

Possibilities and opportunities

Investec Limited

Q & A fact sheet
May 2022



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 8,300+ employees.

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

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.

Investec Bank Limited (IBL) is the main banking subsidiary of Investec Limited while Investec Bank (Mauritius) Limited is IBL's main operating subsidiary. Investec Limited 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 2022	31 March 2021	% change
Total operating income before expected credit loss impairment charges (R'million)	17 907	14 188	26.2%
Operating costs (R'million)	9 282	8 457	9.8%
Operating profit before goodwill and acquired intangibles (R'million)	8 562	5 110	67.6%
Headline earnings attributable to ordinary shareholders (R'million)	5 373	4 206	27.7%
Cost to income ratio	54.3%	59.6%	(8.9%)
Total capital resources (including subordinated liabilities) (R'million)	73 251	75 073	(2.4%)
Total equity (R'million)	62 529	60 628	3.1%
Total assets (R'million)	599 134	548 480	9.2%
Net core loans (R'million)	298 411	287 315	3.9%
Customer accounts (deposits) (R'million)	419 948	374 228	12.2%
Loans and advances to customers as a % of customer accounts (deposits)	69.3%	74.6%	(7.0%)
Cash and near cash balances (R'million)	159 454	129 759	22.9%
Funds under management (R'million)	372 804	340 618	9.4%
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	9.6x	9.0x	
Total capital adequacy ratio [^]	17.5%	16.0%	
Tier 1 ratio [^]	15.0%	12.8%	
Common equity tier 1 ratio [^]	14.0%	12.2%	
Leverage ratio [^]	7.4%	7.6%	
Leverage ratio – fully loaded [^]	7.4%	7.5%	
Stage 3 as a % of gross core loans subject to ECL	1.9%	2.6%	
Stage 3 net of ECL as a % of net core loans subject to ECL	1.5%	2.1%	
Credit loss ratio	0.00 %	0.18%	
Net Stable Funding Ratio % (NSFR)	112.6%	113.4%	
Liquidity Coverage Ratio % (LCR)*	138.9%	164.0%	

* In 2020, part of the Prudential Authority's response to the expected negative impact of COVID-19 on liquidity in financial markets was to reduce the LCR requirement for banks from 100% to 80%. On 1 September 2021, the Prudential Authority communicated that the LCR requirement will increase to 90% on 1 January 2022 and back to 100% on 1 April 2022.

[^] Investec Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. 31 March 2021 numbers are reported on the FIRB approach; we have presented numbers on a pro-forma Increased AIRB Scope basis for 31 March 2021.

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to below relate to the financial year ended 31 March 2021 (FY2021). For the financial year ended 31 March 2022, Investec Limited reported an increase in headline earnings attributable to ordinary shareholders of 27.7% to R5 373 million (FY2021: R1 622 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

17.5%

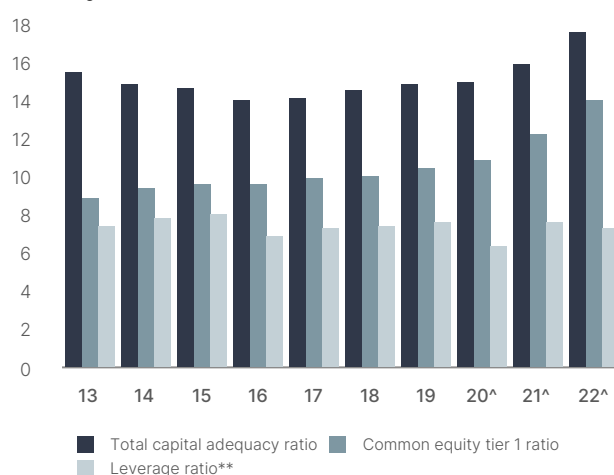
Total capital adequacy ratio

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 2022, the total capital adequacy ratio of Investec Limited was 17.5% and the common equity tier 1 (CET1) ratio was 14.0%.*

Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the bank's SME and Corporate models effective 1 April 2021. We have made progress in the application to adopt AIRB on certain remaining portfolios where capital is still calculated on the Foundation Internal ratings based (FIRB) approach.

Basel capital ratios

Percentage



* On full adoption of the advanced internal ratings based (AIRB) approach, Investec Limited's CET1 ratio at 31 March 2022 would on a pro-forma basis increase by 200bps.

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

^ FY22 is on increased AIRB scope; FY20 and FY21 are on FIRB; all prior years are on the Standardised approach.

