


Possibilities and opportunities

Investec plc

Q & A fact sheet 
May 2022



OVERVIEW OF INVESTEC AND INVESTEC 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. Investec plc is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority and is a member of the London Stock Exchange.

Key financial statistics

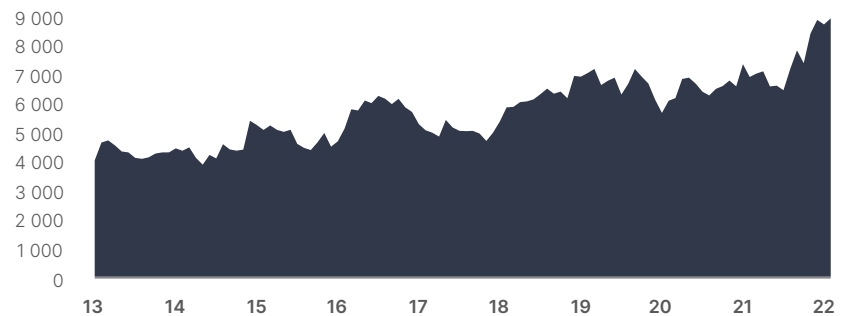
Key financial statistics	31 March 2022	31 March 2021	% change
Total operating income before expected credit loss impairment charges (£'000)	1 087 969	946 400	15.0%
Operating costs (£'000)	775 866	766 367	1.2%
Adjusted operating profit (£'000)	286 944	109 698	>100.0%
Earnings attributable to ordinary shareholders (£'000)	235 854	69 772	>100.0%
Cost to income ratio (%)	71.3%	80.9%	
Total capital resources (including subordinated liabilities) (£'000)	3 438 905	3 277 938	4.9%
Total equity (£'000)	2 680 166	2 506 457	6.9%
Total assets (£'000)	27 946 313	24 801 508	12.7%
Net core loans (£'000)	14 423 199	12 330 652	17.0%
Customer accounts (deposits) (£'000)	18 293 891	16 077 671	13.8%
Loans and advances to customers as a % of customer deposits	78.9%	76.7%	
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)	10.4x	9.9x	
Total capital ratio	16.5%	14.9%	
Tier 1 ratio	12.8%	12.7%	
Common Equity Tier 1 ratio	11.4%	11.0%	
Leverage ratio	9.0%	7.8%	
Leverage ratio (fully loaded)	8.7%	7.4%	
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

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 2022, Investec plc had £8.9 billion of cash and near cash to support its activities, representing approximately 48.5% of customer deposits.

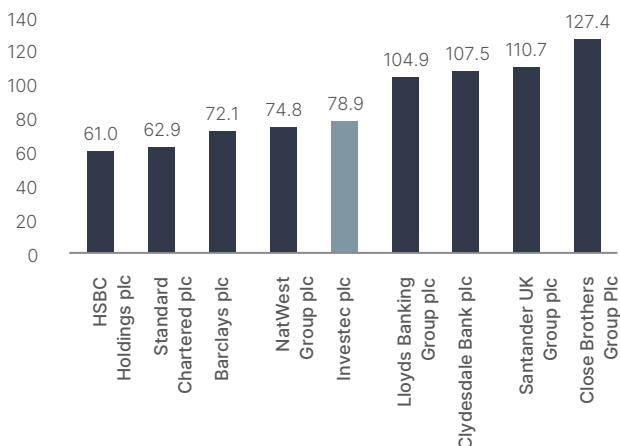
Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. Investec plc targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits amounted to £18.3 billion as at 31 March 2022 (31 March 2021: £16.1 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

78.9%

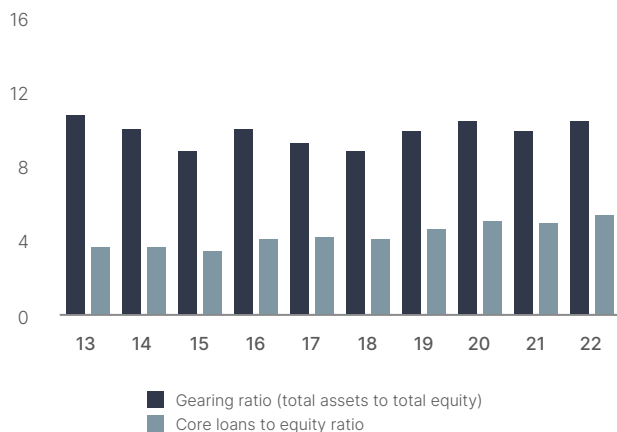
Loan to customer deposit ratio
Percentage

Investec plc's loan to customer deposit ratio is conservative in comparison to peers and further illustrates Investec plc'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

10.4x

Gearing ratio
Times

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 40x geared. Investec plc's comparative ratio would be 10.4x.

FINANCIAL INFORMATION

CONTINUED

Capital adequacy

16.5%

total capital ratio

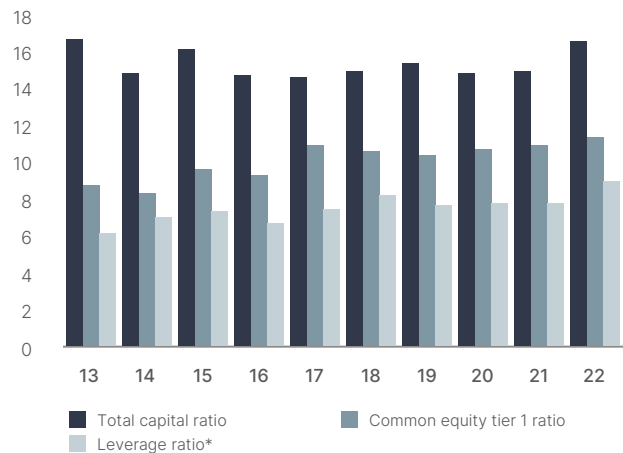
Investec plc holds capital in excess of regulatory requirements and intends to perpetuate this philosophy and ensure that it remains well capitalised. The bank has never required shareholder or government support. As at 31 March 2022, the total capital ratio of Investec plc was 16.5% and the common equity tier 1 ratio was 11.4%.

