	22 636 653	20 611 752	9.8%
Net core loans and advances (£'000)	10 514 251	9 687 224	8.5%
Customer accounts (deposits) (£'000)	13 150 824	11 637 497	13.0%
Loans and advances to customers as a % of customer deposits	80.0%	83.2%	
Cash and near cash balances (£'000)	6 991 462	5 813 418	20.3%
Funds under management (£'million)	115 450	106 647	8.3%
Total gearing ratio (i.e. total assets to equity)	9.9x	8.8x	

Key asset quality and capital ratios	31 March 2019	1 April 2018
Capital adequacy ratio	15.4%	14.5%
Tier 1 ratio	12.2%	12.0%
Common equity tier 1 ratio	10.4%	10.1%
Leverage ratio – current	7.7%	8.0%
Leverage ratio – ‘fully loaded’	7.3%	7.7%
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.2%	6.3%
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.2%	4.3%
Credit loss ratio <sup>#</sup>	0.38%	1.14%*

<sup>^</sup> The group's cost to income ratio is calculated as: operating costs divided by operating income (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests).

\* As at 31 March 2018.

<sup>#</sup> Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL.

## Financial performance

Investec plc reported an operating profit before non-operating items and taxation (but after other non-controlling interests) of £271.2 million for the year ended 31 March 2019 (2018: £199.4 million).

A diversified portfolio and a sound balance of earnings generated between capital light and capital intensive businesses continues to support a sustainable level of recurring income. The balance sheet remains strong supported by sound capital, leverage and liquidity ratios.

## Capital adequacy

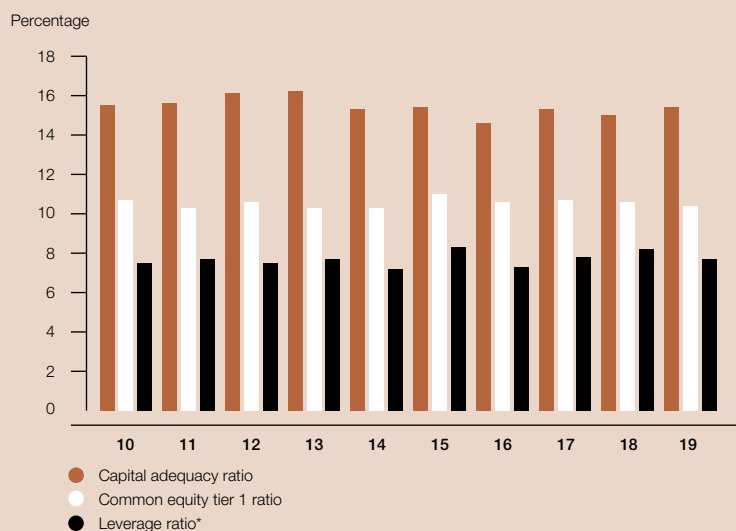
15.4%

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 31 March 2019, the capital adequacy ratio of Investec plc was 15.4% and the tier 1 ratio was 12.2%.

The bank's anticipated 'fully loaded' Basel III common equity tier 1 ratio and leverage ratio are 9.9% and 7.3%, respectively (where 'fully loaded' is based on Basel III requirements as fully phased in by 2022). 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 41bps higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets.

### Basel capital ratios – standardised approach



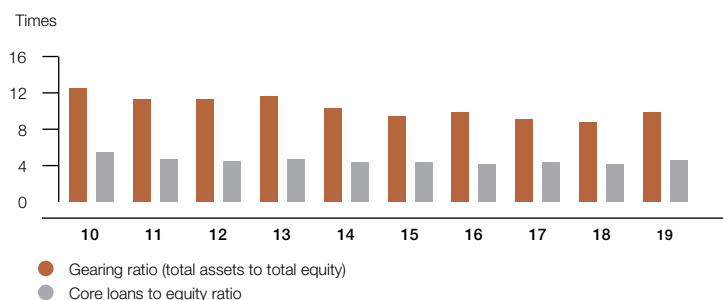
\* The leverage ratio has only been disclosed since 2014. Historic information has been estimated.

