

Investec Bank Limited

November 2021



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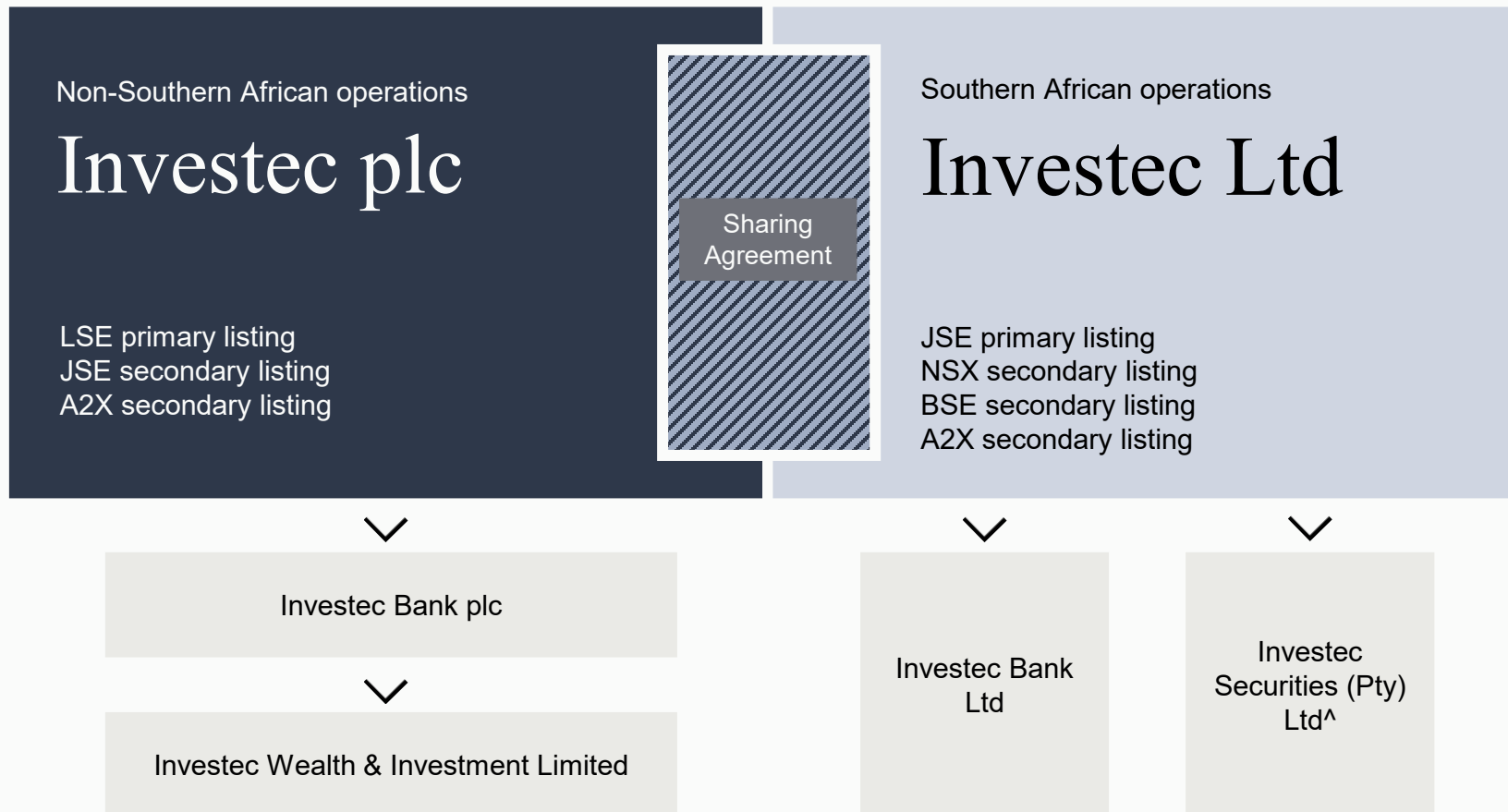
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Investec group at a glance



Investec Dual Listed Company structure

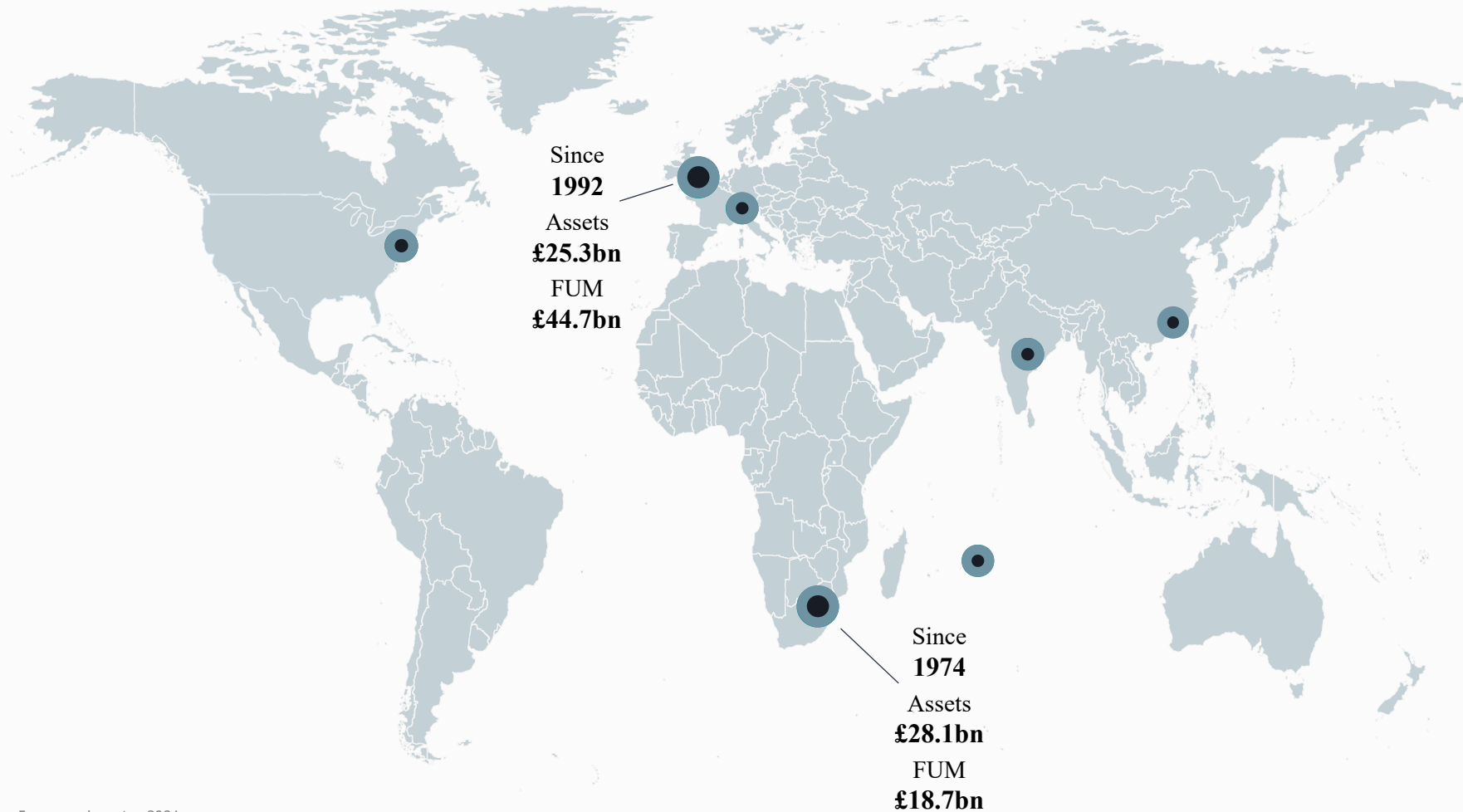


- Investec plc and Investec Limited are **separate legal entities and listings**, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a **single unified economic enterprise**
- Shareholders have **common economic and voting interests** as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced** to either Investec plc or Investec Limited as there are **no cross-guarantees** between the companies
- In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly Investec Asset Management). Investec retained a 25% shareholding in the Ninety One group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

[^] Houses the Wealth & Investment business
Note: All shareholdings are 100%. Only main operating subsidiaries are indicated.

Investec group at a glance

A domestically relevant, internationally connected banking and wealth & investment group



- Established in 1974
- Today, an efficient integrated international business platform employing approximately **8 200*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£53.5bn**; total equity of **£5.5bn**; funds under management of **£63.4bn**

One Investec

Our purpose is to create enduring worth – living in, not off, society

Our values

Investec exists to create enduring worth for all of our stakeholders: our clients, our people and the communities in which we operate. This purpose is expressed in five key values that shape the way that we work and live within society.

1

Cast-iron Integrity

We believe in long-term relationships built on mutual trust, open and honest dialogue and cast-iron integrity.

2

Distinctive Performance

We thrive on energy, ambition and outstanding talent. We are open to fresh thinking. We believe in diversity and respect for others

3

Client focus

We are committed to genuine collaboration and unwavering dedication to our clients' needs and goals.

4

Dedicated partnership

We collaborate unselfishly in pursuit of group performance, through open and honest dialogue – using process to test decisions, seek challenge and accept responsibility.

40 Years of
heritage.
Two core
geographies.
One Investec.

Whether you are an individual, a business, or an intermediary acting for clients, our aim is to create and manage your wealth and fuel your business growth

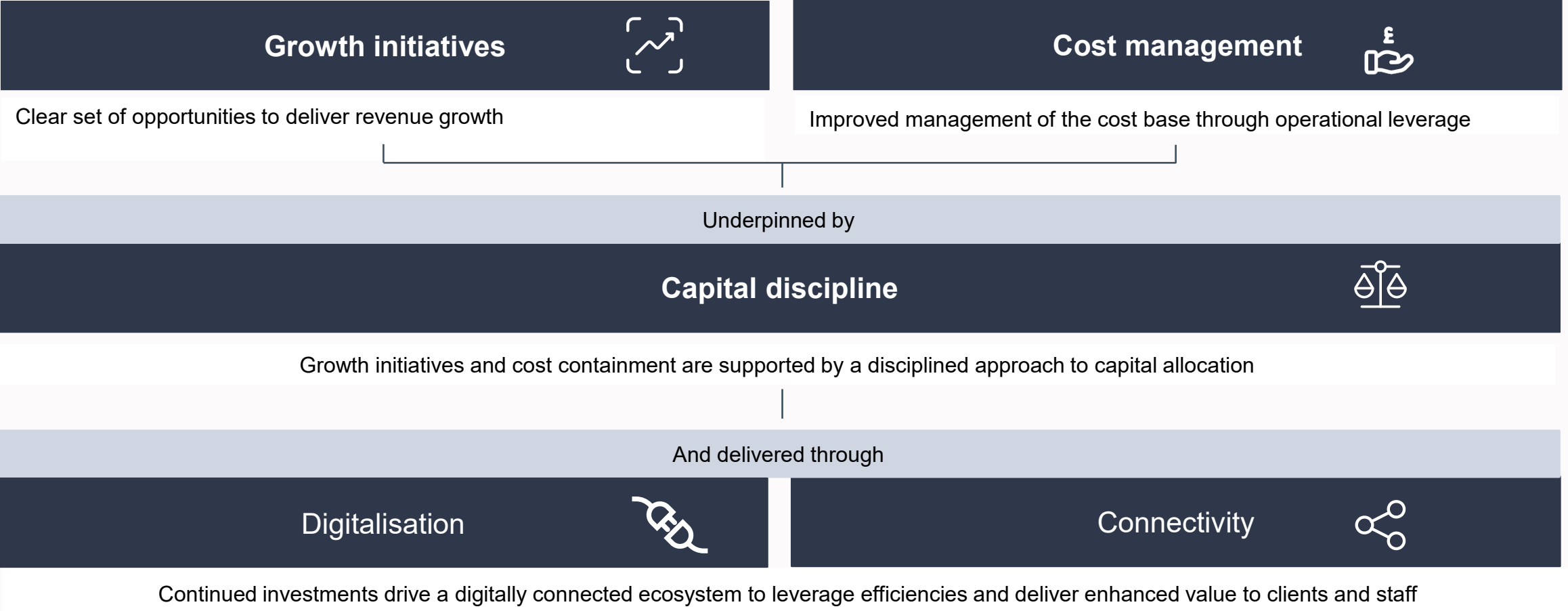


Investment proposition

Well positioned to pursue long-term growth

- 1 Well capitalised and highly liquid balance sheet
- 2 Diversified mix of business by geography, income and business
- 3 Rightsized the cost structure of the business
- 4 Improved capital allocation – anticipate excess capital
- 5 Our clients have historically shown resilience through difficult macro environments

Identified initiatives to improve business performance



Sustainability highlights

Ensuring that we do no harm, contribute positively, lend and invest responsibly and maintain our competitive ESG position

Sustainability principles

1.