The bank's anticipated 'fully loaded' Basel III common equity tier 1 ratio and leverage ratio are 11.0% and 8.7%, 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 as required by the regulations. Excluding this deduction, the common equity tier 1 ratio would be 28bps (31 March 2021: 17bps) higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets. Investec plc 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 Investec plc'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 Investec plc's credit and counterparty exposures reside within its principal operating geography, namely the UK.

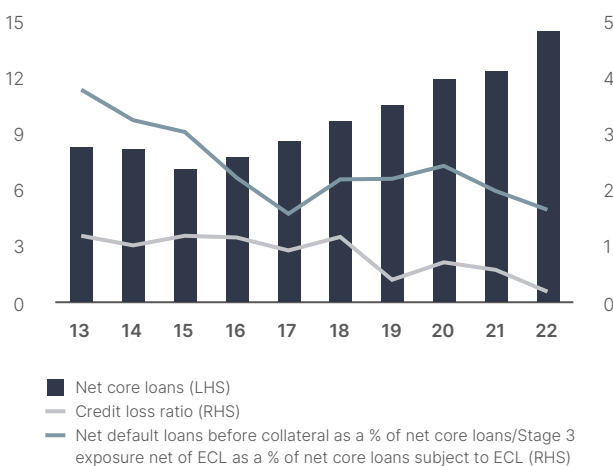
The total ECL impairment charges amounted to £25.2 million for the financial year ended 31 March 2022 (2021: £71.2 million). The credit loss ratio decreased from 0.56% at 31 March 2021 to 0.17% at 31 March 2022.

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




■ Net core loans (LHS)
 — Credit loss ratio (RHS)
 — Net default loans before collateral as a % of net core loans/Stage 3 exposure net of ECL as a % of net core loans subject to ECL (RHS)









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 Group Board 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 focus on the UN Sustainable Development Goals

13 CLIMATE ACTION

Climate action

<p>Scope 3 financed emissions</p> <p>Implemented a focused project to understand our Scope 3 financed emissions and establish a baseline, strategy and targets to reach net-zero</p>	<p>£7 million</p> <p>Banking exposure to coal (March 2021: £17mn)</p>
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A proud participant of:

Investec Wealth & Investment committed Investec Group committed

Providing profitable, impactful and sustainable products and services and innovative sustainability offerings

Some examples are shown below

4 QUALITY EDUCATION

£35 million

Funding for development of Tribe's first major purpose student accommodation scheme

6 CLEAN WATER AND SANITATION

£7.20 million

Financing for Seven Seas Water Group for wastewater treatment and delivering 18 billion gallons of pure water annually

7 AFFORDABLE AND CLEAN ENERGY

£175 million

Joint bookrunner on Smart Metering Systems' equity fundraise

8 DECENT WORK AND ECONOMIC GROWTH

£1.20 billion

Funding through the Bank of England's Term Funding Scheme for SMEs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

€600 million

Co-arranged finance for Ghana railway on behalf of Ghana's Ministry of Finance

11 SUSTAINABLE CITIES AND COMMUNITIES


Approx. 11%

Equity stake in Osprey Charging, one of UK's top rapid vehicle charging operators

10 REDUCED INEQUALITIES

Reduced inequalities

<p>36%</p> <p>Women on the board</p>	<p>43%</p> <p>Board ethnic diversity</p>
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Support the 10 000 Black Interns programme

Anchor LP investor in an **impact fund** focused on infrastructure in emerging markets

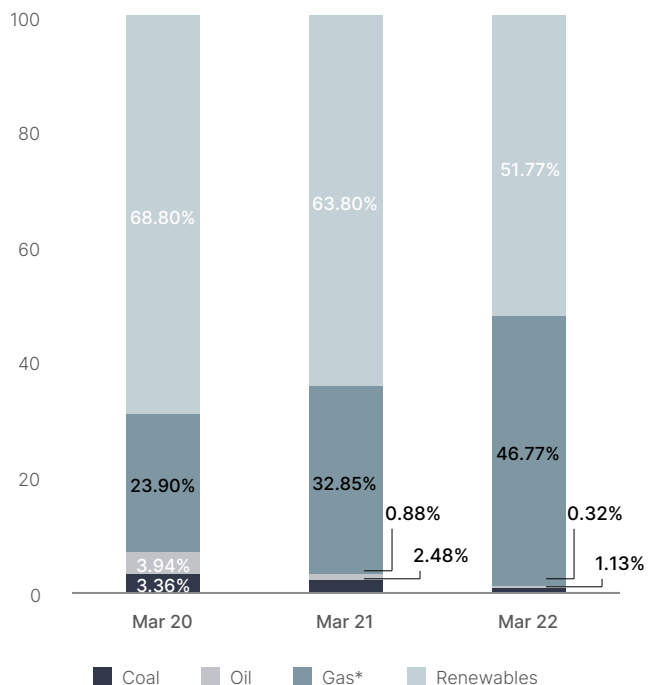
Minimal exposure to coal

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



* Majority is natural gas.

CREDIT RATINGS

Investec plc (holding company)

Moody's	
Long-term Issuer and senior unsecured rating	Baa1
Outlook	Stable

Investec Bank plc (main banking subsidiary)

Moody's	
Long-term deposit rating	A1
Outlook	Stable

Fitch	
Long-term Issuer Default rating (IDR)	BBB+
Outlook	Stable

FOR FURTHER INFORMATION:

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