

— OUT OF THE ORDINARY

Built on strong foundations

Investec Bank Limited

Q & A fact sheet
May 2021



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. The group was established in 1974 and currently has approximately 8,200+ employees.

In July 2002, the Investec group implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg. 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.

In March 2020, the asset management business was demerged from the Investec group and separately listed as Ninety One.

Investec Bank Limited (IBL) is the main banking subsidiary of Investec Limited while Investec Bank (Mauritius) Limited is IBL's main operating subsidiary. IBL 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	31 March 2021	31 March 2020	% change
Total operating income before expected credit loss impairment charges (R'million)	12 049	12 603	(4.4%)
Operating costs (R'million)	6 469	6 632	(2.5%)
Operating profit before goodwill and acquired intangibles (R'million)	5 013	4 883	2.7%
Headline earnings attributable to ordinary shareholders (R'million)	4 133	3 844	7.5%
Cost to income ratio	53.7%	52.6%	
Total capital resources (including subordinated liabilities) (R'million)	59 890	53 785	11.4%
Total equity (R'million)	46 954	41 748	12.5%
Total assets (R'million)	509 901	535 970	(4.9%)
Net core loans (R'million)	283 240	283 946	(0.2%)
Customer accounts (deposits) (R'million)	374 369	375 948	(0.4%)
Loans and advances to customers as a % of customer deposits	73.5%	73.6%	
Cash and near cash balances (R'million)	129 759	147 169	(11.8%)
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	10.5x	12.4x	
Total capital adequacy ratio	17.8%	16.4%	
Tier 1 ratio	13.7%	12.3%	
Common equity tier 1 ratio	13.3%	12.1%	
Leverage ratio – current	8.1%	6.9%	
Leverage ratio – 'fully loaded'	8.1%	6.8%	
Stage 3 as a % of gross core loans subject to ECL	2.5%	1.5%	
Stage 3 net of ECL as a % of net core loans subject to ECL	2.1%	0.9%	
Credit loss ratio	0.18%	0.37%	

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to in the financial information relate to the financial year ended 31 March 2020 (FY2020). For the financial year ended 31 March 2021 (FY2021), IBL reported an increase in headline earnings attributable to ordinary shareholders of 7.5% to R4 133 million (FY2020: R3 844 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

Capital adequacy

17.8%

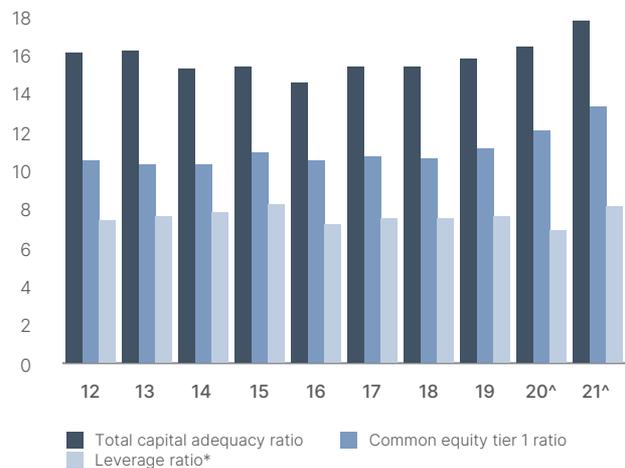
total capital ratio

IBL holds capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure that it remains well capitalised. As at 31 March 2021, the total capital adequacy ratio of IBL was 17.8% and the common equity tier 1 ratio (CET1) was 13.3%.

Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models effective 1 April 2021, resulting in an approximate 70bps pro-forma uplift to the CET1 ratio on FIRB. We are working towards further adoption of AIRB on certain remaining portfolios which we expect to result in a further uplift to our CET1 ratio.

Basel capital ratios

Percentage



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

[^] On Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019. All prior years presented on the Standardised Approach.

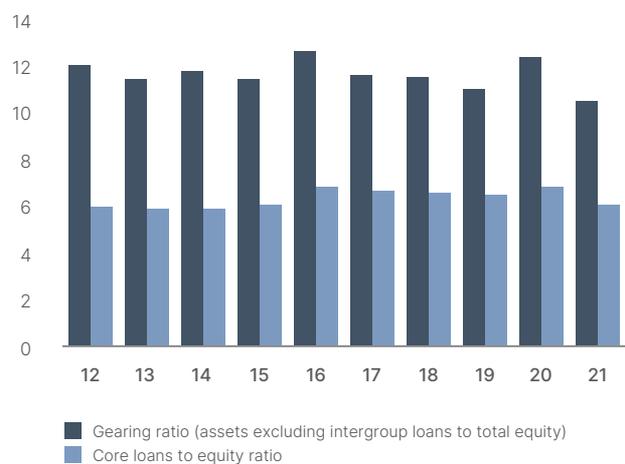
Gearing

10.5x

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 31 March 2021 was 10.5x.