Creating enduring worth for all our stakeholders

2.

Do no harm through ethical conduct and ESG screening

3.

Committed to net-zero emissions

4.

Providing profitable, impactful and sustainable products and services

5.

Maximising impact through a focus on the SDGs

ENABLED THROUGH

Strong governance

- Created a framework linking **executive directors' remuneration** to ESG KPIs
- Deepened our ESG skills** on the Group Board with the addition of two new non-executive directors
- Received a **low-risk rating** from Sustainalytics (16.6)

Investec

Innovative sustainable finance

Core SDGs

Climate action



99.9% favorable vote for Scope 3 financed emissions resolution

0.11% coal as a % of loans and advances

A proud participant of
Climate Action 100+
Global leaders driving business transition
Investec Wealth & Investment



Committed to NZBA

Reduced inequalities



36% women on the board

43% board ethnic diversity

Level 1 BBBEE rating

4th 2021 Universum employer of choice: students

Some examples of how we supported the SDGs since April 2021

Supporting SDGs



£7.75mn

Sustainability Linked Loan to a client providing professional learning and development programmes



€90mn

Long-term partnership for UK renewable energy or carbon reduction projects



R2.5bn

debt package for fibre roll-out primarily into underserved businesses and homes



R1.65bn

To secure South Africa's water resources through Trans Caledon Tunnel Authority



£10.83mn

facility to fund the development of a modular student scheme



€215mn

Arranged finance for TWO major hospital projects in Ghana

Strong ESG ratings

Sustainability Yearbook
Member 2021
S&P Global

Top 15% in the global diversified financial services sector (inclusion since 2006)



Score B against an industry average of B (formerly Carbon Disclosure Project)



Top 16% of globally assessed companies in the Global Sustainability Leaders Index



Top 20% of the ISS ESG global universe and
Top 14% of diversified financial services



Top 2% in the financial services sector in the MSCI Global Sustainability Index



Included in the **FTSE UK 100 ESG Select Index** (out of 641)
Included in the **FTSE4Good Index**

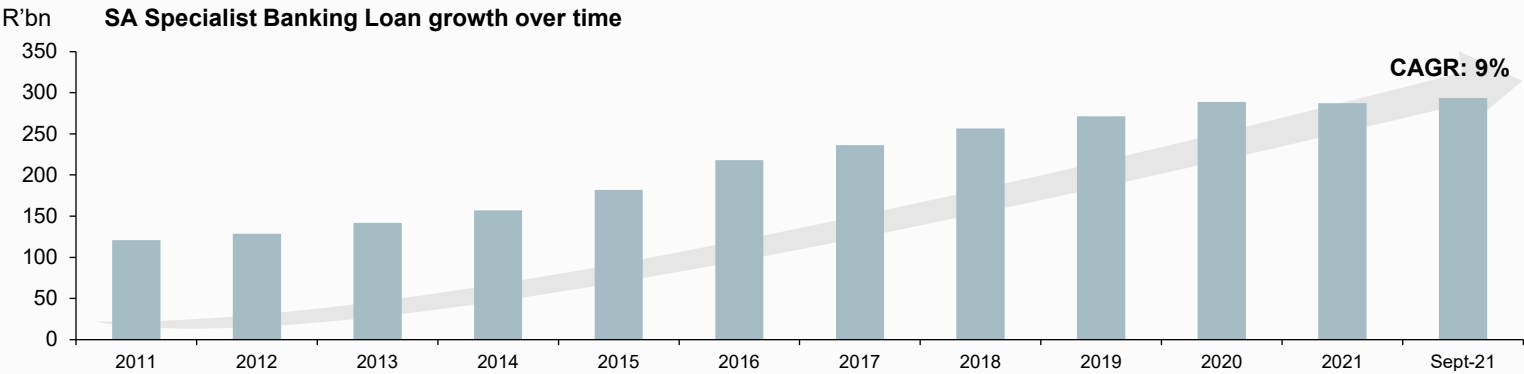
Investec Bank Limited (IBL) overview



Specialist Banking SA

High-quality specialist banking solutions with leading positions in selected areas

Private Banking	Investec for Business	Corporate and Institutional banking	Investment Banking and Principal Investments
For high net worth clients, professionals and emerging entrepreneurs looking for an ‘investment banking’ style service for private clients	Smaller and mid-tier corporates who require a holistic banking solution	For corporates (mid to large size), intermediaries, institutions, government and SOEs looking for a client-centric, solution driven offering	Corporates, institutions, property partners looking for an innovative investment partner
Lending, transactional banking, property finance and savings	Import and trade finance, working capital finance, asset finance, transactional banking	Global markets, various specialist lending activities and institutional equities	Principal investments, Advisory, Debt and Equity, Capital Markets



Permanent employees	c.4,000
% Contribution to adjusted operating profit* of Investec	c.53%
% Contribution to loan book of Investec	c.52%

*Operating profit before group costs, goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Overview of Investec Bank Limited

IBL is a **specialist bank** with a strong franchise in niche market segments operating primarily in **Southern Africa**.

Total
assets
R530.4bn

Net core
loans
R293.3bn

Total
equity
R45.9bn

Customer
deposits
R399.0bn

Employees
+4 400

Well established franchise

- **Established in 1974** in the Republic of South Africa.
- Regulated by the South African Prudential Authority.
- Obtained a banking licence in 1980 and listed on the Johannesburg Stock Exchange in 1986.
- Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions.
- Today, efficient integrated business platform employing approximately **4 400*** permanent employees.
- **5th largest banking group** in South Africa (by assets).
- **Leading position** in corporate and institutional and private client banking activities.

Key strategic objectives

- Our **long-term strategic focus**:
 - We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the planet
 - All relevant Investec resources and services are on offer in every single client transaction
 - Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.
- In the **short term**, our objective is to **simplify, focus and grow** the business with **discipline**.

SA Specialist Banking

We have a specialised niche offering to a select target market



- **Invested in our business**, sustainably growing our client base and franchise



- Strong technology and digital platforms underpin our **high-tech and high-touch offering**
- Continuous investment to maintain leading position (One Place, Investec Life, Transactional Banking)



- **Deepening** our existing **client relationships** and **client acquisition** through the collaboration of product offerings
- We have a number of **growth initiatives**



- Our growth initiatives and strong franchise support our **solid revenue base**



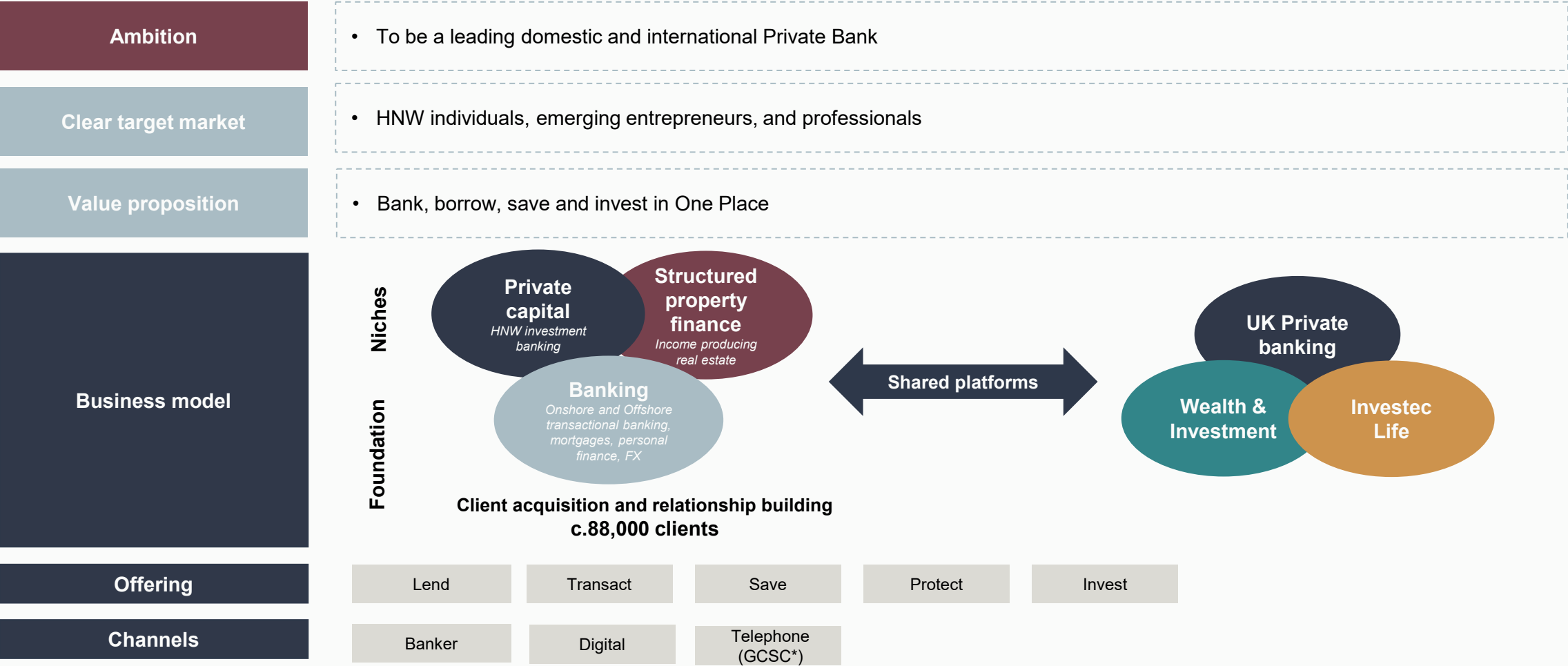
- **Maintaining cost efficiency** with low cost to income ratios



- Maintaining sound capital ratios and low credit loss ratios through varying market conditions
- Enhancing our capital light revenue base
- Disciplined capital allocation
- **We remain focused on improving ROE**

SA Specialist Banking: Private Banking

A full-service Private Banking offering integrated into One Place™



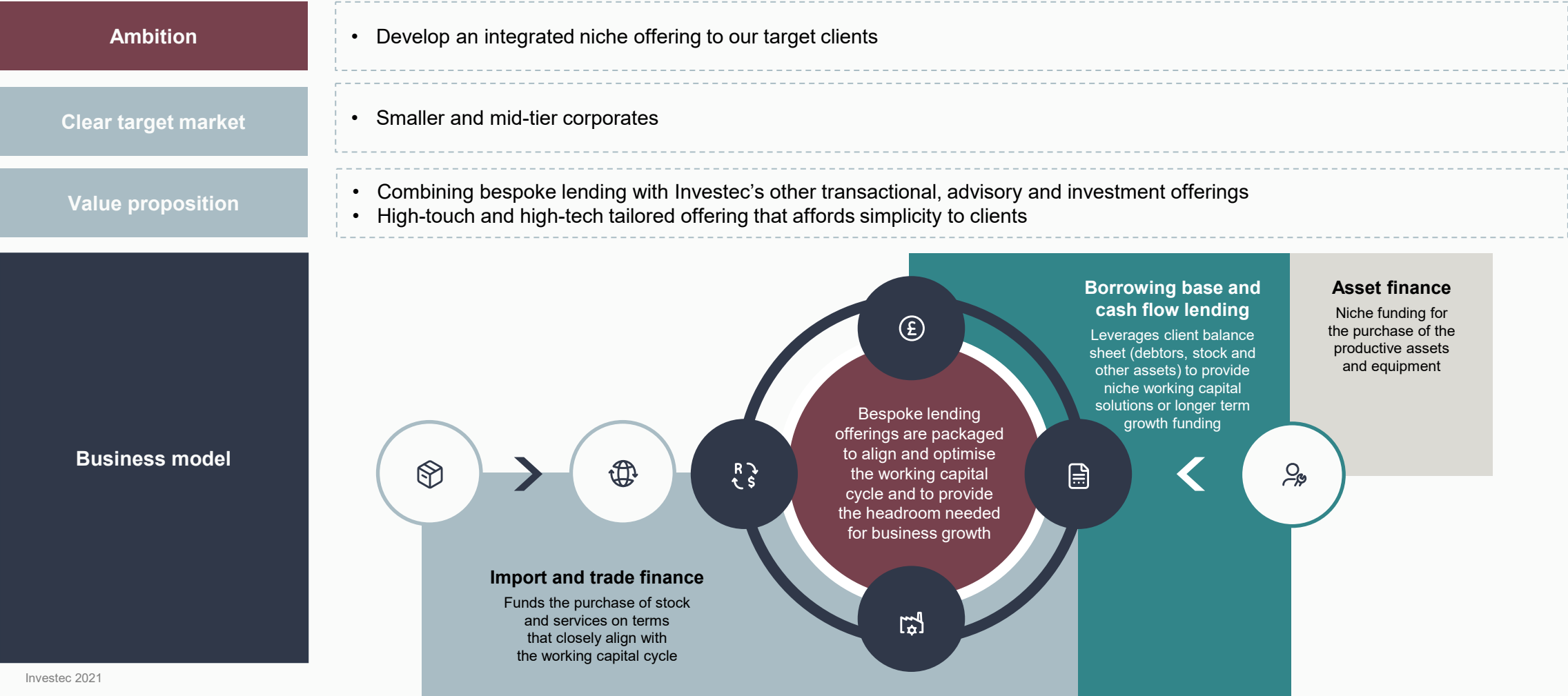
SA Specialist Banking: Corporate and Institutional Banking

