INVESTEC GROUP | 2020

Q and A fact sheet

Investec

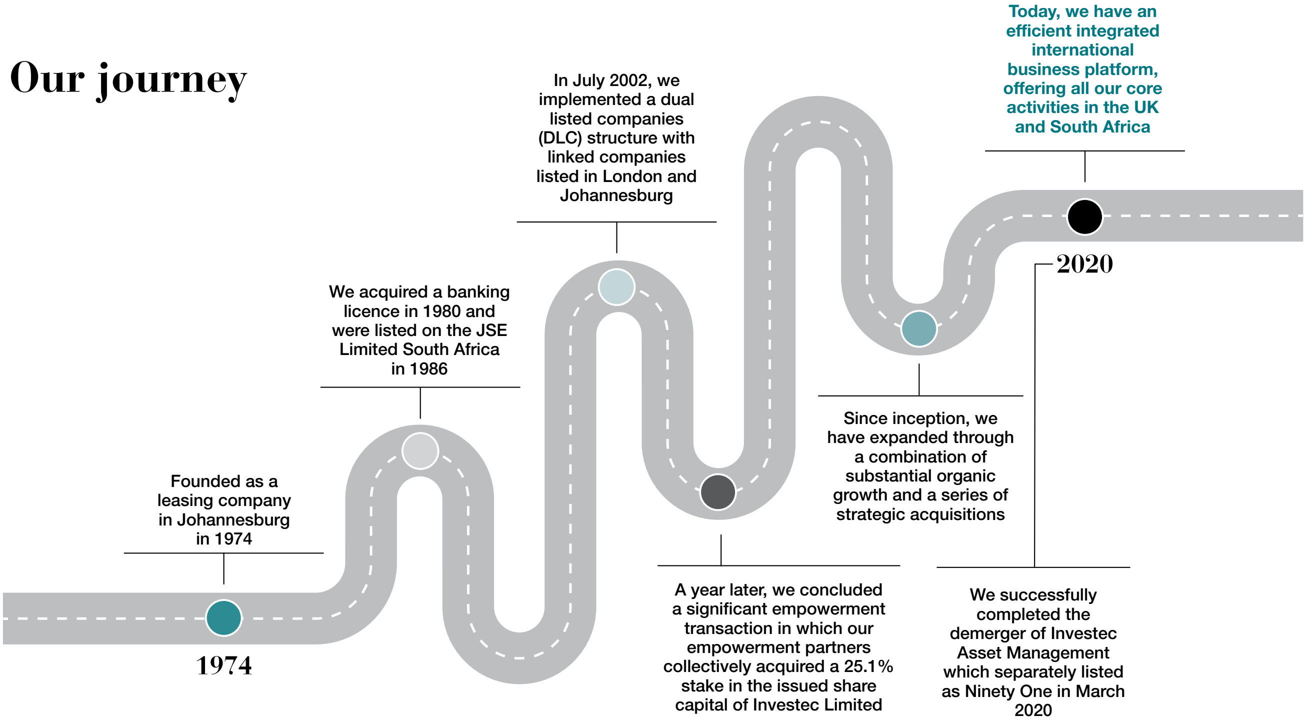
Investec (comprising Investec Limited and Investec plc) partners with private, institutional and corporate clients, offering international banking, investments and wealth management services in two principal markets, South Africa and the UK, as well as certain other countries.

We are a domestically relevant, internationally connected banking and wealth & investment group.

The group was established in 1974 and currently has approximately 8,700 employees.

In March 2020, the Asset Management business was demerged and separately listed as Ninety One.

Our journey



Overall group performance for the year ended 31 March 2020

Investec released its full year results on 21 May 2020.

Financial overview

The financial year was characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geopolitical tensions and persistent economic weakness in South Africa). This was exacerbated by the sudden and extreme COVID-19 related dislocation in global markets in the last quarter of the financial year, impacting trading income, investment income and expected credit loss charges.

