

— OUT OF THE ORDINARY

 Investec

Built on strong foundations

Investec Limited

Q & A fact sheet
May 2021



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 8,200+ employees.

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

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

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.


Key financial statistics

Key financial statistics	31 March 2021	31 March 2020	% change
Total operating income before expected credit loss impairment charges (R'million)	14 188	15 939	(11.0%)
Operating costs (R'million)	8 457	8 307	1.8%
Operating profit before goodwill and acquired intangibles (R'million)	5 110	6 523	(21.7%)
Headline earnings attributable to ordinary shareholders (R'million)	4 206	4 309	(2.4%)
Cost to income ratio	59.6%	56.6%	
Total capital resources (including subordinated liabilities) (R'million)	75 482	71 058	6.2%
Total equity (R'million)	61 037	56 675	7.7%
Total assets (R'million)	550 149	575 387	(4.4%)
Net core loans (R'million)	287 315	288 878	(0.5%)
Customer accounts (deposits) (R'million)	374 228	375 456	(0.3%)
Loans and advances to customers as a % of customer accounts (deposits)	74.6%	75.0%	
Cash and near cash balances (R'million)	129 759	147 169	(11.8%)
Funds under management (R'million)	340 618	255 938	33.1%
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	9.0x	10.1x	
Total capital adequacy ratio	16.0%	15.0%	
Tier 1 ratio	12.9%	11.5%	
Common equity tier 1 ratio	12.2%	10.9%	
Leverage ratio	7.6%	6.4%	
Leverage ratio – 'fully loaded'	7.5%	6.3%	
Stage 3 as a % of gross core loans subject to ECL	2.6%	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%	0.36%	

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to below relate to the financial year ended 31 March 2020 (FY2020).

For the financial year ended 31 March 2021, Investec Limited reported a decrease in headline earnings attributable to ordinary shareholders of 2.4% to R4 206 million (FY2020: R4 309 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

Capital adequacy

16.0%

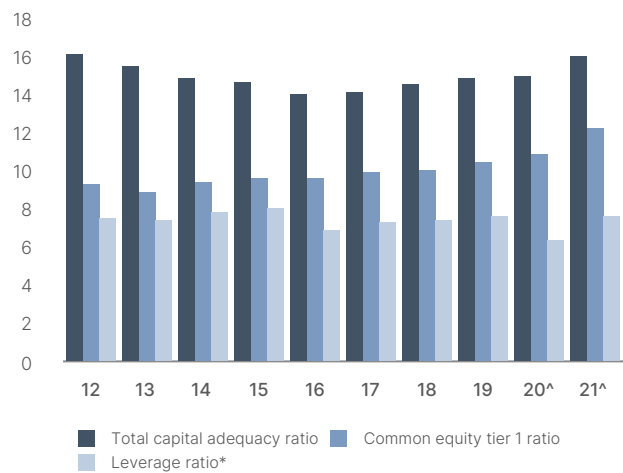
total capital ratio

Investec Limited holds capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure that it remains well capitalised. As at 31 March 2021, the total capital adequacy ratio of Investec Limited was 16.0% and the common equity tier 1 (CET1) ratio was 12.2%.

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. 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.

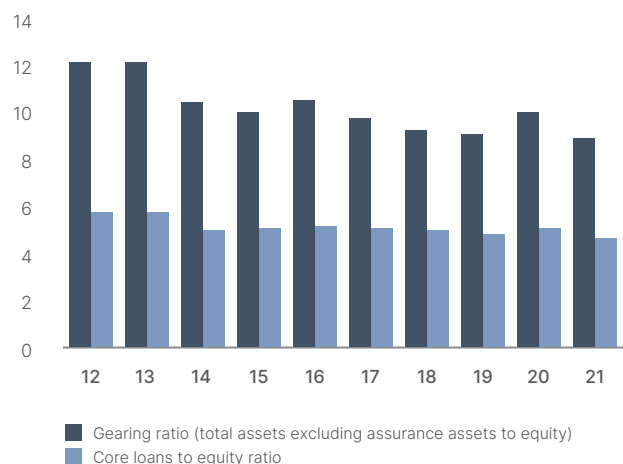
Gearing

9.0x

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 31 March 2021 was 9.0x.

Gearing ratio

Times



FINANCIAL INFORMATION
CONTINUED

Asset quality and exposures

0.18%

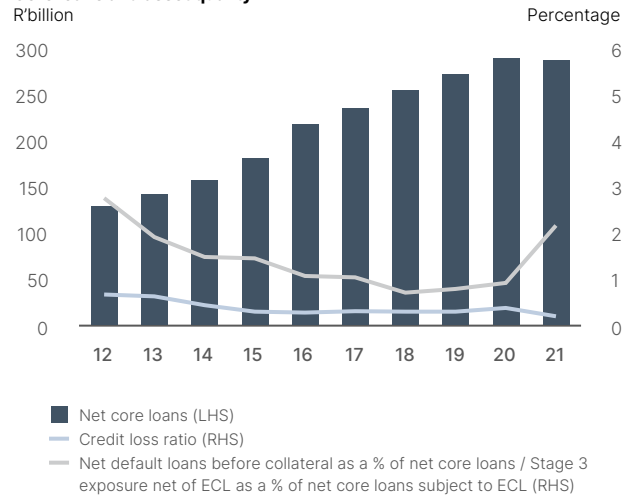
credit loss ratio

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 R621 million for the financial year ended 31 March 2021 (FY2020: R1 109 million). The credit loss ratio was 0.18% at 31 March 2021 (FY2020: 0.36%).

Stage 3 exposures net of ECL at 31 March 2021 amounted to R6 110 million (31 March 2020: R2 580 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

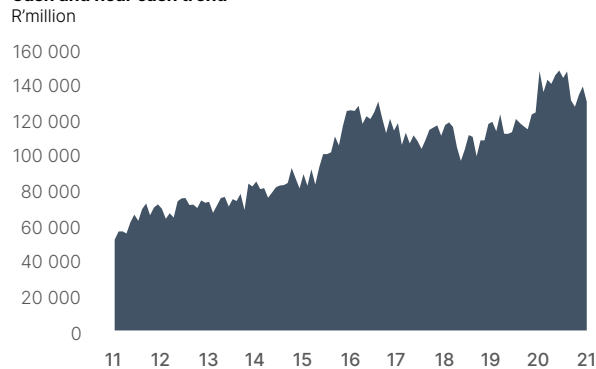


Liquidity and funding

R129.8 billion

cash and near cash

Cash and near cash trend



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 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. Investec Limited targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency.

Customer deposits have decreased by 0.3% since 31 March 2020 to R374.2 billion at 31 March 2021. The bank’s loan to customer deposit ratio was 74.6% as at 31 March 2021 (31 March 2020: 75.0%).

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 ended 31 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

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

	Fitch	Moody's	Standard & Poors	Global ratings
Investec Limited				
National long-term rating	AA+(zaf)			
National short-term rating	F1+(zaf)			
Foreign currency long-term rating	BB-			
Foreign currency short-term rating	B			
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:

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