Strong franchise value and leading market position in our niche markets



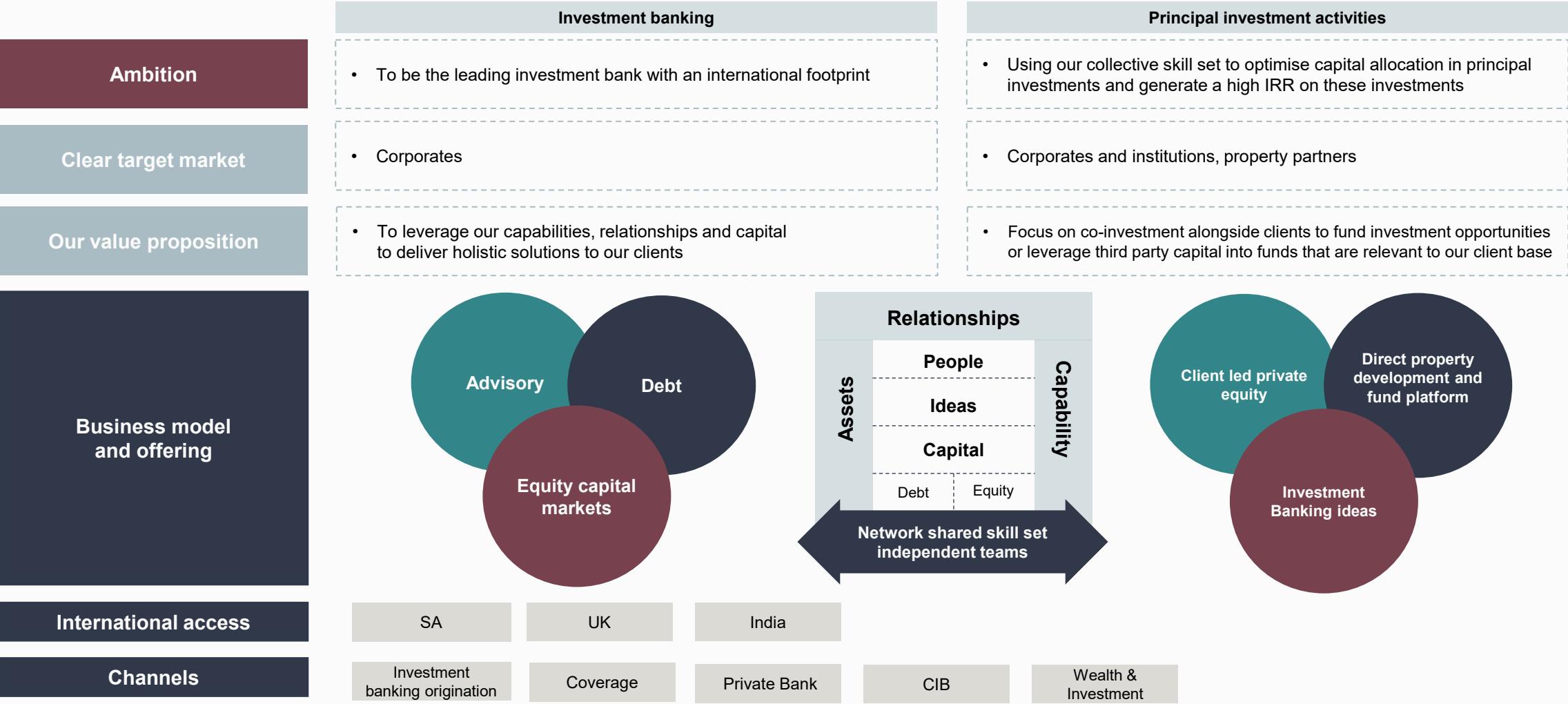
SA Specialist Banking: Investec for Business