The group navigated this challenging backdrop with its client franchises showing resilience:

- Group adjusted operating profit of £608.9 million was 16.8% behind the prior year (2019: £731.9 million), while adjusted operating profit from continuing operations of £419.2 million was 24.1% behind the prior year (2019: £552.5 million). The COVID-19 impact on adjusted operating profit was £105 million.
- Core loans and advances were broadly flat at £24.9 billion, but increased 9.2% in neutral currency. Customer deposits increased 2.9% to £32.2 billion (31 March 2019: £31.3 billion), up 12.6% in neutral currency. Funds under management recorded net inflows of £599 million.
- Total operating income (before impairments) decreased 7.5% to £1,806.8 million (2019: £1,953.8 million) impacted by the aforementioned factors.
- The credit loss ratio increased to 0.52% (2019: 0.31%), primarily driven by COVID-19 related expected credit losses.
- Operating costs decreased 7.0% to £1,185.0 million (2019: £1,274.5 million) driven by cost containment across the business, resulting in a continuing operations cost to income ratio of 68.2% (2019: 67.3%).
- Return on equity (ROE) generated by the group was 11.0% (2019: 14.2%) and 8.3% on a continuing operations basis (2019: 12.0%).
- The group has retained strong cash and near cash balances of £12.7 billion at 31 March 2020 (representing 39% of customer deposits and 25% of total assets).
- Capital and leverage ratios remain sound, ahead of internal targets and regulatory requirements. CET1: the group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. The group retained a higher stake of 25% in Ninety One upon demerger.
- The fair value of the distribution of Ninety One shares to shareholders amounted to 73.4p per share.
- Net asset value per share at 31 March 2020 was 414.3p (31 March 2019: 434.1p), and Tangible net asset value per share was 377.6p (31 March 2019: 386.0p). Net asset value was positively impacted by profitability and the demerger but negatively impacted by the 17.8% depreciation of the Rand year on year.

Strategy execution

The group continued to make progress in its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. We completed the demerger of the asset management business, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses, reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business.

Dividends

In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by by 4.1% against the comparative twelve month period ended 31 March 2019, and the closing rate has depreciated by 17.8% since 31 March 2019. The following tables provide an analysis of the impact of the Rand on our reported numbers.

	Results in Pounds Sterling					**Results in Rands**		
Total group	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£609	£732	(16.8%)	£616	(15.8%)	R11 307	R13 208	(14.4%)
Earnings attributable to shareholders (million)	£1135	£534	128.8%	£1189	122.7%	R21 938	R9 653	127.3%
Adjusted earnings attributable to shareholders (million)	£440	£574	(23.4%)	£443	(22.8%)	R8 198	R10 344	(20.7%)
Adjusted earnings per share	46.5p	60.9p	(23.6%)	46.9p	(23.0%)	867c	1098c	(21.0%)
Basic earnings per share	115.3p	52.0p	121.7%	121p	132.7%	2232c	939c	137.7%
Headline earnings per share	29.2p	52.6p	(44.5%)	31.2p	(40.7%)	536c	950c	(43.6%)
Interim dividend per share	11.0p	11.0p	0.0%	n/a	n/a	211c	206c	2.4%
Final dividend per share	**	13.5p	**	n/a	n/a	**	245c	**

	Results in Pounds Sterling					**Results in Rands**		
Continuing operations	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£419	£552	(24.1%)	£425	(23.0%)	R7 779	R9 970	(22.0%)
Earnings attributable to shareholders (million)	£210	£426	(50.7%)	£209	(50.9%)	R3 783	R7 596	(50.2%)
Adjusted earnings attributable to shareholders (million)	£321	£459	(30.1%)	£325	(29.2%)	R5 949	R8 287	(28.2%)
Adjusted earnings per share	33.9p	48.7p	(30.4%)	34.4p	(29.4%)	629c	880c	(28.5%)
Basic earnings per share	17.5p	40.4p	(56.7%)	17.3p	(57.2%)	312c	721c	(56.7%)
Headline earnings per share	21.5p	41.1p	(47.7%)	22.2p	(46.0%)	399c	732c	(45.5%)

	Results in Pounds Sterling					**Results in Rands**		
	At 31 March 2020	At 31 March 2019	% change	**Neutral currency^^ At 31 March 2020**	Neutral currency % change	**At 31 March 2020**	At 31 March 2019	% change
Net asset value per share	414.3p	434.1p	(4.6%)	436.8p	0.6%	9 178c	8 159c	12.5%
Net tangible asset value per share	377.6p	386.0p	(2.2%)	400.3p	3.7%	8 365c	7 256c	15.3%
Total equity (million)	£4 898	£5 251	(6.7%)	£5 343	1.8%	R108 495	R98 911	9.7%
Total assets (million)	£50 656	£57 724	(12.2%)	£55 279	(4.2%)	R1 122 162	R1 085 125	3.4%
Core loans and advances (million)	£24 911	£24 941	(0.1%)	£27 051	8.5%	R551 878	R468 882	17.7%
Cash and near cash balances (million)	£12 683	£13 288	(4.6%)	£13 869	4.4%	R280 960	R249 793	12.5%
Customer deposits (million)	£32 221	£31 307	2.9%	£35 260	12.6%	R713 774	R588 525	21.3%
Third party assets under management (million)#	£45 018	£55 754	(19.3%)	£47 116	(15.5%)	R1 043 735	R1 048 088	(0.4%)