## Gearing

9.9x

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 40 times geared. Investec plc's comparative ratio would be 9.9x times.

### Gearing ratio



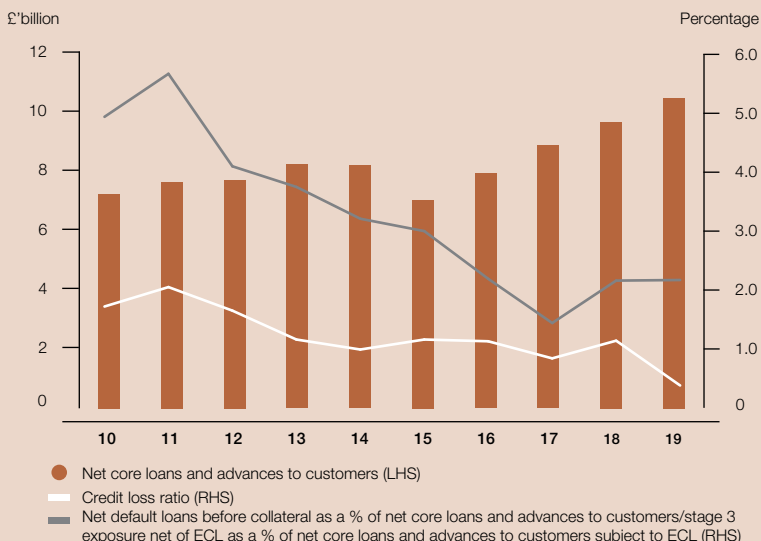
## Asset quality and exposures



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 and high income 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 £24.6 million for the year ended 31 March 2019 a substantial reduction from £106.1 million in the prior period, primarily reflecting a reduction in legacy impairments. The credit loss ratio amounted to 0.38% at 31 March 2019 (31 March 2018: 1.14%).

### Core loans and asset quality



Stage 3 exposures net of ECL at 31 March 2019 amounted to £211 million (1 April 2018: £372 million) largely driven by a reduction in legacy exposures. Stage 3 exposure net of ECL as a percentage of net core loans and advances to customers subject to ECL as at 31 March 2019 amounted to 2.2% (1 April 2018: 4.3%).

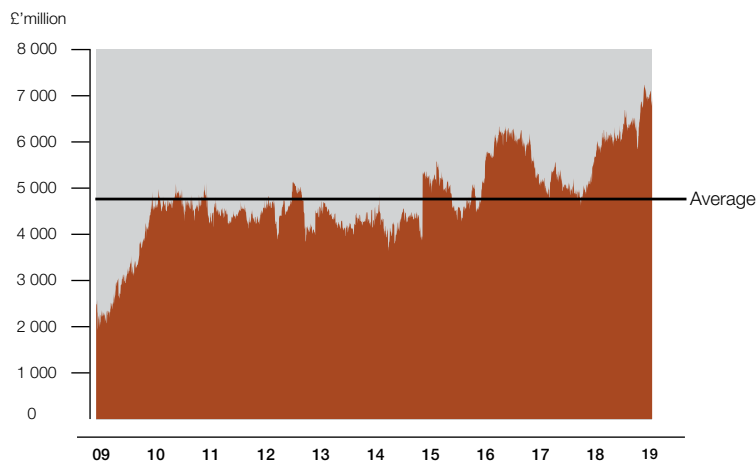
## Liquidity and funding



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 31 March 2019, Investec plc had £7.0 billion of cash and near cash to support its activities, representing approximately 53.2% 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 £13.2 billion as at 31 March 2019 (31 March 2018: £11.6 billion). Investec plc's loans and advances to customers as a percentage of customer deposits was 80.0% at 31 March 2019 (31 March 2018: 83.2%).