Bespoke lending offerings for working capital optimisation and business growth



SA Specialist Banking: Investment Banking and Principal Investments

Delivering holistic investment solutions to clients

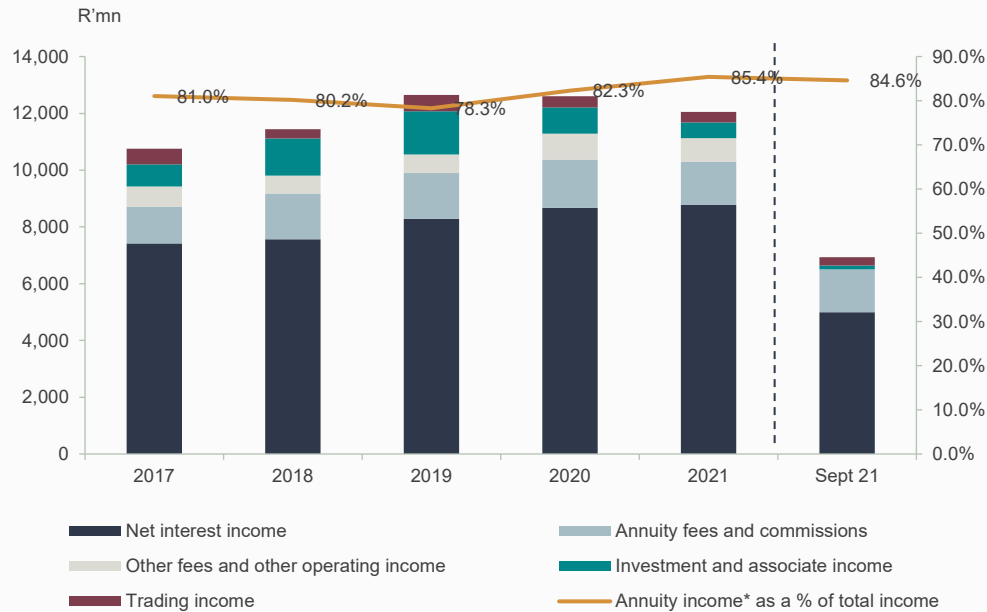


IBL operating fundamentals

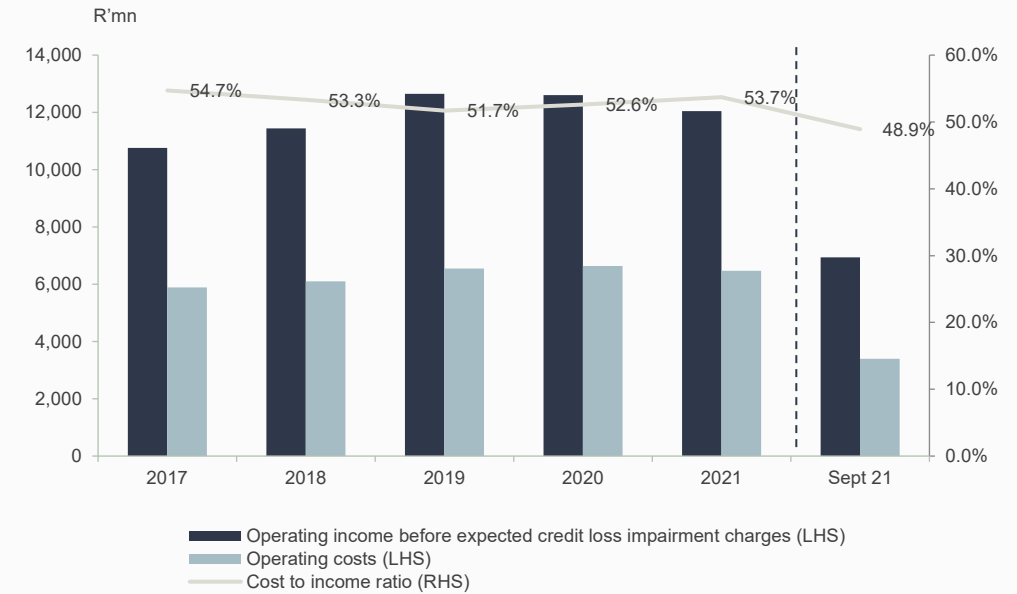


Revenue supported by resilient franchises

Annuity income*



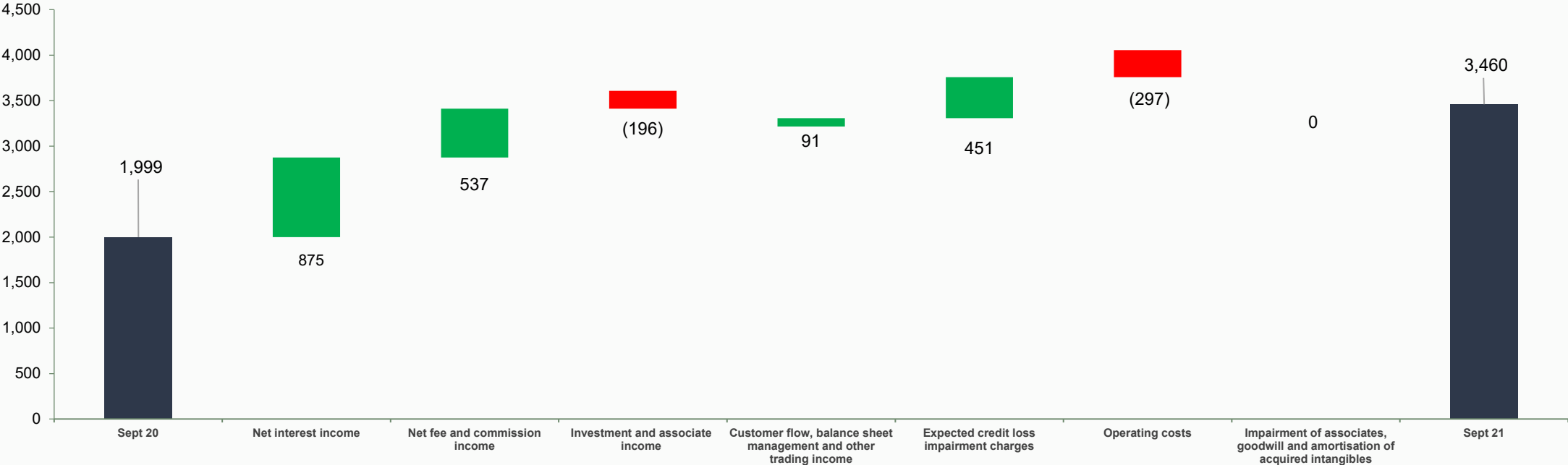
Revenue versus expenses



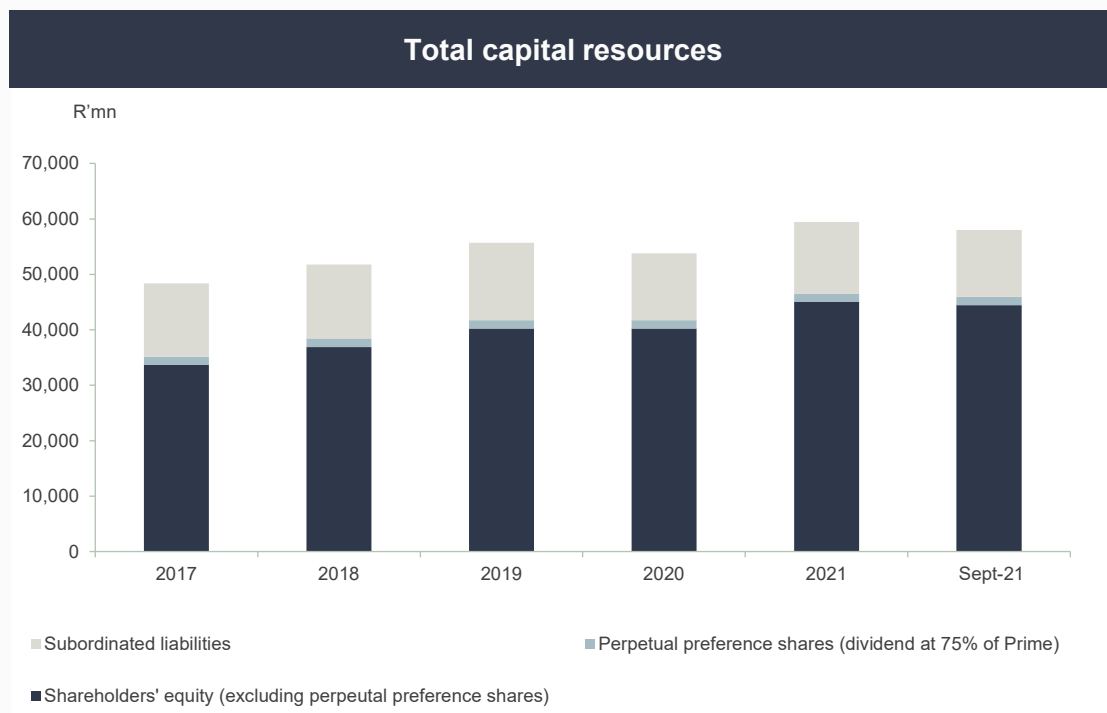
- A diversified business model continues to support a **large recurring income base** comprising net interest income and net annuity fees and commissions, currently 84.6% of operating income (up from 74.8% in 2012).
- **Total operating income** before expected credit loss impairment charges for the six-month period ended 30 September 2021 decreased 4.4% year on year (1H2021 vs 1H2022) due to the combined impact of lower non-interest revenue and subdued lending and transactional activity, particularly in 1H21. In addition, investment income declined as a result of lower realisations, dividend income and negative fair value adjustments.
- We maintained a **disciplined approach to cost control**. **Operating costs** increased 9.6% to R3 395 million (1H2021: R 3 098 million) driven by higher variable remuneration, investment in technology and the impact of delayed salary increases in prior year. The cost to income ratio for the six-month period ended 30 September 2021 improved to 48.9% (31 March 2021: 53.7%)

Operating Profit

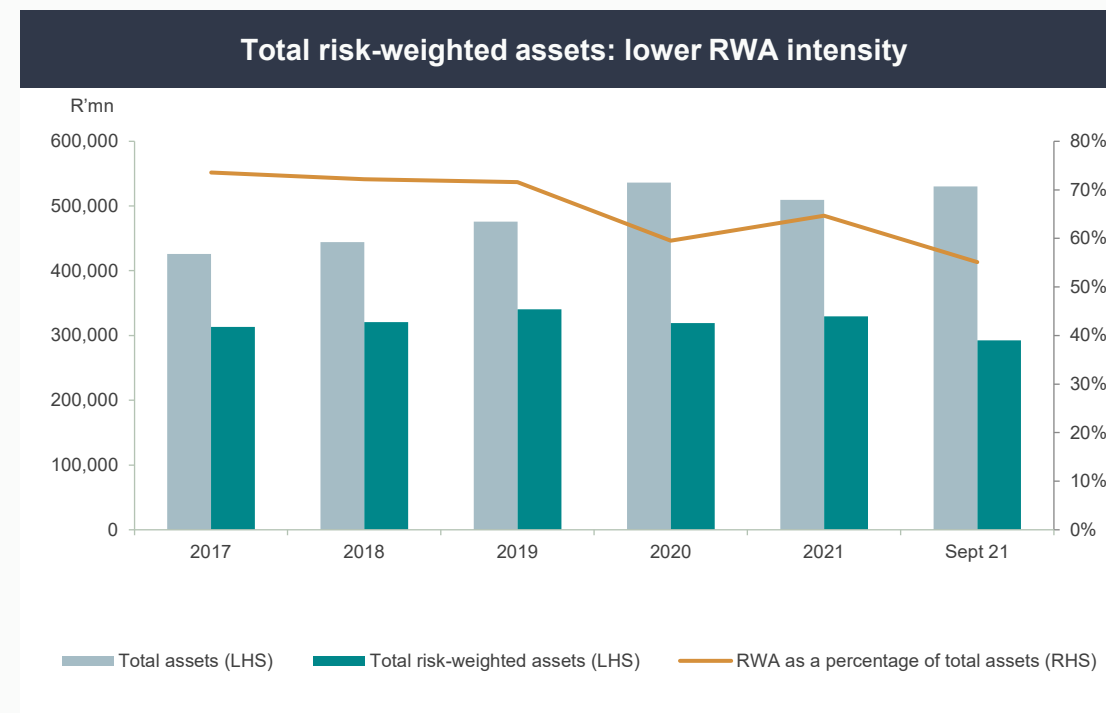
- IBL reported an increase in profit before tax of 73.1%. Our client engagement has been proactive, resulting in good client acquisition across both private and corporate clients in the period under review. Profits increased primarily due to:
 - Higher **trading income** driven by strong client flow as trading desks took advantage of favourable market movements in more predictable trading environment
 - Higher **net interest income** driven by higher average lending books and lower funding costs. Net core loans growth driven primarily by private clients' loan book. Strong growth in corporate lending turnover
 - Lower **investment income and associate income** due to higher dividend income and prfot share realisations being offset by additional write-downs
 - Higher **net fee and commission income** due to increased client activity across the bank, higher point-of-sale, lending and forex (FX) turnover. Advisory fees from corporate finance benefitted from a more active market



Investec Bank Limited: sound capital base



- Capital resources have increased since FY20 due to an increase in shareholders' equity
- Our total **capital resources** have grown by **95.8% since 2012 to R58 037mn** at 30 September 2021 (CAGR of 9.1% per year) without recourse to government or shareholder.

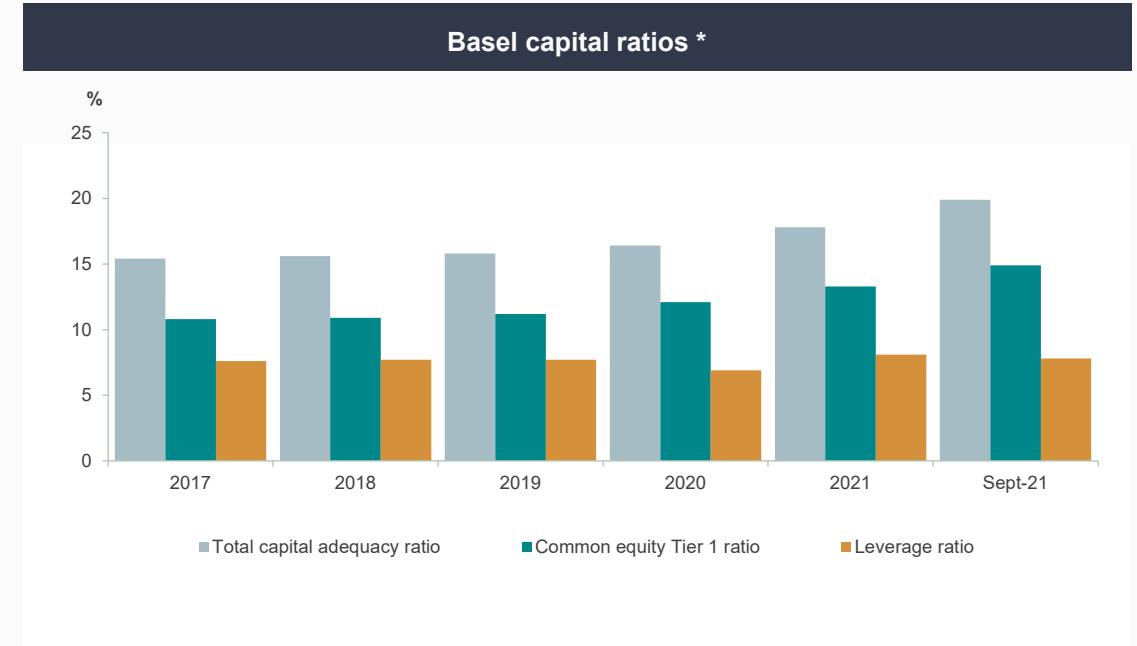


- IBL's **Total RWAs / Total assets** (RWA intensity) decreased to 55.1% (31 March 2021: 64.6%).
- Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models effective 1 April 2021. We are working towards further adoption of AIRB on certain remaining portfolios which we expect to result in a further reduction to our capital requirements and uplift to our CET1 ratio.

Sound capital ratios and capital ratios

Capital development		
	30 Sept 2021	31 Mar 2021^
Common equity tier 1 (as reported)	14.9%	13.3%
Common equity tier 1 ('fully loaded')#	14.9%	13.3%
Tier 1 (as reported)	15.6%	13.7%
Total capital adequacy ratio (as reported)	19.9%	17.8%
Leverage ratio **	7.8%	8.1%
Leverage ratio – fully loaded' #	7.7%	8.1%

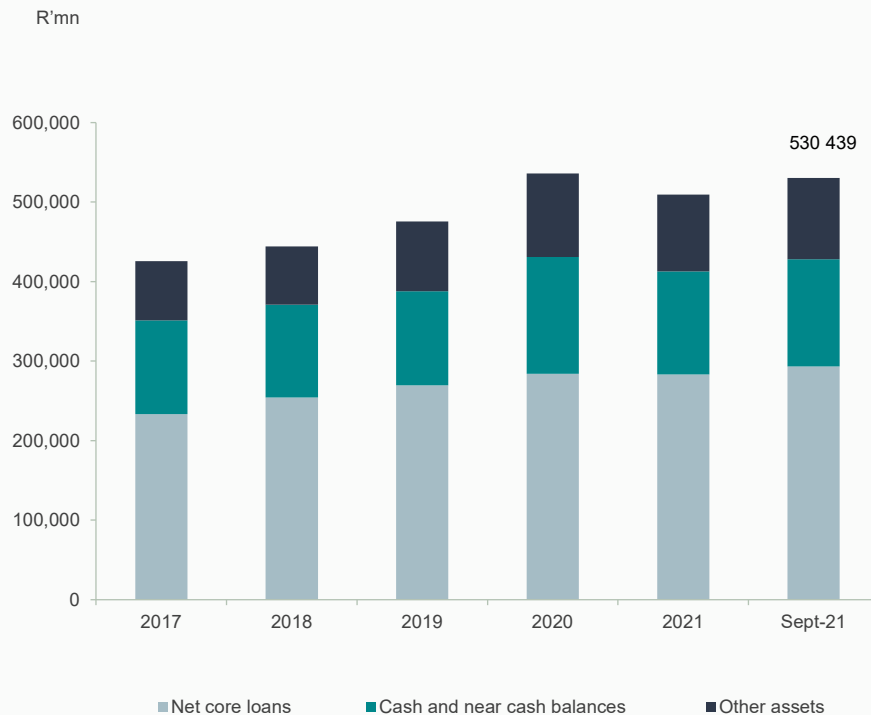
- ** The leverage ratios are calculated on an end-quarter basis.
- ^ Investec Bank Limited's capital information includes unappropriated profits at 31 March 2021. If unappropriated profits are excluded from capital information, Investec Bank Limited's CET 1 ratio would be 48bps lower
- # The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2023.



