


Possibilities and opportunities

Investec Bank plc

Q & A fact sheet 
May 2022



OVERVIEW OF INVESTEC AND INVESTEC BANK PLC

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 8,300+ employees.

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.

Investec Bank plc (IBP) is the main banking subsidiary of Investec plc and also houses the Wealth & Investment business, which is one of the largest private client wealth managers in the UK, with £44.4 billion funds under management as at 31 March 2022. It generates substantial capital light non-banking income for IBP. IBP is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority and is a member of the London Stock Exchange.

Key financial statistics

	31 March 2022	31 March 2021	% change
Total operating income before expected credit loss impairment charges (£'000)	1 073 332	936 332	14.6%
Operating costs (£'000)	760 286	757 758	0.3%
Adjusted operating profit (£'000)	287 683	108 301	>100.0%
Earnings attributable to ordinary shareholder (£'000)	232 881	63 809	>100.0%
Cost to income ratio (%)	70.8%	80.9%	
Total capital resources (including subordinated liabilities) (£'000)	3 305 924	3 136 401	5.4%
Total equity (£'000)	2 547 185	2 364 920	7.7%
Total assets (£'000)	27 588 676	24 395 538	13.1%
Net core loans (£'000)	14 423 199	12 311 104	17.2%
Customer accounts (deposits) (£'000)	18 616 233	16 240 634	14.6%
Loans and advances to customers as a % of customer deposits	77.5%	75.8%	
Cash and near cash balances (£'mn)	8 871	6 857	29.4%
Funds under management (£'mn)	44 419	41 708	6.5%
Total gearing ratio (i.e. total assets to equity)	10.8x	10.3x	
Total capital ratio	18.2%	16.4%	
Tier 1 ratio	13.6%	13.4%	
Common Equity Tier 1 ratio	12.0%	11.8%	
Leverage ratio	9.3%	8.0%	
Leverage ratio (fully loaded)	9.1%	7.7%	
Stage 3 exposure as a % of gross core loans subject to ECL	2.1%	2.8%	
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	1.6%	2.0%	
Credit loss ratio	0.17%	0.56%	

FINANCIAL INFORMATION

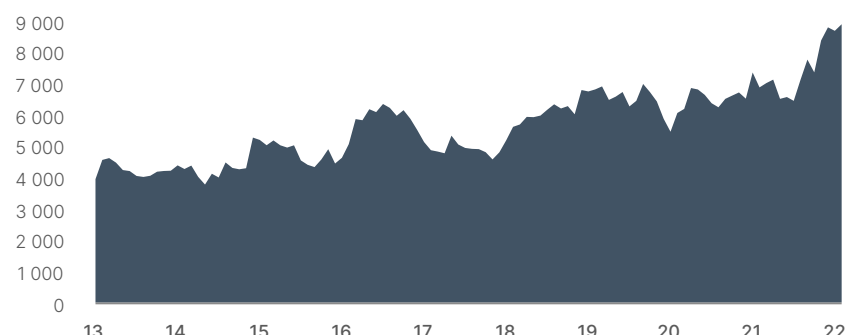
Liquidity and funding

£8.9 billion

cash and near cash

Cash and near cash trend

£'million



IBP 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 2022, the bank had £8.9 billion of cash and near cash to support its activities, representing approximately 47.7% of customer deposits.

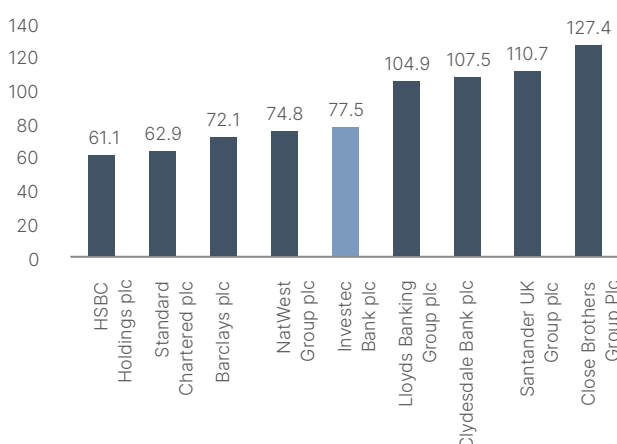
Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. IBP targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits amounted to £18.6 billion as at 31 March 2022 (31 March 2021: £16.2 billion).

