

# Investec Limited

November 2021



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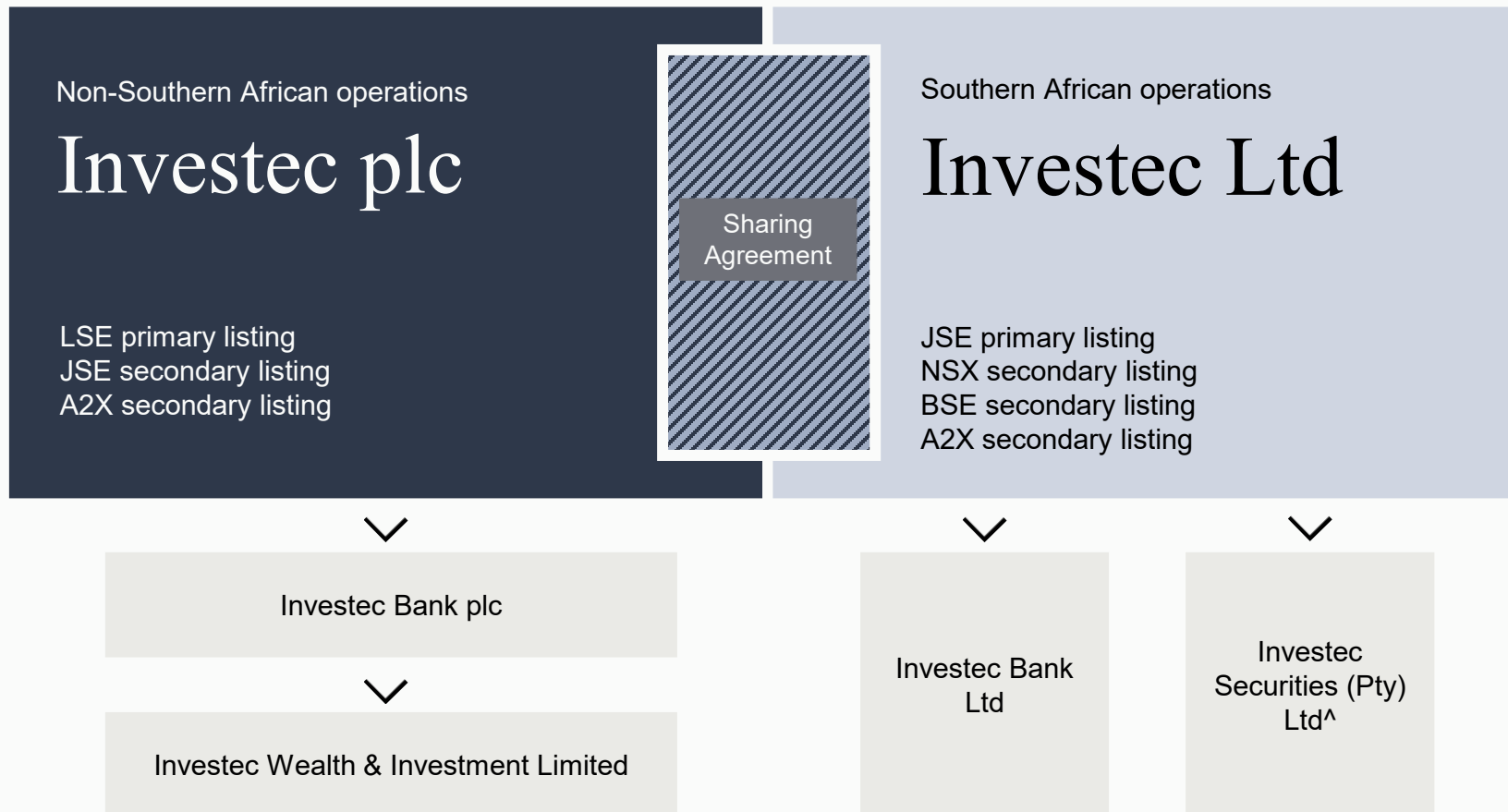
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## Overview of Investec group