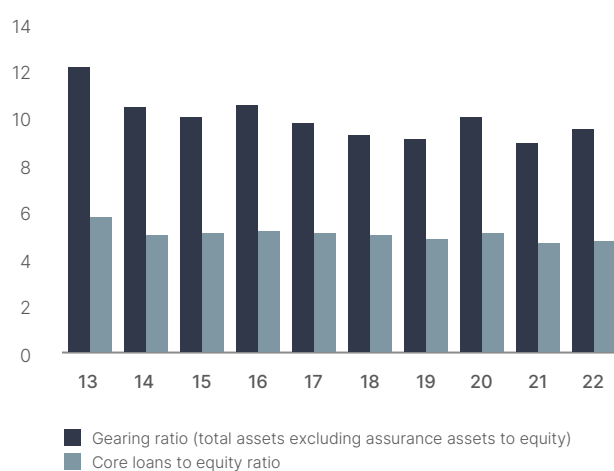
Gearing

9.6x

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 2022 was 9.6x.

Gearing ratio

Times



FINANCIAL INFORMATION
CONTINUED

Asset quality and exposures

0.00%

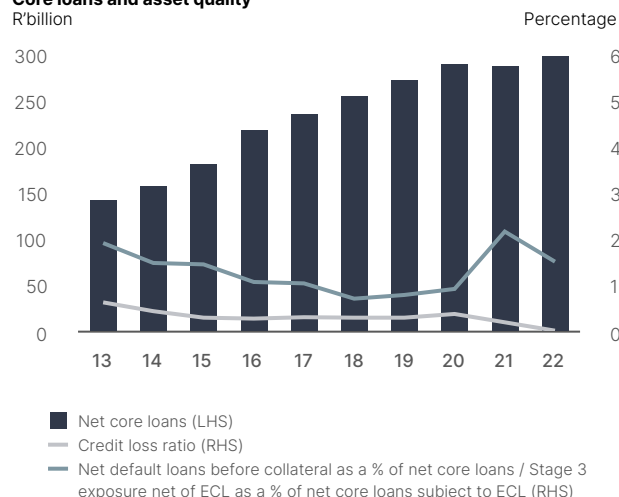
credit loss ratio

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 R63 million for the financial year ended 31 March 2022 (2021: R621 million). The credit loss ratio was 0.00% at 31 March 2022 (2021: 0.18%).

Stage 3 exposures net of ECL at 31 March 2022 amounted to R4 419 million (31 March 2021: R6 110 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 31 March 2022 amounted to 1.5% (31 March 2021: 2.1%).

Core loans and asset quality

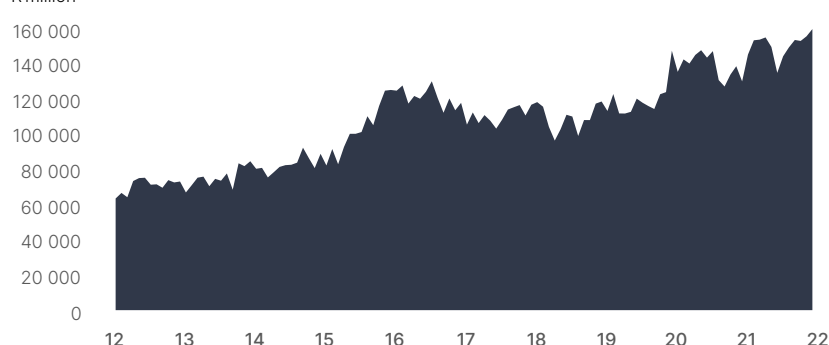


■ Net core loans (LHS)
— Credit loss ratio (RHS)
— Net default loans before collateral as a % of net core loans / Stage 3 exposure net of ECL as a % of net core loans subject to ECL (RHS)

Liquidity and funding

R159.5
billion

Cash and near cash

Cash and near cash trend
R'million

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 2022, the bank had R159.5 billion of cash and near cash to support its activities. 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 increased by 12.2% since 31 March 2021 to R419.9 billion at 31 March 2022 (31 March 2021: R374.2 billion). The bank's loan to customer deposit ratio was 69.3% as at 31 March 2022 (31 March 2021: 74.6%).

There are no deposit guarantees in South Africa.