Deposit guarantees

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

Loan to customer deposit ratio

77.5%

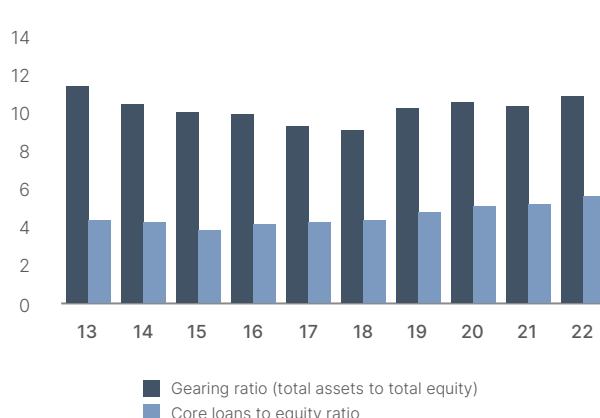
Loan to customer deposit ratio
Percentage

IBP's loan to customer deposit ratio is conservative in comparison to peers and further illustrates IBP's strong liquidity position.

The loan to customer deposit ratio graph is sourced from the latest company interim/annual financial results available as at 18 May 2022 and reflects the balance sheet figures for loans and advances to customers and customer deposits.

Gearing

10.8x

Gearing ratio
Times

IBP is not a highly geared bank. A number of banks that have come into difficulty in the past have been in excess of 40x geared. IBP's comparative ratio would be 10.8x.

FINANCIAL INFORMATION

CONTINUED

Capital adequacy

18.2%

total capital ratio

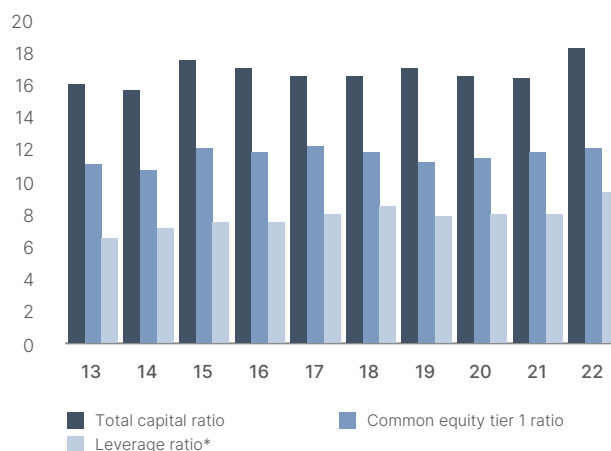
IBP holds capital in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised. The bank has never required shareholder or government support. As at 31 March 2022, the total capital ratio of IBP was 18.2% and the common equity tier 1 ratio was 12.0%.

The bank's anticipated 'fully loaded' Common Equity Tier 1 (CET1) ratio and leverage ratio are 11.6% and 9.1%, respectively (where 'fully loaded' assumes full adoption of IFRS 9 and full adoption of all CRD IV rules). These disclosures incorporate the deduction of foreseeable charges and dividends. Excluding this deduction, the CET1 ratio would be 37bps (31 March 2021: 16bps) higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets. IBP is in the early stages of a process to migrate from the Standardised Approach to the Internal Ratings Based (IRB) approach.

Basel capital ratios – standardised approach

Percentage



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

Asset quality and exposures

0.17%

credit loss ratio

The bulk of IBP's credit and counterparty risk arises through its private client and corporate client activities. The bank lends to high net worth individuals, mid to large sized corporates, public sector bodies and institutions. The majority of IBP's credit and counterparty exposures reside within its principal operating geography, namely the UK.