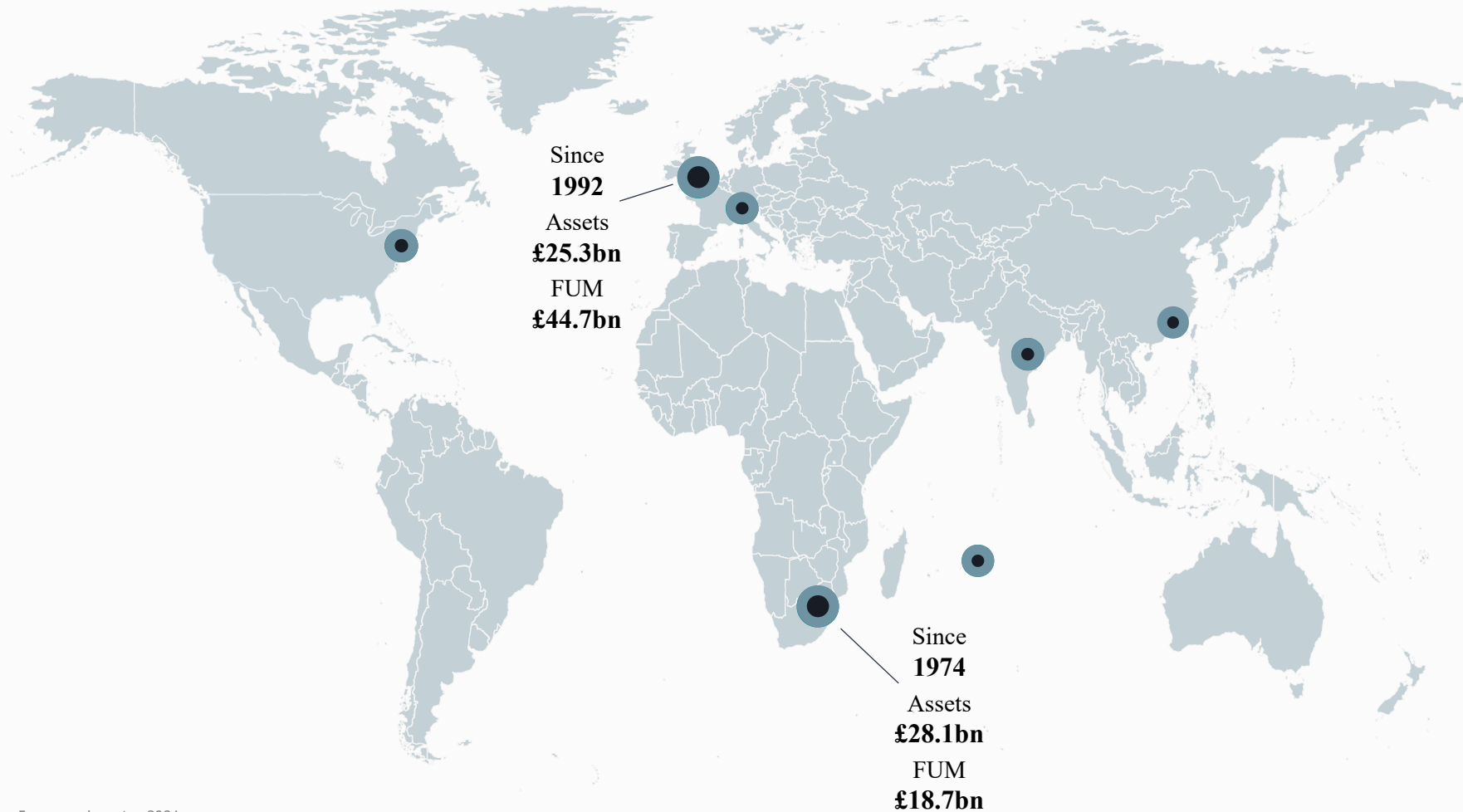
# Investec Dual Listed Company structure



- 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.