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"> Investec Bank Limited successfully closed a \$600 million sustainability-linked term loan facility (2.5x oversubscribed) \$35 million raised by Investec Wealth & Investment at 31 March 2021 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 

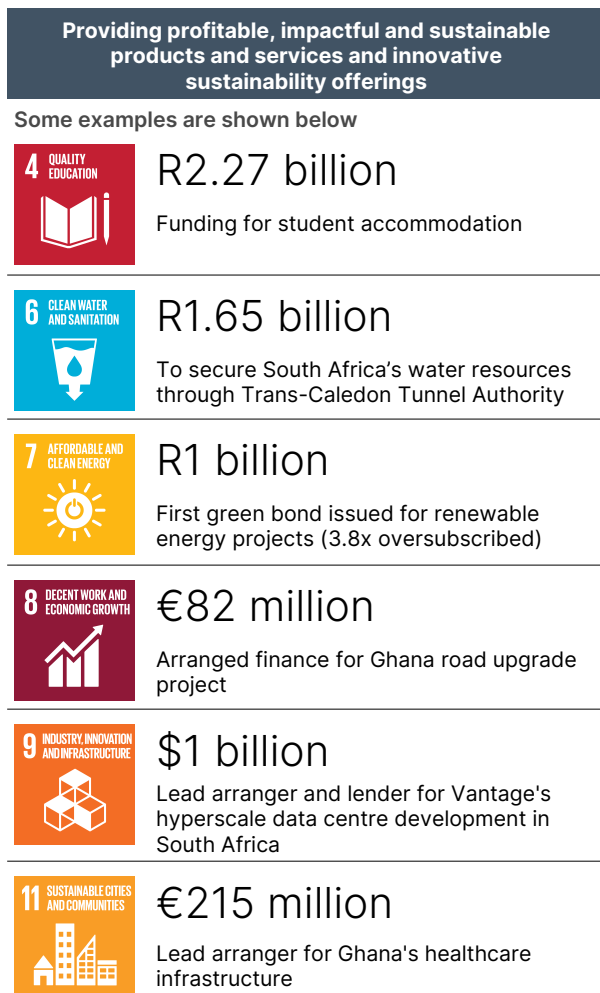
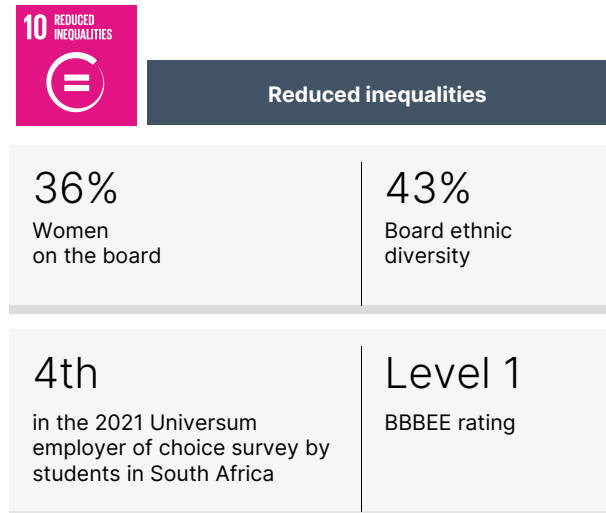
Consistently well-positioned in international ESG rankings and ratings

			
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

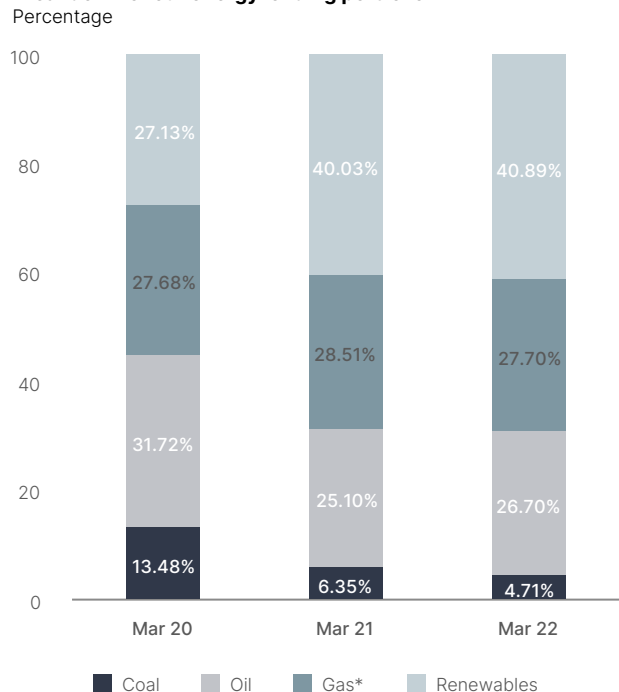


Minimal exposure to coal

0.15% Coal as a percentage of loans and advances (31 March 2021: 0.20%)

4.71% Coal as a percentage of energy lending (31 March 2021: 6.35%)

Breakdown of our energy lending portfolio



* Majority is natural gas.

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 & Poor's and GCR are in line with their larger domestic peers and are listed below:

	Fitch	Moody's	Standard & Poors	GCR
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			
Outlook	Stable			
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-	BB
Foreign currency short-term rating	B	NP	B	B
Outlook	Stable	Stable	Positive	Negative

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: 29 May 2022