

Out of the Ordinary



INVESTEC PLC

Q and A fact sheet
November 2020



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 8,500 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.

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

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.

Key financial statistics

Key financial statistics	30 Sept 2020	30 Sept 2019*	% change	31 March 2020
Total operating income before expected credit loss impairment charges (£'000)	428 828	509 341	(15.8%)	948 249
Operating costs (£'000)^	357 880	399 269	(10.4%)	742 199
Adjusted operating profit (£'000)	31 574	94 064	(66.4%)	129 386
Earnings attributable to ordinary shareholders (£'000)	18 890	82 746	(77.2%)	645 521
Cost to income ratio (%)	83.4%	78.4%		78.3%
Total capital resources (including subordinated liabilities) (£'000)	3 250 573	3 131 524	3.8%	3 175 859
Total equity (£'000)	2 460 268	2 319 940	6.0%	2 388 829
Total assets (£'000)	24 557 441	23 544 534	4.3%	24 924 703
Net core loans (£'000)	11 978 740	10 795 132	11.0%	11 870 160
Customer accounts (deposits) (£'000)	15 644 774	13 366 979	17.0%	15 280 302
Loans and advances to customers as a % of customer deposits	76.6%	80.8%	(6.1%)	77.7%
Cash and near cash balances (£'million)	6 222	6 619	(6.0%)	6 040
Funds under management (£'million)**	38 018	41 539	(8.5%)	33 465
Total gearing ratio (i.e. total assets to equity)	10.0x	10.1x		10.4x
Total capital ratio	14.7%	15.2%		14.9%
Tier 1 ratio	12.3%	12.2%		12.4%
Common equity tier 1 ratio	10.6%	10.5%		10.7%
Leverage ratio – current	7.7%	7.6%		7.8%
Leverage ratio – ‘fully loaded’	7.3%	7.3%		7.4%
Stage 3 exposure as a % of gross core loans subject to ECL	3.0%	3.1%		3.3%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	2.2%	2.2%		2.2%
Credit loss ratio#	0.60%	0.28%		0.69%

* Restated to reflect continuing operations

** In order to be comparable, the 30 September 2019 funds under management figure above reflects that of continuing operations only (i.e. excludes funds under management related to the asset management business).

^ Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million), which was previously reported as a separate line item, has been included in operating costs. The prior periods have been restated to reflect the same basis.

The credit loss ratio is the annualised expected credit loss (ECL) impairment charge on gross core loans as a % of average gross core loans subject to ECL.

FINANCIAL INFORMATION

LIQUIDITY AND FUNDING

£6.2bn *cash and near cash*

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 30 September 2020, the Investec plc had £6.2 billion of cash and near cash to support its activities, representing approximately 39.8% 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 £15.6 billion as at 30 September 2020 (31 March 2020: £15.3 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

76.6%

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

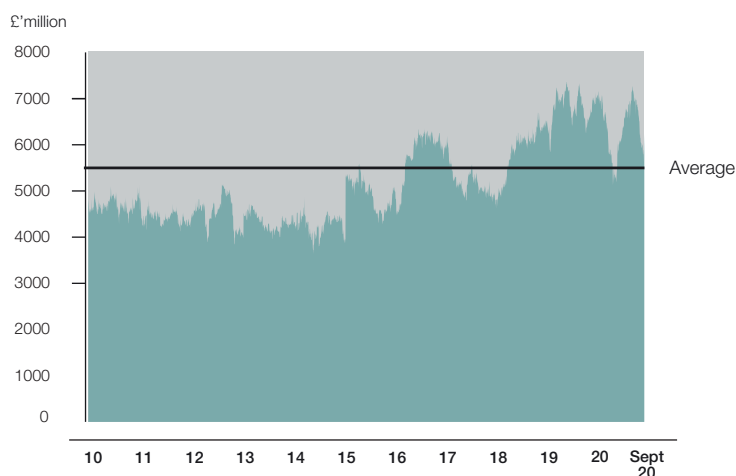
The loan to customer deposit ratio graph is sourced from the latest company interim/annual financial results available as at 18 November 2020 and reflects the balance sheet figures for loans and advances to customers and customer deposits.

GEARING

10.0x

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 10.0x.