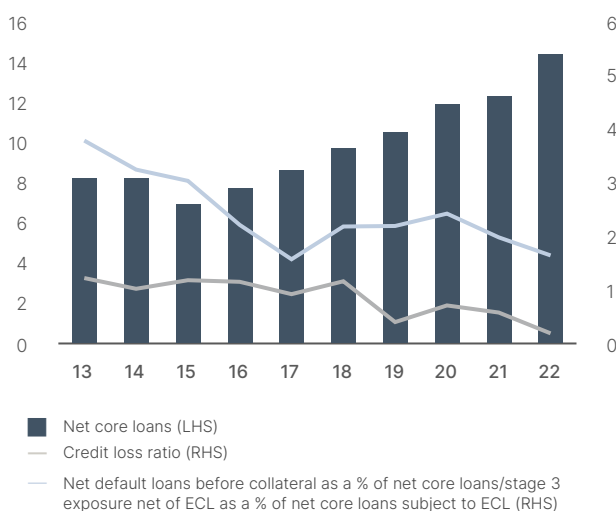
The total ECL impairment charges amounted to £25.4 million for the financial year ended 31 March 2022 (2021: £71.1 million). The credit loss ratio decreased from 0.56% at 31 March 2021 to 0.17% at 31 March 2022.

Stage 3 exposure net of ECL at 31 March 2022 amounted to £224 million (31 March 2021: £231 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL at 31 March 2022 amounted to 1.6% (31 March 2021: 2.0%).

Core loans and asset quality

£'billion


Percentage











SUSTAINABILITY

Sustainability highlights

Operate responsibly, finance and invest for a sustainable future and maintain our competitive ESG position

Governance	Sustainable finance	Positioning
<ul style="list-style-type: none"> Implemented a more holistic ESG framework linked to executive remuneration Deepened our ESG skills on the DLC Social and Ethics Committee (DLC SEC) with the addition of two new Non-Executive Directors, Nicky Newton-King and Jasandra Nyker 	<ul style="list-style-type: none"> \$600 million raised for Investec Bank plc through a sustainability-linked loan (3x oversubscribed) \$35 million raised by Investec Wealth & Investment at 31 March 2022 through the launch of a Global Sustainable Equity Fund 	<ul style="list-style-type: none"> Received a low-risk rating from Sustainalytics (16.6) Aligned to the UN SDGs: Obtained 5-star rating from Support the Goals 

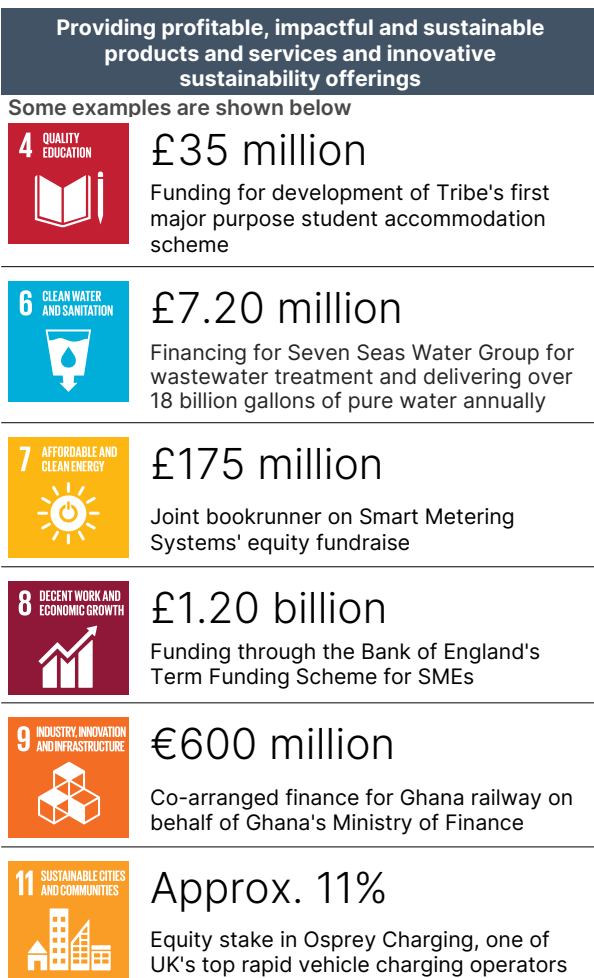
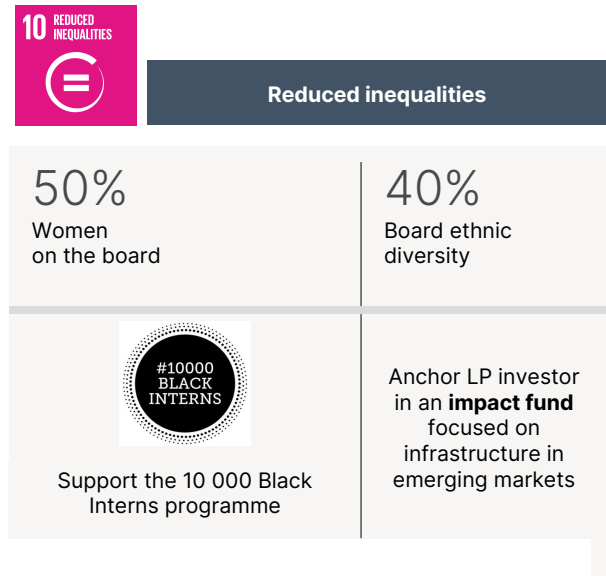
Consistently well-positioned in international ESG rankings and ratings