* *Restated as detailed in the group's 2020 Results Presentation.*

^ *For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.04.*

^^ *For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2019.*

** *In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).*

In order to be comparable with the 2020 financial year, the 2019 third party assets under management figure above reflects that of Continuing operations only (i.e. excludes third party assets under management related to the asset management business as at 31 March 2019)

Liquidity and funding

As at 31 March 2020 the group held £12.7 billion in cash and near cash balances (£6.0 billion in Investec plc and R147.2 billion in Investec Limited) which amounted to 39% of customer deposits. Average cash balances increased in the UK largely driven by prefunding ahead of the closure of our Irish deposit raising business as a result of Brexit, as well as higher levels of group cash balances held since the onset of the COVID-19 pandemic. Loans and advances to customers as a percentage of customer deposits amounted to 76.3% (31 March 2019: 78.4%). The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Investec Bank Limited (solo basis) ended the period to 31 March 2020 with the three-month average of its LCR at 133.2% and an NSFR of 116.2%. Further detail with respect to the bank's LCR and NSFR in South Africa is provided on the website. For Investec plc and Investec Bank plc (solo basis) the LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The LCR reported to the PRA at 31 March 2020 was 396% for Investec plc and 411% for Investec Bank plc (solo basis). The internally calculated NSFR was 122% for Investec plc and 120% for Investec Bank plc (solo basis) at 31 March 2020.

Capital adequacy and leverage ratios

The group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. Leverage ratios are strong and remain ahead of the group's target of 6%.

A summary of capital adequacy and leverage ratios

	Standardised		FIRB			
	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^	**Investec Limited*^**	IBL*^
As at 30 March 2020						
Common equity tier 1 (as reported)^^^	10.7%	11.5%	10.9%	12.1%		
Common equity tier 1 ('fully loaded')^^	10.3%	11.1%	10.9%	12.1%		
Tier 1 (as reported)^^^	12.4%	13.1%	11.5%	12.3%		
Total capital ratio (as reported)^^^	14.9%	16.5%	15.0%	16.4%		
Leverage ratio** – current	7.8%	8.0%	6.4%	6.9%		
Leverage ratio** – 'fully loaded'^^	7.4%	7.7%	6.3%	6.8%		
Leverage ratio** – current UK leverage ratio framework##	8.9%	9.1%	n/a	n/a		
As at 31 March 2019	**Standardised**		**Pro forma FIRB*** **		**Standardised**	
Common equity tier 1 (as reported)^^^	10.8%	11.4%	11.6%	12.5%	10.5%	11.2%
Common equity tier 1 ('fully loaded')^^	10.4%	10.9%	11.6%	12.5%	10.5%	11.1%
Tier 1 (as reported)^^^	12.6%	13.1%	12.4%	12.8%	11.2%	11.5%
Total capital ratio (as reported)^^^	15.7%	17.1%	16.0%	17.7%	14.9%	15.8%
Leverage ratio** – current	7.9%	8.0%	7.4%	7.6%	7.6%	7.7%
Leverage ratio** – 'fully loaded'^^	7.5%	7.7%	7.2%	7.5%	7.3%	7.6%
Leverage ratio** – current UK leverage ratio framework##	10.0%	10.1%	n/a	n/a	n/a	n/a

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

** *The leverage ratios are calculated on an end-quarter basis.*

*** *We have approval to adopt the Foundation Internal Ratings Based (FIRB) approach, affective 1 April 2019. We present numbers on a pro forma basis for 31 March 2019.*

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £0 million (31 March 2019: £63 million) for Investec plc and £0 million (31 March 2019: £19 million) for IBP would lower the CET1 ratio by 0bps (31 March 2019: 41bps) and 0bps (31 March 2019: 13bps) respectively.*

^ *Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 24bps and 15bps lower. At 31 March 2019, Investec Limited's and IBL's CET1 ratio would be 27bps and 14bps lower*

^^ *The CET1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2020 of £9 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.*

^^^ *The reported CET1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

Investec plc is not subject to the UK leverage ratio framework, however, for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.