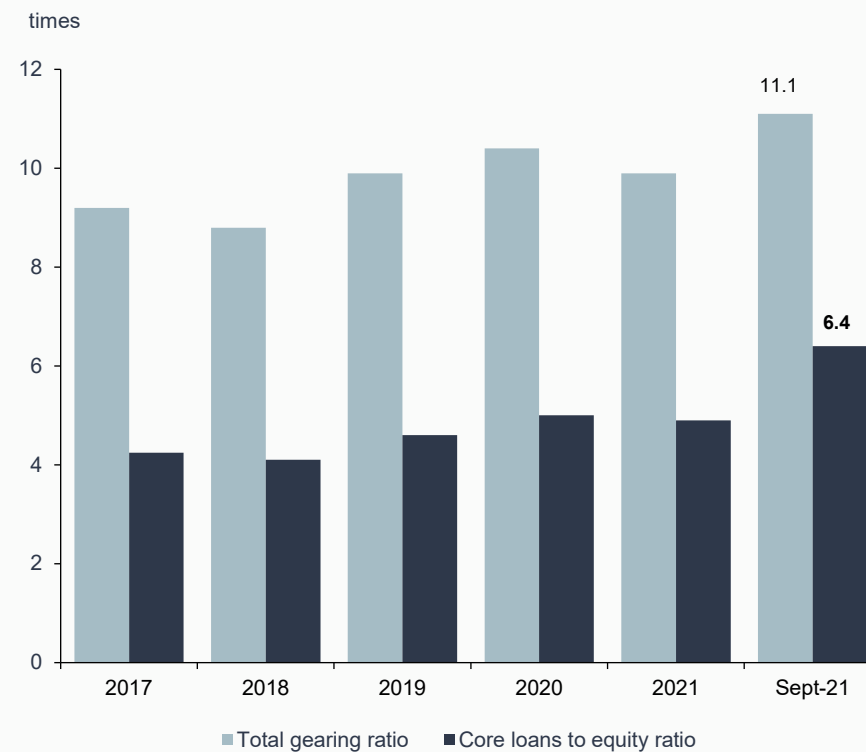
- IBL **maintained a sound capital position** with a CET1 ratio of 14.9% and a total capital adequacy ratio of 19.9%.
- Leverage ratios remains robust.
- Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models effective 1 April 2021. We are working towards further adoption of AIRB on certain remaining portfolios

Consistent asset growth, gearing ratios remain low

Total assets composition



Gearing remains low¹

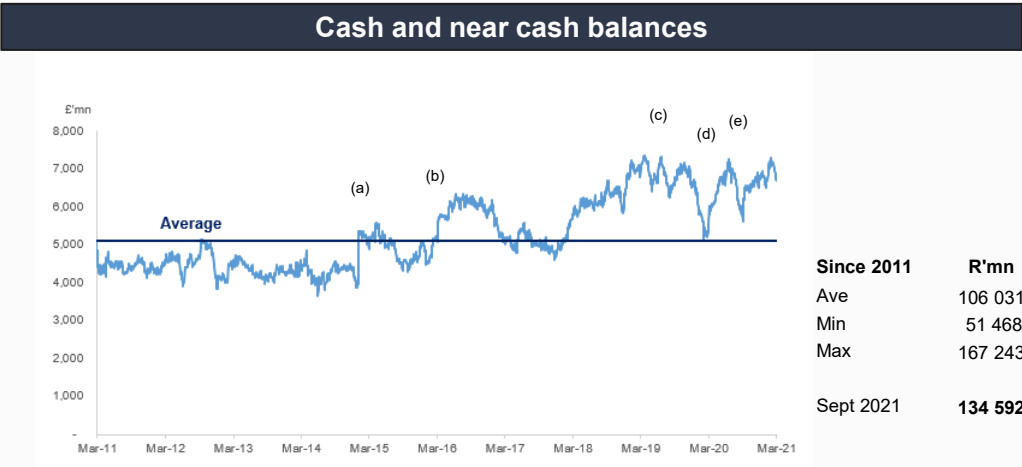
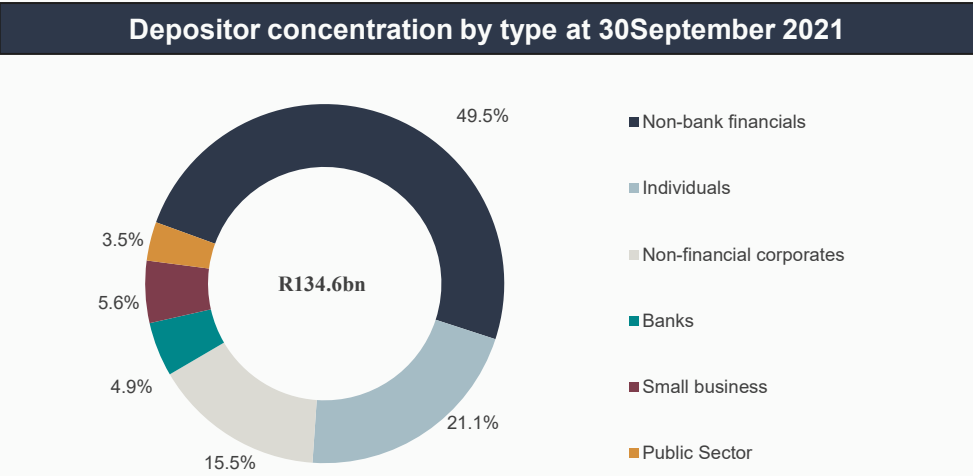
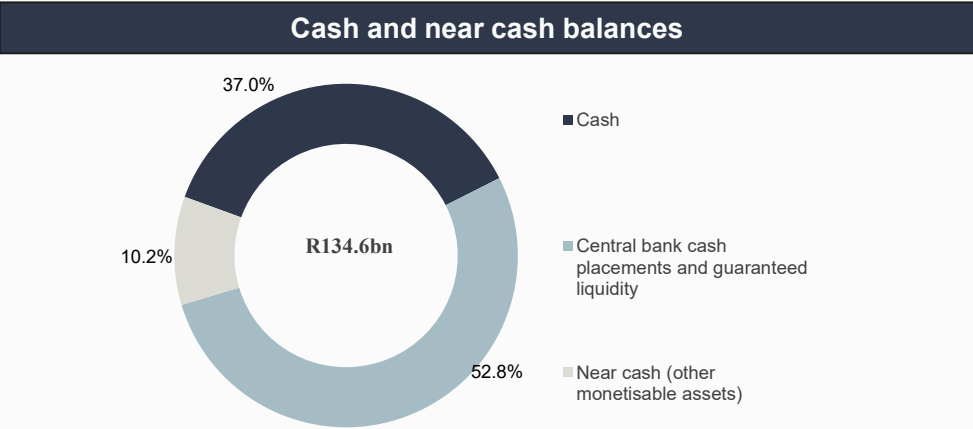


- We have reported a **CAGR of 9.4% in net core loans** since 2012 driven by increased activity across our target client base, as well as growth in our core client franchises
- In addition, we have seen **solid growth in cash and near cash balances** over the same period

- We have **maintained low gearing ratios¹** with total gearing at 11.1x as at 30 September 2021 and an average of 10.3x since 2012.

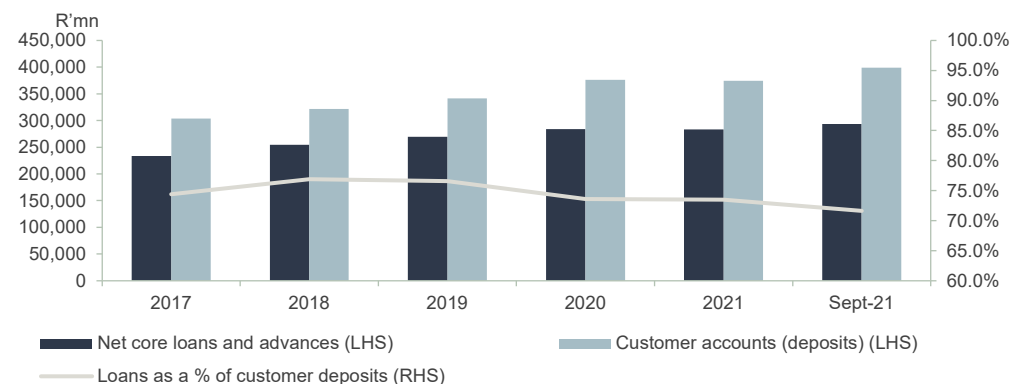
Substantial surplus liquidity

- We maintain a **high level of readily available, high quality liquid assets**, targeting a minimum cash to customer deposit ratio of 25%. Cash and near cash balances have increased significantly since 31 March 2012 (7.4% CAGR) to **R134.6bn** at 30 September 2021 (representing **33.7%** of customer deposits)
- We delivered **liquidity ratios well in excess of regulatory requirements**. At 30 September 2021, IBL’s (bank solo) three-month average **Liquidity Coverage Ratio (LCR)** **was 146.5%**. The minimum LCR requirement of 100% was lowered to 80% as a temporary measure during the COVID-19 pandemic.
- IBL’s (bank solo) **Net Stable Funding Ratio (NSFR)** **was 109.9%** (ahead of minimum requirements of 100%)

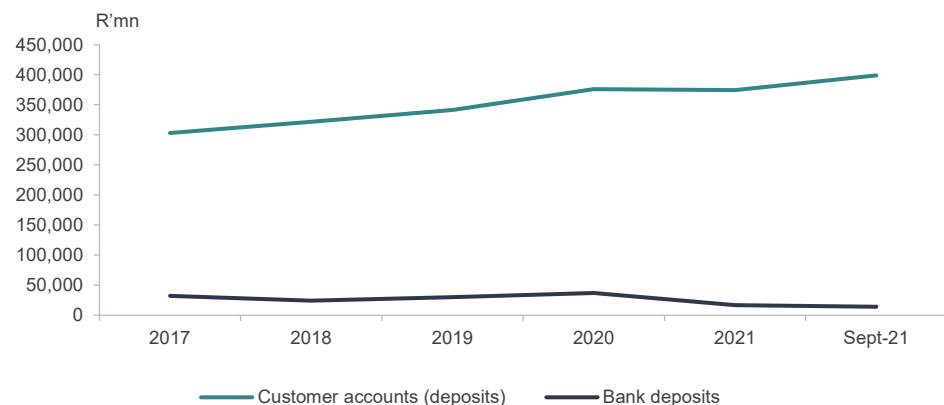


Healthy loan to deposit ratio, stable customer deposit base

Fully self funded from customer deposits: healthy loan to deposit ratio



Total deposits: stable customer deposit base



- Customer deposits **have grown by 126.6% (c.8.1% CAGR p.a.) since 2012 to R399.0bn** at 30 September 2021
- Loans and advances as a percentage of customer deposits **amounts to 71.6%**
- We also have strong relationships with our institutional clients and our wholesale funding is diversified by product and tenor
- **Fixed and notice customer deposits** have continued to display a strong '**stickiness**' with continued willingness from clients to reinvest in our suite of term and notice products

Diversified funding strategy

- Investec's funding consists **primarily of customer deposits**
- Investec adopts a **conservative and prudent funding strategy**

Conservative and prudent funding strategy

- 1

Maintaining a high base of high quality liquid assets
- 2

Diversifying funding sources
- 3

Limiting concentration risk
- 4

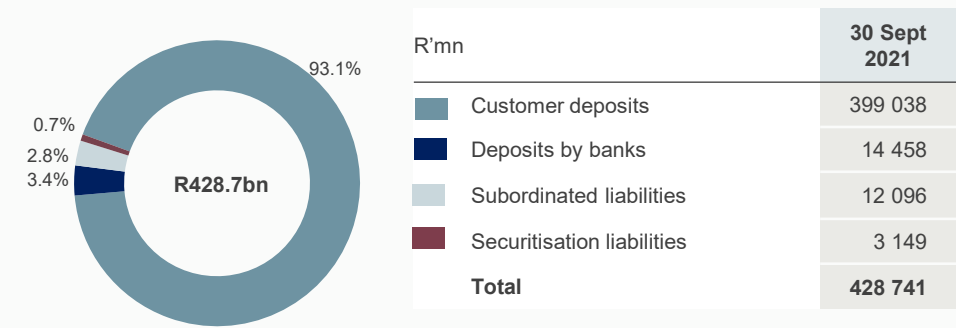
Minimum cash of at least 25% of customer deposits on an on-going basis
- 5

Low reliance on wholesale funding
- 6

Maintaining a stable retail deposit franchise
- 7

Each geographic entity must be self-sufficient from a funding and liquidity standpoint

Select funding sources



- Customer deposits account for 93.1% of selected funding sources** as at 30 September 2021
- Customer deposits are supplemented by deposits from banks (3.4%), subordinated debt (2.8%) and securitisation liabilities (0.7%)
- We do not place **reliance on any single deposit channel**, nor do we overly rely on interbank funding
- Core loans are funded from customer deposits** and interbank (dollar) funding supplements cash and near cash balances