# 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 longterm 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

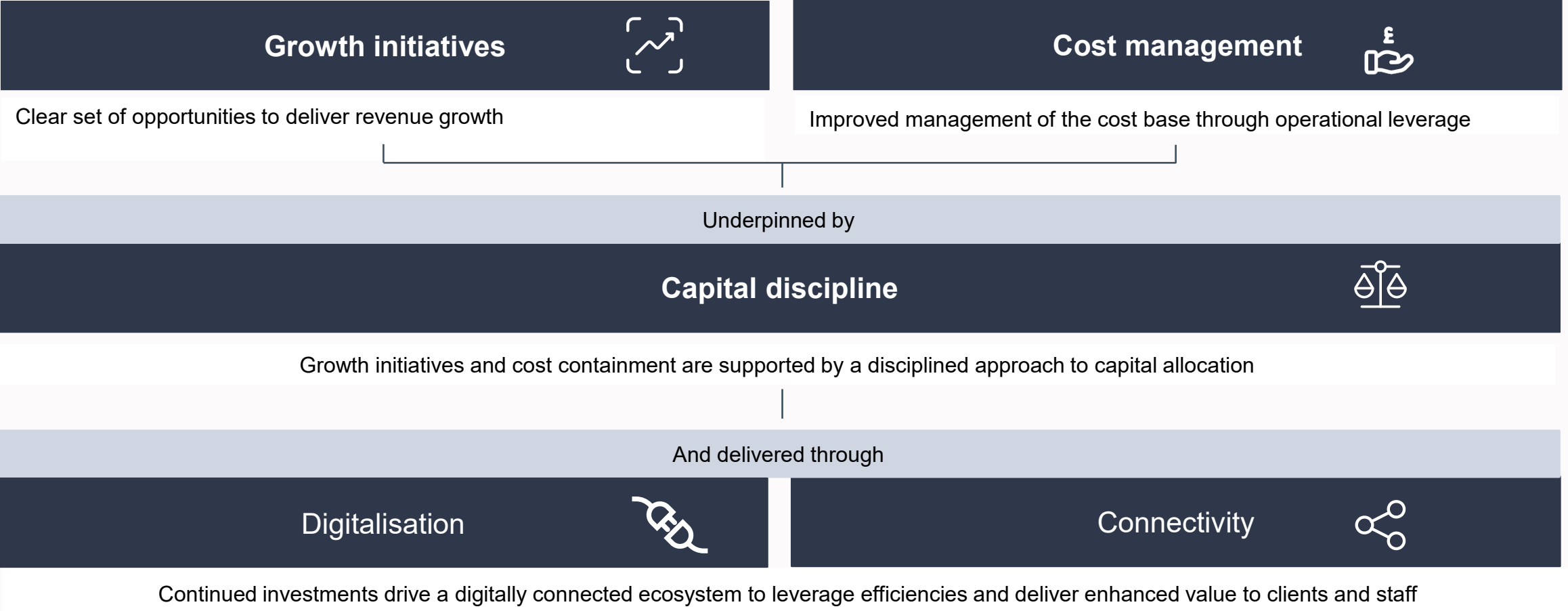


# Investment proposition

*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

**MSCI ESG RATINGS**



**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

# Overview of Investec Limited



# Overview of Investec Limited

Investec Limited is a **distinctive specialist bank** and **investment manager** with primary business in **Southern Africa**.

We focus on delivering distinct profitable solutions for our clients in two core areas of activity, namely:

## Specialist Banking and Wealth & Investment

Total  
assets  
R572.9bn

Net core  
loans  
R297.1bn

Total  
equity  
R62.9bn

Customer  
deposits  
R398.9bn

Total  
FUM  
R379.7bn

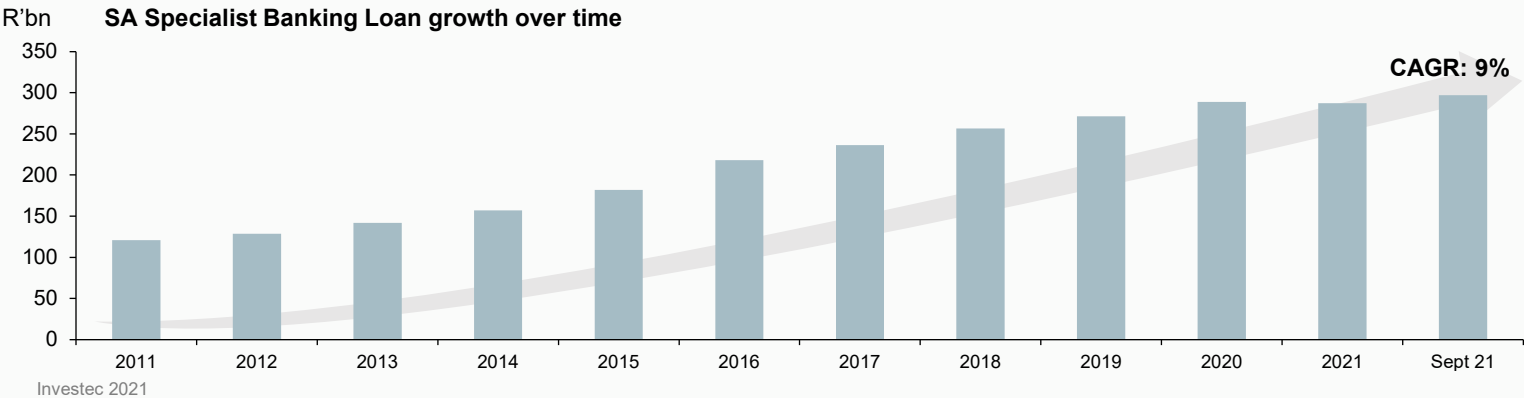
Well established  
franchise

- **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).
- **Top wealth manager** and part of a global platform.
- **Leading position** in corporate and institutional and private client banking activities.