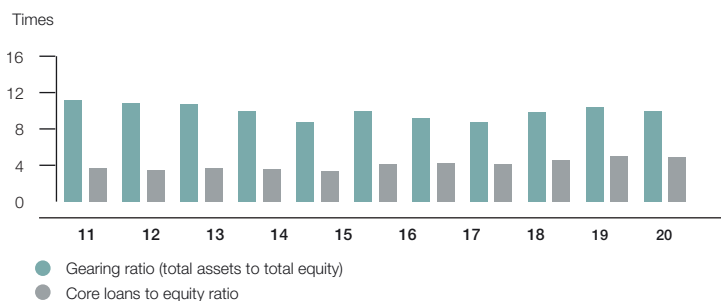
Cash and near cash trend



Loan to customer deposit ratio



Gearing ratio



FINANCIAL INFORMATION

(continued)

CAPITAL ADEQUACY

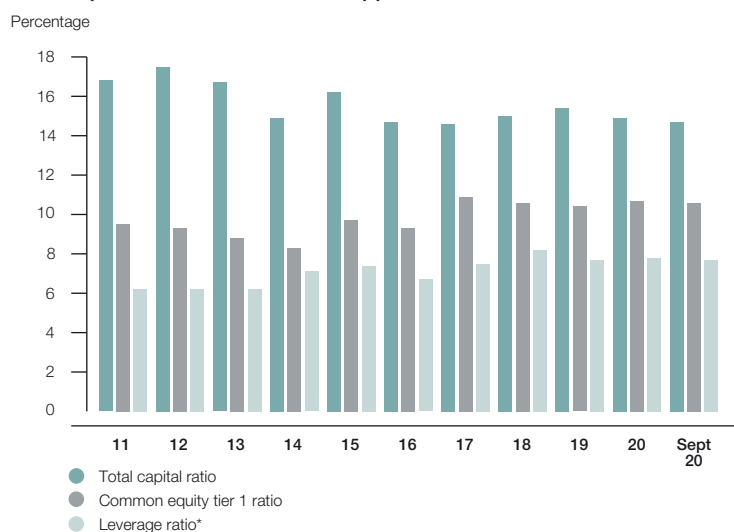
14.7% *total capital ratio*

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 30 September 2020, the total capital ratio of Investec plc was 14.7% and the common equity tier 1 ratio was 10.6%.

The bank's anticipated 'fully loaded' Basel III common equity tier 1 ratio and leverage ratio are 10.1% and 7.3%, respectively (where 'fully loaded' is based on Basel III requirements as fully phased in by 2022). 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 12bps (31 March 2020: 0bps) higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets.

Basel capital ratios – standardised approach



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

ASSET QUALITY AND EXPOSURES

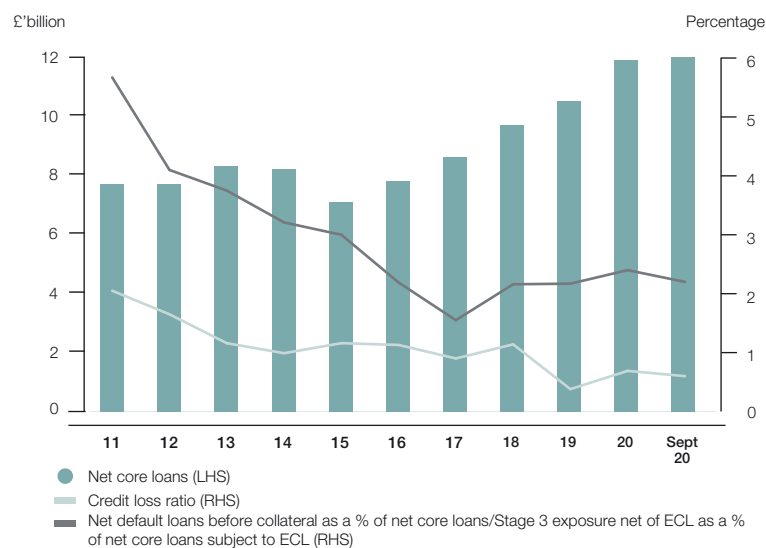
0.60% *annualised credit loss ratio*

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 and high income 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 £39.9 million for the six months ended 30 September 2020 (2019: £16.1 million). The annualised credit loss ratio decreased from 0.69% at 31 March 2020 to 0.60% at 30 September 2020.

Stage 3 exposure net of ECL at 30 September 2020 amounted to £253 million (31 March 2020: £272 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL at 30 September 2020 amounted to 2.2% (31 March 2020: 2.4%).