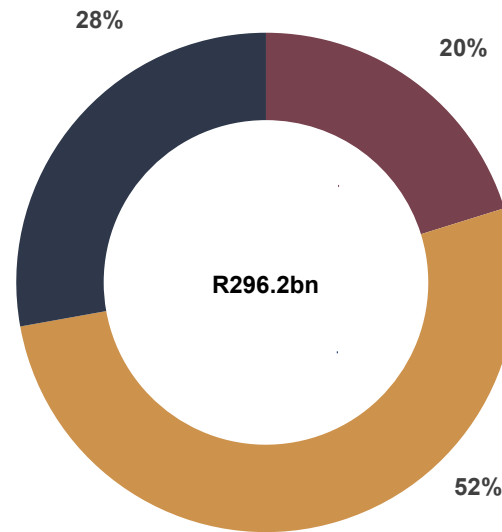
Exposures in a select target market

- **Credit and counterparty exposures are to a select target market:**
 - high net worth and high income clients
 - mid to large sized corporates
 - government, public sector bodies and institutions
- We typically originate loans with the intent of holding these assets to maturity, and thereby developing a 'hands-on' and long-standing relationship with our clients
- **The majority of the bank's credit and counterparty exposures reside within its principal operating geographies, namely South Africa and Mauritius**

Gross core loans and advances by risk category

Corporate and other

Acquisition finance	19.6%
Fund finance	2.7%
Asset finance	2.4%
Power & Infrastructure Finance	2.0%
Financial institutions and governments	1.1%
Resource finance	0.0%



Lending collateralised by property

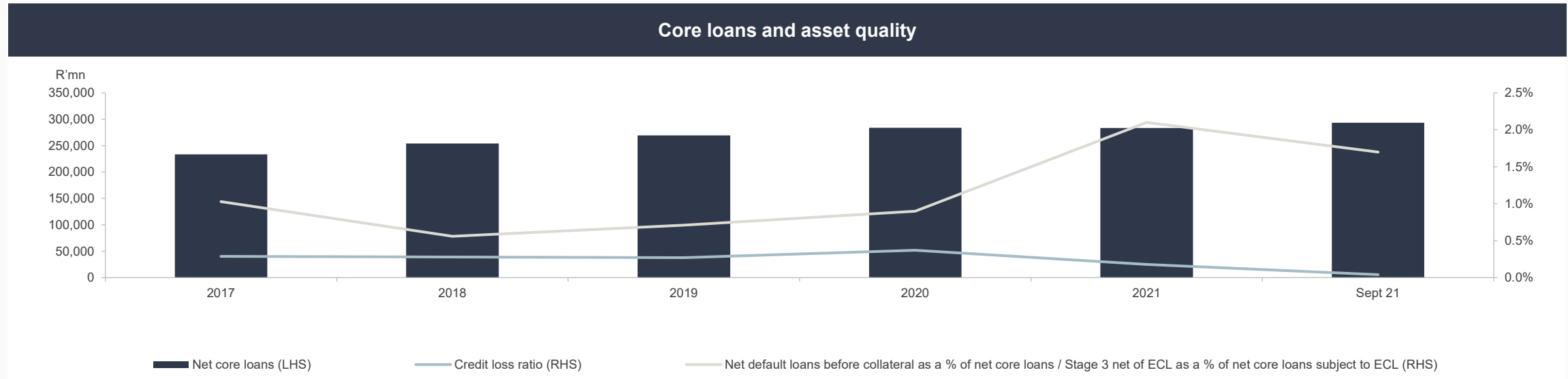
Commercial real estate investment	16.0%
Commercial real estate development	1.2%
Commercial vacant land and planning	0.3%
Residential real estate investment	1.3%
Residential real estate development	1.0%
Residential vacant land and planning	0.4%

High net worth and other private client

HNW and private client – mortgages	28.5%
HNW and specialised lending	23.5%

Investec Bank Limited: asset quality

Solid asset quality despite COVID-19 related impairment charges

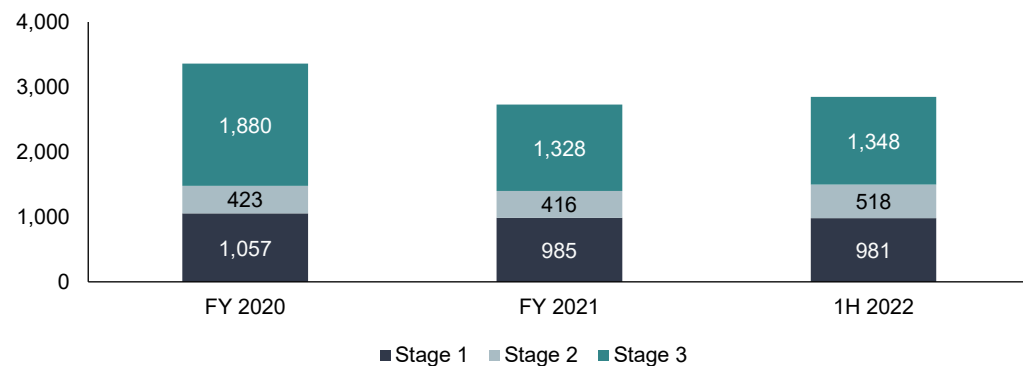


▪ Credit quality metrics on core loans and advances for the six months ending 30 September 2021 are as follows:

- **Expected credit loss (ECL) impairment charges** declined by 84.8% to R81 million resulting in a credit loss ratio (CLR) of 4bps (31 March 2021: 18 bps; 1H2021: 36bps). The decline was driven by lower specific impairments, including reversal of certain prior year specific provisions (on recovery of collateral values) and higher recoveries.
- Stage 1 and 2 ECL charges also declined, given the improved macroeconomic outlook and moderate book growth. The COVID-19 related ECL overlays of R290 million were retained to account for risks that remain in the operating environment
- Since 31 March 2021 **Stage 3 gross core loans subject to ECL** decreased by R913 million to R6 270 million.
- **Stage 3 net of ECL as a % of net core loans subject to ECL** was 1.7% for 30 September 2021 (31 March 2021: 2.1%).

Asset quality metrics

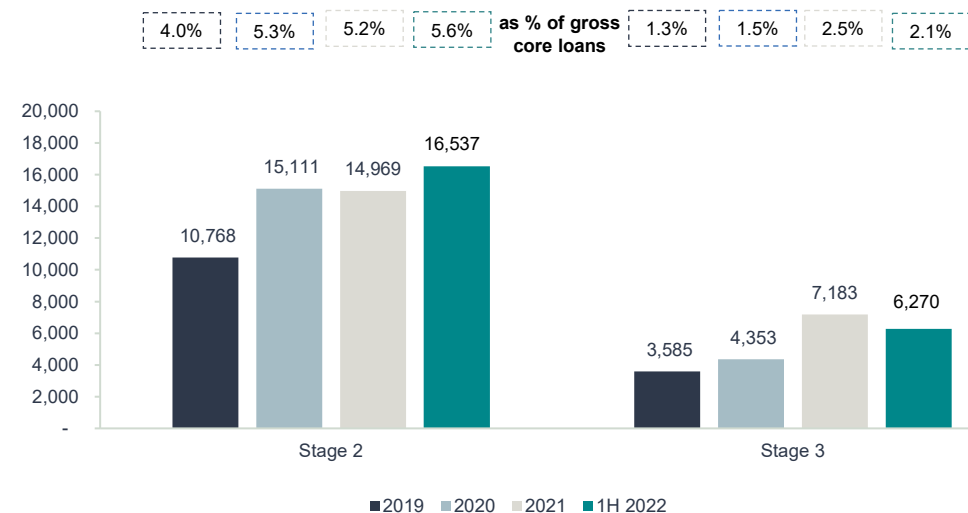
Provision build
R'mn



ECL coverage ratio	FY 2020	FY 2021	1H 2022
Stage 1	0.40%	0.38%	0.36%
Stage 2	2.80%	2.80%	3.1%
Stage 3	43.20%	18.50%	21.5%

- **Stage 1** provisions decreased 0.4% from R985mn at 31 March 2021 to R981mn at 1H2022. As a result, Stage 1 ECL coverage ratio decreased from 0.38% to 0.36%
- **Stage 2** provisions increased 24.5% from R416mn at 31 March 2021 to R518mn at 30 September 2021. Stage 2 ECL coverage ratio increased to 3.1%.
- **Stage 3** provisions increased 1.5% from R1 328mn at 31 March 2021 to R1 348mn at 30 September 2021. Stage 3 ECL coverage ratio increased from 18.50% to 21.50%.

Gross core loans by stage
R'mn



- Stage 2 exposures increased to 5.6% of gross core loans subject to ECL at 30 September 2021 (31 March 2021: 5.3%)
- Stage 3 exposures decreased by R913 million to R6.27 billion or 2.1% of gross core loans subject to ECL at 30 September 2021 (2.5% at 31 March 2021) and is attributable to large single name exposure migrating to Stage 2 offset by new smaller Stage 3 exposures.

Credit ratings

Current credit ratings		
Moody's	Rating	Outlook
National scale long-term deposit rating	Aa1.za	Negative
National scale short-term deposit rating	P-1.za	
Global long-term deposit rating	Ba2	
Global short-term deposit rating	NP	
Baseline credit assessment (BCA) and adjusted BCA	ba2	
Fitch	Rating	Outlook
National long-term rating	AA+(zaf)	Negative
National short-term rating	F1+(zaf)	
Foreign currency long-term issuer default rating	BB-	
Foreign currency short-term issuer default rating	B	
Viability rating	Bb-	
Support rating	4	
S&P	Rating	Outlook
National scale long-term rating	za.AA	Stable
National scale short-term rating	Za.A-1+	
Foreign currency long-term issuer credit rating	BB-	
Foreign currency short-term credit rating	B	
Global Credit Ratings	Rating	Outlook
National long-term rating	AA(za)	Negative
National short-term rating	A1+(za)	
International long-term rating	BB	

Historical credit ratings				
Long-Term Foreign Currency Deposit Rating	Current	Nov-20*	May-20*	Apr-20*
Moody's	Ba2	Ba2	Ba1	Ba1
Fitch	BB-	BB-	BB	BB
S&P	BB-	BB-	BB-	BB

- IBL's ratings have remained relatively stable over many years **reflecting the financial soundness** of the bank over a long period of time
- Past ratings adjustments have largely been associated with changes in views by the rating agencies of the **credit worthiness of the South African sovereign**
- It is generally accepted that a bank cannot have a higher rating than the sovereign of the country in which it operates, unless they are largely foreign-owned and the foreign holding company is domiciled in a country with a higher rating than South Africa.

IBL peer analysis



Peer group companies

Long-Term Deposit Rating	S&P		Fitch					Moody's		Global Credit Ratings	
	Foreign currency*	National scale	Foreign currency*	National scale	Viability ratings	Support rating	Global	National scale	Baseline credit assessment	International	National
Absa Bank Limited	n/a	za.AA	BB-	AA+(zaf)	bb-	4	Ba2	Aa1.za	ba2	BB	AA(za)
FirstRand Bank Limited	BB-	za.AA	BB-	AA+(zaf)	bb-	4	Ba2	Aa1.za	ba2	BB	AA+(za)
Nedbank Limited	BB-	za.AA	BB-	AA+(zaf)	bb-	4	Ba2	Aa1.za	ba2	BB	AA(za)
Standard Bank of South Africa Limited	n/a	n/a	BB-	AA+(zaf)	bb-	4	Ba2	Aa1.za	Ba2	BB	AA+(za)
Investec Bank Limited	BB-	za.AA	BB-	AA+(zaf)	bb-	4	Ba2	Aa1.za	ba2	BB	AA(za)

Short-Term Deposit Rating	S&P		Fitch		Moody's		Global Credit Ratings
	Foreign currency*	National scale	Foreign currency*	National scale	Global	National scale	National
Absa Bank Limited	n/a	za.A-1+	B	F1+(zaf)	NP	P-1.za	A1+(za)
FirstRand Bank Limited	B	za.A-1+	B	F1+(zaf)	NP	P-1.za	A1+(za)
Nedbank Limited	B	za.A-1+	B	F1+(zaf)	NP	P-1.za	A1+(za)
Standard Bank of South Africa Limited	n/a	n/a	B	F1+(zaf)	NP	P-1.za	A1+(za)
Investec Bank Limited	B	za.A-1+	B	F1+(zaf)	NP	P-1.za	A1+(za)

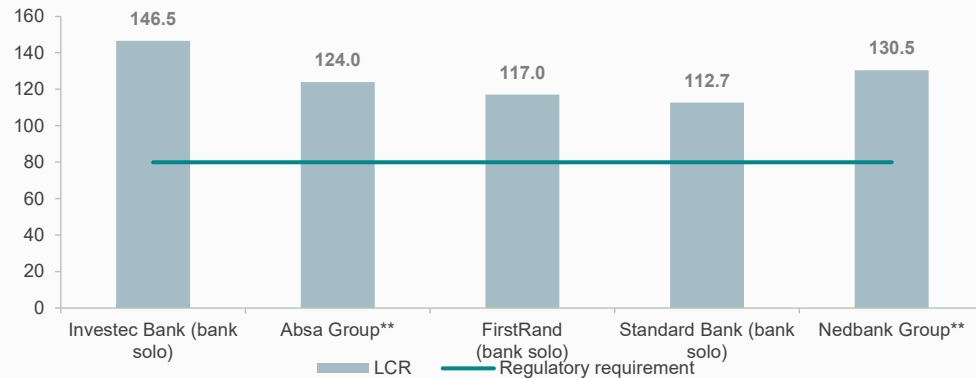
Rating definitions:

Short-term ratings should be used for investments less than a one-year time horizon and long-term ratings for periods greater than a year. Foreign currency ratings should be used when one is considering foreign denominated investments. Investments in Rand should be assessed against local currency and national ratings, (zaf) being Fitch's notation and .za for Moody's, Standard & Poor's and Global Credit Ratings notation for South African ratings.