Deposit guarantees

Investec does not guarantee client deposits, however, deposit guarantee schemes do exist in some of the geographies in which the group operates:

UK and Other

- 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.

South Africa

There are no deposit guarantees in South Africa.

Asset quality and exposures

- The bulk of Investec's credit and counterparty risk arises through its private client and corporate client activities. The group lends to high net worth and high income individuals, mid-to large-sized corporates, public sector bodies and institutions.
- We have a preference for primary exposure in the group's two main operating geographies, i.e. South Africa and the UK and specific countries where we have subsidiaries or branches.
- The majority of our credit and counterparty exposures reside within our two core geographies, namely the UK and South Africa.
- Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to avoid or minimise over exposure and concentration risk.
- Our assessment of our clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on historical and ongoing stability of income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client to meet their payment obligations. Furthermore we have little appetite for unsecured debt and require that good quality collateral is provided in support of obligations.
- We are client-centric in our approach and originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our clients. In certain instances we may elect to sell certain assets down and/or securitise them.
- The total ECL impairment charges increased to £133.3 million (2019: £66.5 million). The main contributors to the increase were book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades). The increase in the UK charge was also impacted by the prior year release of provisions on non-core assets sold. The credit loss ratio increased to 0.52% (2019: 0.31%), with the ECL coverage ratio of our Stage 1 loan book also increasing to 0.4% from 0.2% in the prior year. Pre COVID-19, the credit loss ratio was calculated at 0.28% for 31 March 2020.
- Since 31 March 2019, Stage 3 gross core loans and advances subject to ECL increased to £580 million from £521 million. Stage 3 net exposure as a percentage of net core loans and advances subject to ECL was 1.6% at 31 March 2020 (31 March 2019: 1.3%).

Property-related exposures

- Investec does have property-related lending exposures.
- For the most part Investec's exposure to the property markets arises from collateral that we have taken through our various activities in the structured property finance and growth and acquisition finance areas.
- Investec has a strong client-centric focus with a credit assessment process that focuses not only on the value of the underlying property but also the client's ability to repay and the sustainability of income through the cycle.

Gearing

Investec is not a highly geared bank. A number of the banks that have come into difficulty in the past have been in excess of 40 times geared. Investec's gearing ratio is 10.3x.

Investec's DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise. Both companies have the same boards of directors and management
- Shareholders have common economic and voting interests as if Investec Limited and Investec plc were a single company:
  - equivalent dividends on a per share basis
  - joint electorate and class right voting
- Creditors are, however, ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies.

Credit ratings

A summary of our credit ratings is provided below:

Rating agency		**Investec* Limited**	Investec* Bank Limited – a subsidiary of Investec Limited	**Investec plc**	Investec Bank plc – a subsidiary of Investec plc
Fitch	**Long-term ratings**				
	Foreign currency	BB*	BB*		BBB+
	National		AA(zaf)		
	Short-term ratings				
	Foreign currency	B*	B*		F2
	National		F1+(zaf)		
	Viability rating	bb	bb		bbb+
	Support rating	5	3		5
Moody's	**Long-term deposit ratings**				
	Foreign currency		Ba1*	Baa1	A1
	National		Aa1.za		
	Short-term deposit ratings				
	Foreign currency		NP*	P-2	P-1
	National		P-1.za		
	Baseline Credit Assessment (BCA) and adjusted BCA		ba1*		baa1
Standard & Poors	**Long-term deposit ratings**				
	Foreign currency		BB-*		
	National		za.AA		
	Short-term deposit ratings				
	Foreign currency		B*		
	National		za.A-1+		
Gobal Credit Ratings	**Long-term deposit ratings**				
	International long-term rating		BB*		BBB+
	National long-term rating		AA(za)		
	Short-term deposit ratings				
	International short-term rating				A2
	National short-term rating		A1+(za)		

* *The credit ratings of Investec Limited and Investec Bank Limited are also affected by the South African sovereign rating. A South African bank cannot have a higher foreign currency rating than the sovereign rating.*

One Investec

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus:

- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.

Investec Distinction

CLIENT FOCUSED APPROACH

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High-tech, high-touch approach
- High level of service by being nimble, flexible and innovative.

SPECIALISED STRATEGY

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

SUSTAINABLE BUSINESS

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

STRONG CULTURE

- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

OUR STRATEGIC OBJECTIVES

In order to deliver on our strategy we have identified five key strategic objectives outlined below:

THESE WILL ENABLE US TO SIMPLIFY, FOCUS AND GROW THE BUSINESS WITH DISCIPLINE.