			
Top 15% in the global diversified financial services sector (inclusion since 2006)	Top 13% of globally-assessed companies in the Global Sustainability Leaders Index	Top 2% in the financial services sector in the MSCI Global Sustainability Index	Score B against an industry average of B (formerly Carbon Disclosure Project)
			
Top 20% of the ISS ESG global universe Top 14% of diversified financial services	1 of 43 banks and financial services in the Global ESG Leaders Index (total of 439 components)	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

SUSTAINABILITY
CONTINUED

Addressing climate change and reducing inequalities

Through our impact on the UN Sustainable Development Goals



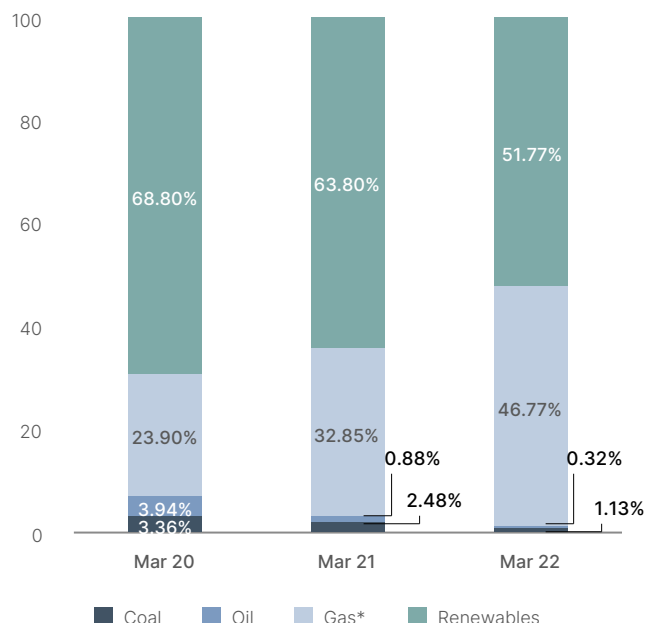
Minimal exposure to coal

0.05% Coal as a percentage of loans and advances (31 March 2021: 0.14%)

1.13% Coal as a percentage of energy lending (31 March 2021: 2.48%)

Breakdown of our energy lending portfolio

Percentage



CREDIT RATINGS

Investec Bank plc (IBP)

Moody's	
Long-term deposit rating	A1
Outlook	Stable
Fitch	
Long-term Issuer Default rating (IDR)	BBB+
Outlook	Stable

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: 19 May 2022