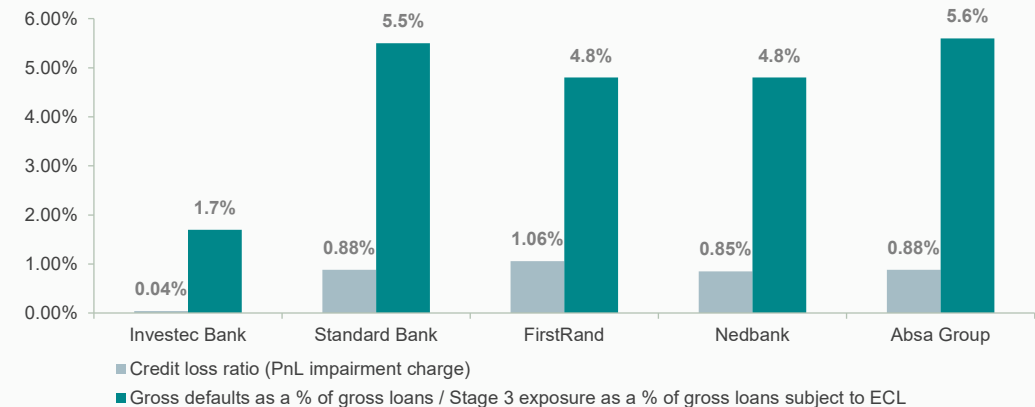
Peer group companies* (cont.)

Investec is one of the **more proportionately liquid** of the Big 5 banks and is a **net provider of funds** to the interbank market in South Africa

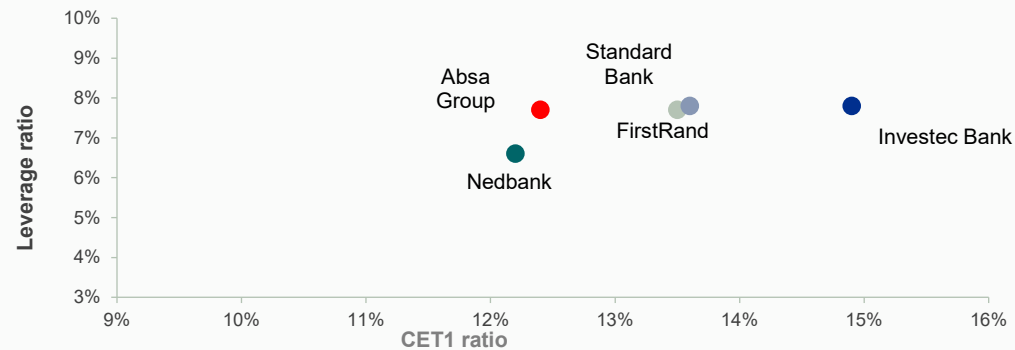
Liquidity: regulatory liquidity coverage ratio



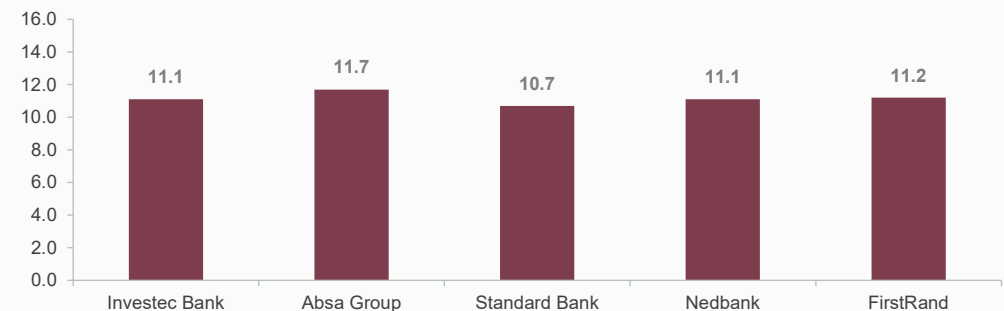
Asset quality ratios



Capital ratios



Gearing ratio



*Source: Latest company interim and annual results available 18 November 2021. **LCR not disclosed on a bank solo level.

Peer group companies (cont.)

Definitions and/or explanations of certain ratios:

- A capital ratio is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted assets. It is based on regulatory qualifying capital (including common equity tier 1, additional tier 1 and tier 2 capital) as a percentage of risk-weighted assets. Assets are risk-weighted either according to the Standardised Approach in terms of Basel or the Advanced Approach.
- The leverage ratio is calculated as total tier 1 capital (according to regulatory definitions) divided by total assets (exposure measure). This ratio effectively assumes all assets are 100% risk weighted and is a more conservative measure than the capital adequacy ratio. Regulators are expecting that this ratio should exceed 5%.
- The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).
- The credit loss ratio is calculated as the expected credit loss (ECL) impairment charges on gross core loans as a % of average gross core loans subject to ECL.
- Stage 3/Default loans largely comprise loans that are impaired and/or over 90 days in arrears



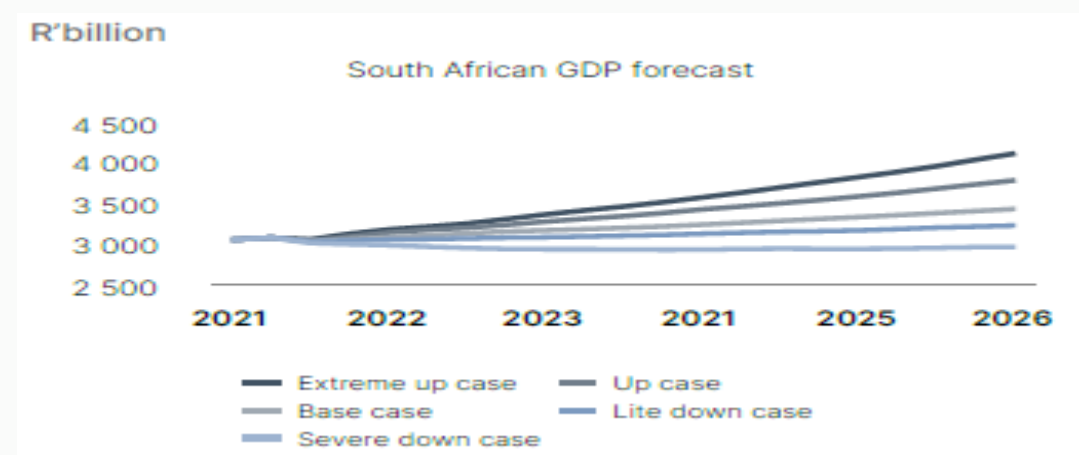
Investec Bank Limited Appendices



Macroeconomic scenarios – 30 September 2021

Key judgements at 30 September 2021

- The continued impact from COVID-19 has required significant judgement. Management performed extensive benchmarking of credit loss ratios, macro-economic scenarios applied and the coverage ratios against South African banks. It was concluded that the ECL position appeared reasonable in comparison to industry peers.
- After careful review of portfolio performance and updated published market data, management retained the ECL overlay of R290 million (31 March 2021: R290 million) in the Private Bank portfolio. The overlay accounts for the unique nature of the COVID-19 pandemic and the impact on the South African economy
- Management will continue to review the need and basis of calculation for the overlay given the evolving situation and significant uncertainty faced with respect to the economic outlook.



	Macro-economic scenarios	At 30 September 2021 Average 2021 - 2026					At 31 March 2021 Average 2021-2026				
		Extreme up case %	Up case %	Base case %	Lite down case %	Severe down case %	Extreme up case %	Up case %	Base case %	Lite down case %	Severe down case %
South Africa	GDP growth	6.6	5.0	3.2	2.0	0.4	5.5	4.4	2.7	1.8	(0.5)
	Repo rate	3.6	3.8	4.2	4.8	5.3	3.5	3.8	4.7	5.0	5.6
	Bond yield	9.2	9.5	10.1	10.8	11.5	9.2	9.5	10.4	11.1	11.9
	CPI Inflation	4.0	4.5	5.0	5.7	6.4	4.0	4.5	4.9	5.4	6.1
	Residential property price growth	7.3	6.7	5.4	4.6	3.5	7.1	6.3	5.3	4.1	2.6
	Commercial property price growth	3.8	2.3	0.6	(0.6)	(1.9)	3.6	2.1	0.6	(1.0)	(2.7)
	Exchange rates (South African Rand : US Dollar)	12.0	12.7	14.9	16.7	18.7	12.0	13.6	15.8	17.7	18.4
	Scenario weightings	1	2	48	43	6	1	2	48	44	5

IBL: salient financial features

Key financial statistics	30 Sept 2021	30 Sept 2020	% change	31 March 2021
Total operating income before expected credit losses (R'million)	6 936	5 629	23.2%	12 049
Operating costs (R'million)	3 395	3 098	9.6%	6469
Operating profit before goodwill and acquired intangibles (R'million)	3 460	1 999	73.1%	5 013
Headline earnings attributable to ordinary shareholders (R'million)	2 605	1 621	60.7%	4 133
Cost to income ratio	48.9	55.0		53.7%
Total capital resources (including subordinated liabilities) (R'million)	58 037	56 272	3.1%	59 890
Total equity (R'million)	45 941	44 365	3.6%	46 545
Total assets (R'million)	530 439	529 576	0.2%	509 492
Net core loans (R'million)	293 345	279 308	5.0%	283 240
Customer accounts (deposits) (R'million)	399 038	365 066	9.3%	374 369
Loans and advances to customers as a % of customer accounts (deposits)	71.6	74.7		73.5%
Cash and near cash balances (R'million)	134 592	143 248	(6.0%)	129 759
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	11.1	11.6		10.5x
Total capital adequacy ratio	18.6	17.1		17.8%
Tier 1 ratio	14.4	13.1		13.7%
Common equity tier 1 ratio	14.0	12.9		13.3%
Leverage ratio	8.1	7.5		8.1%
Leverage ratio – 'fully loaded'^	8.1	7.4		8.1%
Stage 3 as a % of gross core loans subject to ECL	2.1	2.4		2.5%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.7	1.6		2.1%
Credit loss ratio	0.04	0.36		0.18%

IBL: income statement

R'million	30 Sept 2021	30 Sept 2020	% change	31 March 2021
Interest income	12 807	14 613	(12.4%)	26 370
Interest expense	(7 805)	(10 486)	(25.6%)	(17 584)
Net interest income	5 002	4 127	21.1%	8 786
Fee and commission income	1 787	1 180	51.4%	2 804
Fee and commission expense	(280)	(210)	33.3%	(467)
Investment income	83	313	(73.5%)	472
Share of post taxation profit of associates	47	13	261.5%	81
Trading income/(loss) arising from				
– customer flow	331	280	18.2%	627
– balance sheet management and other trading liabilities	(34)	(75)	(54.7%)	(257)
Other operating income	-	1	(100%)	3
Total operating income before expected credit losses	6 936	5 629	23.2%	12 049
Expected credit loss impairment charges	(81)	(532)	(84.8%)	(567)
Operating income	6 855	5 097	34.5%	11 482
Operating costs	(3 395)	(3 098)	9.6%	(6 469)
Operating profit before impairment of goodwill and acquired intangibles	3 460	1 999	73.1%	5 013
Impairment of goodwill	-	-	-	(3)
Amortisation of acquired intangibles	(26)	(26)	-	(51)
Impairment of associates	-	-	-	(98)
Profit before taxation	3 434	1 973	74.0%	4 861
Taxation on operating profit before acquired intangibles	(730)	(273)	167.4%	(878)
Taxation on acquired intangibles	7	7	0.0%	14
Profit after taxation	2711	1 707	58.8%	3 997