Gearing ratio

Times



FINANCIAL INFORMATION CONTINUED

Asset quality and exposures

0.18%

credit loss ratio

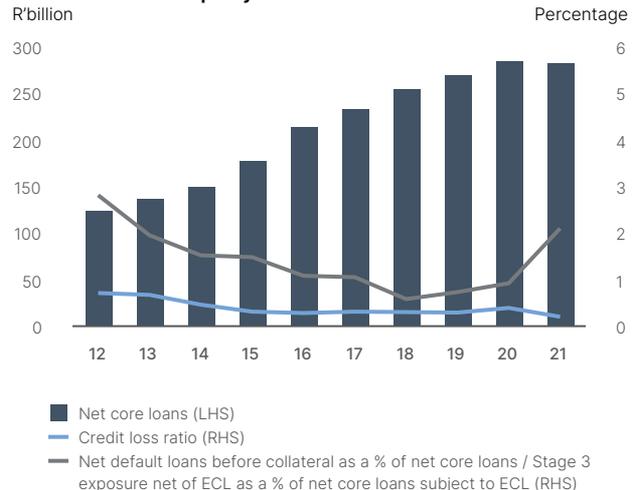
The bulk of IBL's credit and counterparty risk arises through its private and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid- to large-sized corporates, public sector bodies and institutions.

The total ECL impairment charges amounted to R567 million for the financial year ended 31 March 2021 (FY2020: R1 088 million). The credit loss ratio was 0.18% (FY2020: 0.37%).

Stage 3 exposures net of ECL at 31 March 2021 amounted to R5 855 million (31 March 2020: R2 473 million).

Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 31 March 2021 amounted to 2.1% (31 March 2020: 0.9%).

Core loans and asset quality

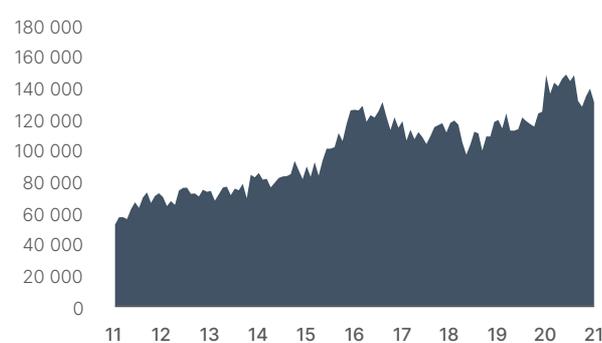


Liquidity and funding

R129.8 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 31 March 2021, the bank had R129.8 billion of cash and near cash to support its activities, representing 34.7% 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. IBL targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency.

Customer deposits decreased by 0.4% to R374.4 billion (31 March 2020: R375.9 billion). The bank's loan to customer deposit ratio was 73.5% as at 31 March 2021 (31 March 2020: 73.6%).

There are no deposit guarantees in South Africa.

SUSTAINABILITY

Integrating sustainability into business strategy

We aim to:

- Build long-term value for all our stakeholders
- Reduce harm through ethical conduct and ESG screening
- Contribute to a clean carbon transition and inclusive society
- Provide profitable, impactful and sustainable products and services
- Maximise impact by aligning to the Sustainable Development Goals (SDGs)

Investec's sustainability framework is based on:

- Living sustainably within our operations
- Partnering with clients and offering sustainability products and services
- Creating active economic participants through our community initiatives
- Promoting sustainable thinking
- Working with industry in the UK and SA to ensure policy coherence

Two core SDG priorities



Addressing climate and inequality issues is fundamental to the success of our business

Secondary SDG priorities



We maintained our strong position in key sustainability rankings and ratings

- S&P Global CSA: Top 15% in the global diversified financial services sector
- Sustainalytics: Top 20% of globally assessed companies in the Global Sustainability Leaders Index
- CDP: Score B (industry average B)
- ISS ESG: Top 20% of the global universe and Top 14% of diversified financial services
- MSCI ESG Research: Top 2% scoring AAA in the financial services sector
- Financial Sector Code: Level 1 rating in South Africa

Sustainability highlights for the year 31 ended March 2021

Environment: Took action to address climate issues

- Achieved net-zero in our Scope 1 and Scope 2 emissions
- Received shareholder support for climate disclosure commitments
- Published our TCFD standalone report
- Disclosed our fossil fuel exposures in alignment with our fossil fuel policy

Social: Continued to make progress to encourage equality

- Contributed R24.5 million in COVID-19 relief to communities
- Maintained our Level 1 rating under the Financial Sector Code in South Africa
- Made progress with our diversity targets

Governance: Strengthened our sustainability governance

- Implemented a more robust ESG screening process
- Enhanced the skills and knowledge of the executive on ESG issues
- Created a framework to link executive directors remuneration to ESG KPIs

Business strategy: Embedded sustainability into business strategy

- Launched several sustainability products and services including Investec Wealth and Investment's Global Sustainability Equity Fund
- Created a Sustainable Finance Framework

Commitment: Deepened our commitment to several international memberships

- Signed up to the following:
- UN Environment Programme Finance Initiative (UNEP FI)
 - UN Principles for Responsible Banking (UN PRB)
 - UN Principles for Responsible Investment (UN PRI)

CREDIT RATINGS

IBL's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poors and GCR are in line with its larger domestic peers and are listed below:

Investec Bank Limited	Fitch	Moody's	Standard & Poors	GCR
Investec Bank Limited				
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-	-
Foreign currency short-term rating	B	NP	B	-
International scale, local currency long-term rating	-	-	-	BB

FOR FURTHER INFORMATION:

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

Date of print: 21 May 2021