### Cash and near cash trend



### Deposit guarantees

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

Investec Bank (Channel Islands) Limited is a participant in both the Guernsey and Jersey Banking Deposit Compensation Schemes. These schemes offer protection for 'qualifying deposits/eligible deposits' up to £50 000, subject to certain limitations. The maximum total amount of compensation is capped at £100 million in any five-year period.

Further details are available on request or alternatively on the Guernsey Scheme's website: [www.dcs.gg](http://www.dcs.gg) or on the Jersey States website which will also highlight the banking groups covered.

**At Investec, sustainability is about building resilient profitable businesses that are focused on growing and preserving stakeholders long-term wealth, whilst contributing in a responsible way to the health of our economy, our people, our communities and the environment for a prosperous future for all.**

### Recognition

- Ranked 27th in the world and fourth in the UK for progress in gender equality and reporting by Equileap in 2018
- Signatory to the 30% Club the UK and to the HM Treasury Women in Finance Charter
- Received gold in the Global Good Awards for Best Education Project for the partnership with Arrival Education (UK) in 2018
- UK head office won the Chairman's Cup for waste management processes in the City of London's Clean City Awards in 2018 for the third time.

### Funding a sustainable economy

**We play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources.**

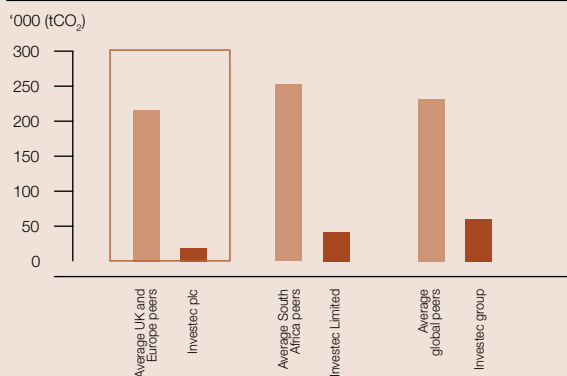
- We are participants of the United Nations Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- Our ESG policies incorporate environmental and social considerations into our lending and investment processes
- We have a climate change statement that supports the transition to a low-carbon economy. Together with UK Climate Investments, Investec committed R1 billion to a dedicated renewable energy investment vehicle called Revego Africa Energy
- We signed up to the United for Wildlife financial taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade
- Operationally, we have a very low carbon footprint compared to our peers and were awarded a B rating by the Carbon Disclosure Project (CDP).

### Sustainability indices

**We participate and have maintained inclusion in several globally-recognised sustainability indices.**

- Investec plc ranked in the Dow Jones Sustainability Investment (DJSI) Index as one of 15 industry leaders on the DJSI World and one of nine in the DJSI Europe indices
- Included in the FTSE4Good Index
- Constituent of the ECPI Index
- Constituent of the FTSE/JSE Responsible Investment Index Series
- Rated AAA on the MSCI Global Sustainability Index Series
- Member of the STOXX Global ESG Leaders Indices.

### Peer comparison Scope 1, 2 and 3 emissions



Source: Latest company annual reports

### Sustainable Development Goals

**We have committed to support delivery of the Sustainable Development Goals (SDGs) in building a more resilient and inclusive world.**

- We can make the greatest socio-economic and environmental contribution by partnering with our clients and stakeholders to have a tangible impact on reducing inequality
- Through extensive stakeholder engagement in the past year, we believe our businesses are best positioned to focus on six core priority SDGs (out of 17)
- We continue to test these priorities and will report accordingly as our SDG journey progresses.



## CREDIT RATINGS

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Investec plc has a long-term rating of Baa1 (Stable outlook) from Moody's. Investec Bank plc, the main banking subsidiary of Investec plc, has a long-term rating of A1 (stable outlook) from Moody's and BBB+ (Rating Watch Negative\*) from Fitch.

\* On 1 March 2019, Fitch placed the Long Term Issuer Default Ratings (IDR) of 19 UK banking groups (including IBP) on Rating Watch Negative (RWN). This follows Fitch placing the UK sovereign's AA IDR on RWN as a result of Brexit uncertainty.

### For further information:

#### *Investor Relations*

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