IBL: balance sheet

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
Assets			
Cash and balances at central banks	12 685	12 064	9 653
Loans and advances to banks	16 862	29 476	24 666
Non-sovereign and non-bank cash placements	9 656	7 840	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	46 713	37 938	30 221
Sovereign debt securities	55 810	72 519	53 009
Bank debt securities	28 206	11 318	21 862
Other debt securities	15 291	15 506	14 170
Derivative financial instruments	11 701	21 403	19 173
Securities arising from trading activities	2 381	3 147	2 869
Investment portfolio	3 219	6 270	4 923
Loans and advances to customers	285 785	272 672	275 056
Own originated loans and advances to customers securitised	7 560	6 636	8 184
Other loans and advances	126	217	181
Other securitised assets	646	208	578
Interests in associated undertakings	27	5 667	5 149
Current taxation assets	35	33	35
Deferred taxation assets	2 174	2 693	2 412
Other assets	5 708	6 065	7 382
Property and equipment	3 329	2 847	2 740
Investment properties	1	1	1
Goodwill	175	178	175
Software*	70	128	95
Intangible assets	90	141	118
Loans to group companies	21 715	14 609	17 410
Non-current assets held for sale	474	-	474
	530 439	529 576	509 492

IBL: balance sheet (cont.)

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
Liabilities			
Deposits by banks	14 458	35 913	17 144
Derivative financial instruments	20 862	18 278	23 011
Other trading liabilities	2 832	4 758	3 388
Repurchase agreements and cash collateral on securities lent	20 373	32 684	16 593
Customer accounts (deposits)	399 038	365 066	374 369
Debt securities in issue	2 970	3 148	2 126
Liabilities arising on securitisation of own originated loans and advances	3 149	1 576	3 271
Current taxation liabilities	556	498	684
Deferred taxation liabilities	25	40	32
Other liabilities	7 208	7 014	7 421
Loans from group companies	931	4 329	1 972
	472 402	473 304	450 011
Subordinated liabilities	12 096	11 907	12 936
	484 498	485 211	462 947
Equity			
Ordinary share capital	32	32	32
Share premium	14 250	14 250	14 250
Other reserves	1 342	226	411
Retained income	26 876	27 863	29 188
Ordinary shareholder's equity	42 500	42 371	43 881
Perpetual preference shares in issue*	1 481	1 534	1 481
Shareholder's equity excluding non-controlling interests	43 981	43 905	45 362
Other Additional Tier 1 securities in issue	1 960	460	1 183
Total equity	45 941	44 365	46 545
Total liabilities and equity	530 439	529 576	509 492

IBL: asset quality

R'million	30 Sept 2021	31 March 2021
Gross core loans	296 192	285 968
Of which subject to ECL *	294 795	284 547
Of which FVPL (excluding fixed rate loans above)	1 397	1 421
Gross core loans to customers subject to ECL	294 795	284 547
Stage 1	271 988	262 395
Stage 2	16 537	14 969
of which past due greater than 30 days	284	272
Stage 3	6 270	7 183
ECL	(2 847)	((2 728))
Stage 1	(981)	(984)
Stage 2	(518)	(416)
Stage 3	(1 348)	(1 328)
Coverage ratio		
Stage 1	0.36%	0.38%
Stage 2	3.1%	2.8%
Stage 3	21.5%	18.5%
Annualised credit loss ratio	0.04%	0.18%
ECL impairment charges on core loans	(64)	(519)
Average gross core loans subject to ECL	289 671	284 842
A analysis of Stage 3 core loans subject to ECL		
Stage 3 net of ECLs	4 922	5 855
Aggregate collateral and other credit enhancements on Stage 3	6 079	8 253
Stage 3 as a % gross core loans and advances to customers subject to ECL	2.1%	2.5%
Stage 3 ECL impairments as a % of Stage 3 exposure	45.4%	38.0%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	1.7%	2.1%

Investec 2021

* Includes portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis. These are fixed rate loans which have passed the Solely Payments of Principal and Interest (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (R21 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2021: R22 billion). The ECL on the portfolio is R94 million (31 March 2021: R105 million).

IBL: analysis of core loans by risk category

Gross core loans at amortised cost and FVPL (subject to ECL)									Gross core loans at FVPL (not subject to ECL)	Gross core loans
At 30 September 2021 R'million	Stage 1		Stage 2		Stage 3		Total			
	Gross Exposure	ECL	Gross Exposure	ECL	Gross Exposure	ECL	Gross Exposure	ECL		
Lending collateralised by property	52 715	(313)	5 625	(81)	1 487	(330)	59 827	(724)	-	59 827
Commercial real estate	45 632	(282)	4 751	(74)	1 388	(312)	51 771	(668)	-	51 771
Commercial real estate – investment	41 330	(249)	4 690	(72)	1 374	(306)	47 394	(627)	-	47 394
Commercial real estate – development	3 539	(28)	50	(1)	-	-	3 589	(29)	-	3 589
Commercial vacant land and planning	763	(5)	11	(1)	14	(6)	788	(12)	-	788
Residential real estate	7 083	(31)	874	(7)	99	(18)	8 056	(56)	-	8 056
Residential vacant land and planning	923	(4)	236	(1)	3	(1)	1 162	(6)	-	1 162
Residential real estate – investment	3 294	(12)	586	(1)	96	(17)	3 976	(30)	-	3 976
Residential real estate - development	2 866	(15)	52	(5)	-	-	2 918	(20)	-	2 918
High net worth and other private client lending	146 233	(351)	5 024	(200)	2 692	(435)	153 949	(986)	-	153 949
Mortgages	78 857	(117)	4 242	(176)	1 192	(257)	84 291	(550)	-	84 291
High net worth and specialised lending	67 376	(234)	782	(24)	1 500	(178)	69 658	(435)	-	69 658
Corporate and other lending	73 040	(317)	5 888	(237)	2 091	(583)	81 019	(1 137)	1 397	82 416
Acquisition finance	50 227	(231)	4 838	(214)	1 623	(482)	56 688	(927)	1 397	58 085
Asset-based lending	5 918	(63)	479	(14)	1 479	(1 237)	7 876	(1 314)	-	8 480
Fund finance	8 013	(13)	-	-	-	-	8 013	(13)	-	8 013
Other corporates and financial institutions and governments	3 168	(4)	144	(1)	2	(2)	3 314	(7)	-	3 314
Asset finance	6 047	(56)	455	(19)	466	(99)	6 968	(174)	-	6 968
Small ticket asset finance	4 113	(31)	300	(11)	433	(85)	4 846	(127)	-	4 846
Large ticket asset finance	1 934	(25)	155	(8)	33	(14)	2 122	(47)	-	2 122
Power and infrastructure finance	5 585	(13)	451	(3)	-	-	6 036	(16)	-	6 036
Resource finance	-	-	-	-	-	-	-	-	-	-
Gross core loans and advances	271 988	(981)	16 537	(518)	6 270	(1 348)	294 795	(2 847)	1 397	296 192

IBL: capital structure and capital adequacy

Increased AIRB Scope *

FIRB

R'million	30 Sept 2021	31 March 2021^	31 March 2021^
Shareholder's equity	42 500	43 881	43 881
Shareholders' equity per balance sheet	43 981	45 362	45 362
Perpetual preference share capital and share premium	(1 481)	(1 481)	(1 481)
Regulatory adjustments to the accounting basis	1 461	1 337	1 337
Prudent valuation adjustment	(174)	(190)	(190)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(14)	(12)	(12)
Cash flow hedging reserve	1 649	1 539	1 539
Deductions	(532)	(1 283)	(1 401)
Goodwill and intangible assets net of deferred tax	(336)	(388)	(388)
Investment in financial entity	0	(656)	(667)
Shortfall of eligible provisions compared to expected loss	(196)	(239)	(346)
Common equity tier 1 capital	43 429	43 935	43 817
Additional Tier 1 capital	2 113	1 336	1 336
Additional tier 1 instruments	3 441	2 664	2 664
Phase out of non-qualifying additional tier 1 instruments	(1 328)	(1 328)	(1 328)
Tier 1 capital	45 542	45 271	45 153
Tier 2 capital	12 555	13 370	13 370
Collective impairment allowances	459	434	434
Tier 2 instruments	12 096	12 936	12 936
Total regulatory capital	58 097	58 641	58 523
Risk-weighted assets	292 359	314 843	329 366

* Investec Bank Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. We present numbers on a pro-forma basis for 31 March 2021.

^ Investec Bank Limited's capital information included unappropriated profits at 31 March 2021. If unappropriated profits had been excluded from capital information, Investec Bank Limited's CET 1 ratio would have been 48bps lower.

Legal disclaimer

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THIS DOCUMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27a OF THE US SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO CERTAIN OF THE GROUP'S PLANS AND ITS CURRENT GOALS AND EXPECTATIONS RELATING TO ITS FUTURE FINANCIAL CONDITION AND PERFORMANCE. INVESTEC CAUTIONS READERS THAT NO FORWARD-LOOKING STATEMENT IS A GUARANTEE OF FUTURE PERFORMANCE AND THAT ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS SOMETIMES USE WORDS SUCH AS "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" OR OTHER WORDS OF SIMILAR MEANING. EXAMPLES OF FORWARD-LOOKING STATEMENTS INCLUDE, AMONG OTHERS, STATEMENTS REGARDING THE GROUP'S FUTURE FINANCIAL POSITION, INCOME GROWTH, ASSETS, IMPAIRMENT CHARGES, BUSINESS STRATEGY, CAPITAL RATIOS, LEVERAGE, PAYMENT OF DIVIDENDS, PROJECTED LEVELS OF GROWTH IN THE BANKING AND FINANCIAL MARKETS, PROJECTED COSTS, ESTIMATES OF CAPITAL EXPENDITURES AND PLANS AND OBJECTIVES FOR FUTURE OPERATIONS AND OTHER STATEMENTS THAT ARE NOT HISTORICAL FACT. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE RISK AND UNCERTAINTY BECAUSE THEY RELATE TO FUTURE EVENTS AND CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, UK DOMESTIC, EUROZONE AND GLOBAL ECONOMIC AND BUSINESS CONDITIONS, THE EFFECTS OF CONTINUED VOLATILITY IN CREDIT MARKETS, MARKET RELATED RISKS SUCH AS CHANGES IN INTEREST RATES AND EXCHANGE RATES, EFFECTS OF CHANGES IN VALUATION OF CREDIT MARKET EXPOSURES, CHANGES IN VALUATION OF ISSUED NOTES, THE POLICIES AND ACTIONS OF GOVERNMENTAL AND REGULATORY AUTHORITIES (INCLUDING REQUIREMENTS REGARDING CAPITAL AND GROUP STRUCTURES AND THE POTENTIAL FOR ONE OR MORE COUNTRIES EXITING THE EURO), CHANGES IN LEGISLATION, THE FURTHER DEVELOPMENT OF STANDARDS AND INTERPRETATIONS UNDER IFRS APPLICABLE TO PAST, CURRENT AND FUTURE PERIODS, EVOLVING PRACTICES WITH REGARD TO THE INTERPRETATION AND APPLICATION OF STANDARDS UNDER IFRS, THE OUTCOME OF CURRENT AND FUTURE LITIGATION, THE SUCCESS OF FUTURE ACQUISITIONS AND OTHER STRATEGIC TRANSACTIONS AND THE IMPACT OF COMPETITION – A NUMBER OF SUCH FACTORS BEING BEYOND THE GROUP'S CONTROL. AS A RESULT, THE GROUP'S ACTUAL FUTURE RESULTS MAY DIFFER MATERIALLY FROM THE PLANS, GOALS, AND EXPECTATIONS SET FORTH IN THE GROUP'S FORWARD-LOOKING STATEMENTS