Capital discipline	A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy
Growth initiatives	Focus on growing our client base and building new sources of revenue
Improved cost management	Heightened rigour in identifying efficiencies in all areas of the business
Digitalisation	Enhancing digital capabilities to continue delivering an advanced high-tech, high-touch proposition
Greater Connectivity	Enhancing links among and between the Banking and Wealth & Investment businesses, across geographies

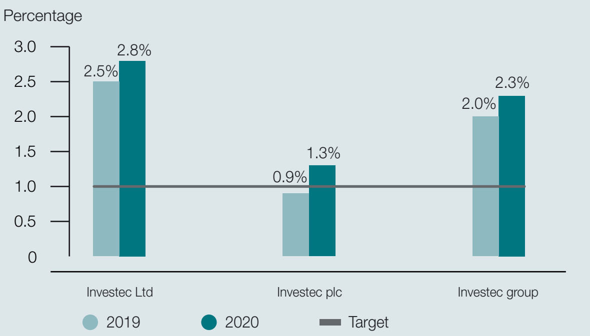
At Investec, sustainability is about building resilient profitable businesses that are focused on growing and preserving stakeholders long-term wealth, whilst contributing in a responsible way to the health of our economy, our people, our communities and the environment for a prosperous future for all.

Supporting a sustainable economy

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

- Participants of the United Nations Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- Enhanced our ESG policies, processes and reporting and publicly disclosed our group fossil fuel policy
- Financing sustainable development, for example in renewable energy, infrastructure, innovation and SMEs
- Female senior leadership increased to 36.9% (2019: 35.6%) of total senior leadership
- Community spend as a % of operating profit increased to 2.3% (2019:2.0% and target of 1.0%) of which 77% was spent on education, entrepreneurship and job creation
- First bank in South Africa and eighth bank in the UK to sign up to the Task Force for Climate-related Financial Disclosures (TCFDs)
- Achieved net-zero carbon emissions and committed to ongoing carbon neutrality
- Launched the first structured product in South Africa over an Environmental World Index and a sustainability energy finance business in the UK .

Spend on community initiatives as a % of operating profit



Recognition

- Voted one of SA's Top Empowered Companies by Impumelelo
- Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards
- Winner of the Sustainability Award in the 17th Annual National Business Awards 2019
- Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme
- Winner of the 16th Platinum Award in the City of London's Clean City Award Scheme for 2019 recognising the waste management best practice endeavours of the London office
- Shortlisted for the Financial Services Charity Partnership Award for partnership with Arrival Education (UK) in 2020.

Sustainability indices

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

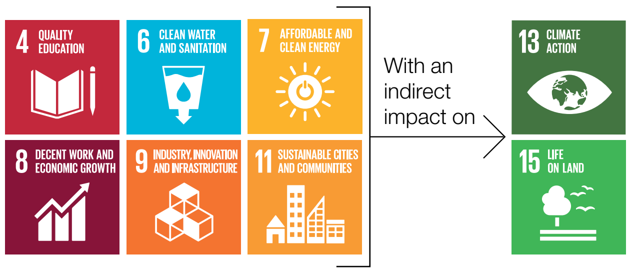
- Top15% in our industry in the RobecoSam Corporate Sustainability results released in January 2020
- In the FTSE UK 100 ESG Select Index out of 640 companies in the FTSE All Share Index
- Top 40 in the FTSE/JSE Responsible Investment Index
- Top 6% in the MSCI Global Sustainability Index, scoring AAA in the financial services sector
- One of 43 banks and financial services in the STOXX Global ESG Leaders Index
- Maintained a B rating in terms of the CDP (industry average of C)

Sustainable Development Goals

We are committed to supporting delivery of the Sustainable Development Goals (SDGs) through partnering for inclusive prosperity.

- CEO, Fani Titi, signed up to UN CEO Alliance on Global Investment for Sustainable Development (GISD)
- Hosted members of 30 international banks and financial institutions who are driving the UN Global Investment for Sustainable Development (GISD) agenda
- Export and agency finance team is working with a new Impact Debt Fund, which is grant supported by The Rockefeller Foundation. This US$300 million initial fund will launch in Q2 2020 and is focused on co-financing projects which meet SDG objectives alongside export credit agencies.

Our 2020 sustainability report provides further detail on the many initiatives we are supporting and funding as part of our commitment to the Sustainable Development Goals.



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