Core loans and asset quality



SUSTAINABILITY

At Investec, sustainability is about building resilient profitable businesses that are focused on growing and preserving stakeholders' long-term wealth, whilst contributing in a responsible way to the health of our economy, our people, our communities and the environment for a prosperous future for all.

Supporting a sustainable economy

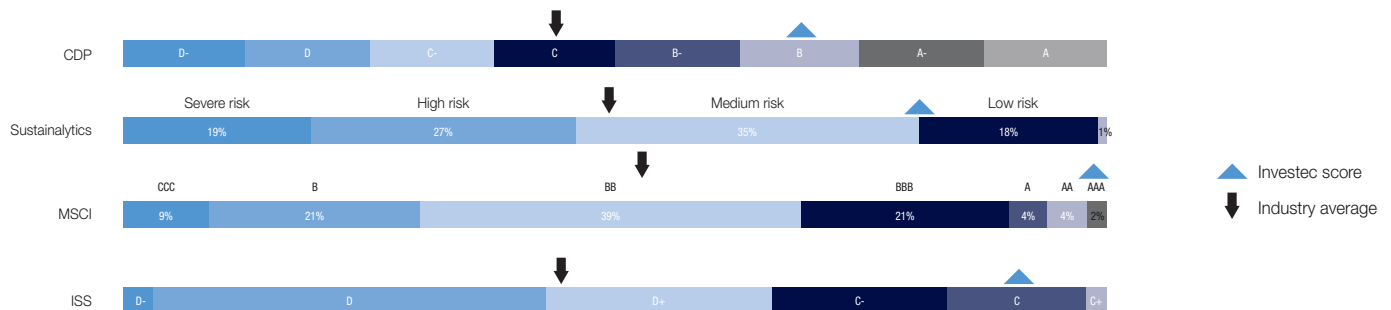
We play a critical role in funding a sustainable economy that is **conisant of the world's limited natural resources.**

- Signed up to UNEP FI and committed to the Principles for Responsible Banking
- Joined the Partnership for Carbon Accounting Financials (PCAF) in UK and South Africa
- Passed a climate risk-related resolution at the 2020 AGM with a 99.95% majority vote
- Published our first stand-alone TCFD report and look to enhance our disclosures
- Purchased carbon credits to offset the carbon emissions in our direct operations for the financial year to 31 March 2020
- Launched one of the first European mid-market ESG-linked subscription lines
- Launched the UK's first retail ESG-linked Deposit Plan

Recognition and indices

- Ranked 55th (out of 5,500) in the Wall Street Journal Top 100 Most Sustainable Companies and 9th in the Social Category
- Top 2% in the MSCI Global Sustainability Index, with a rating of AAA in the financial services sector
- Top15% in the global financial services sector of the RobecoSAM Corporate Sustainability
- In the FTSE UK 100 ESG Select Index (out of 640 companies in the FTSE All Share Index)
- Top 30 in the FTSE/JSE Responsible Investment Index
- One of 43 banks and financial services in the STOXX Global ESG Leaders Index
- Maintained a B rating in terms of the CDP (industry average of C)

Investec ESG ratings compared to our peers



Source: Rating agency reports

Sustainability strategy

Creating financial and social value in a sustainable way that ensures a low-carbon, inclusive world.

- Endorsement by leadership of the sustainability strategy, which is aligned to the Sustainable Developments Goals (SDGs) and the business strategy
- Our CEO, Fani Titi participated as a speaker at the United Nations Global Investors for Sustainable Developments (UN GISD) second annual meeting in October. He also presented at the United Nations Development Programme's (UNDP) launch of the South Africa SDG Investor Map 2020

Our sustainability framework is based on:

- Living sustainably within our operations
- Partnering with clients on their ESG journey and offering sustainability products and services
- Aligning our community initiatives to our SDG priorities to maximise impact

Our 2020 sustainability report provides further detail on the many initiatives we support and fund as part of our commitment to the SDGs.

2
Core
Priorities

6
Secondary
Priorities



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	Negative*

* On 24 July 2020, Fitch affirmed IBP's Long-Term Issuer Default Rating (IDR) at BBB+ and removed the Rating Watch Negative (that had been placed on IBP's ratings on 1 April 2020 following the onset of the COVID-19 pandemic) to reflect Fitch's view that IBP's ratings are not immediately at risk from the impact of the economic downturn. The outlook on the Long-Term IDR is negative to reflect the ongoing downside risks relating to COVID-19.

FOR FURTHER INFORMATION:

Investor Relations

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

Date of print: 19 November 2020