# 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 <b>high net worth clients, professionals and emerging entrepreneurs</b> looking for an ‘investment banking’ style service for private clients	<b>Smaller and mid-tier corporates</b> who require a holistic banking solution	For <b>corporates (mid to large size), intermediaries, institutions, government and SOEs</b> looking for a client-centric, solution driven offering	<b>Corporates, institutions, property partners</b> 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.

# 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**



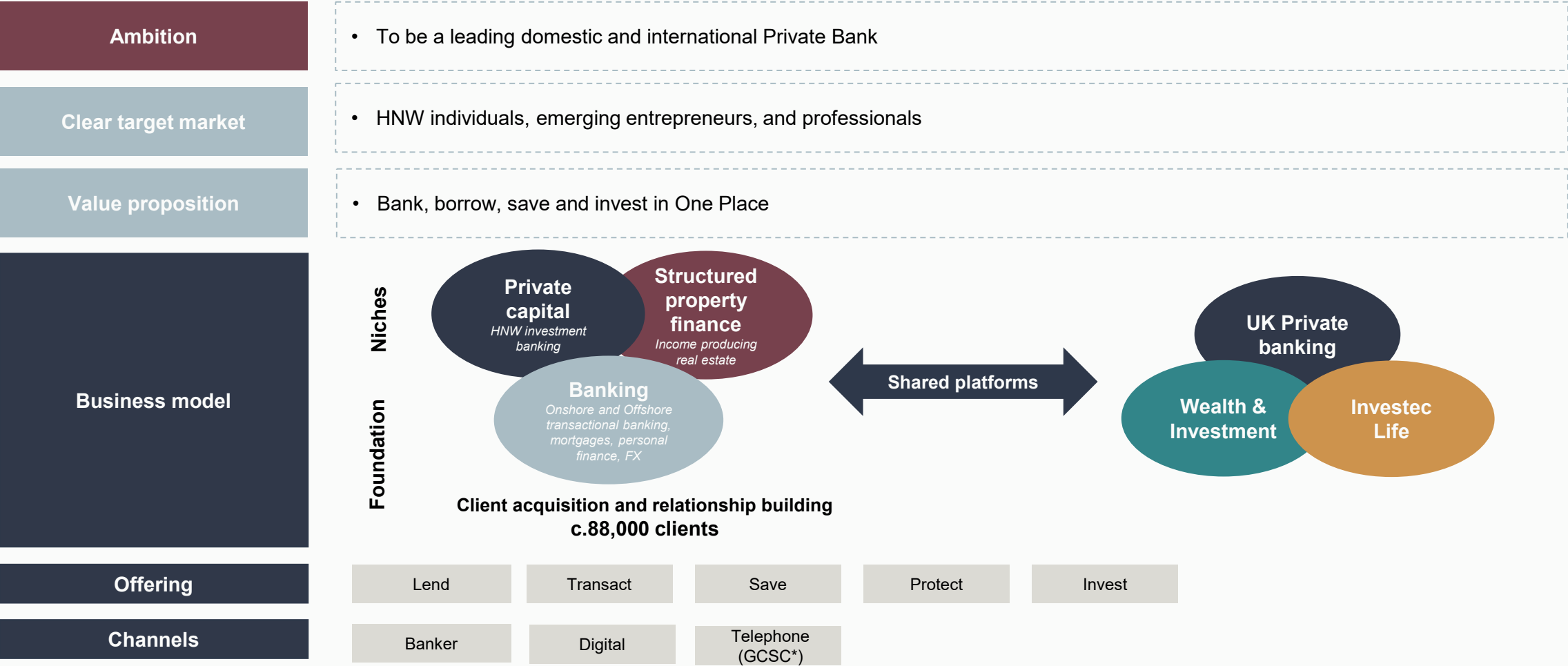
- **Maintaining cost efficiency** with low cost to income ratios



- 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



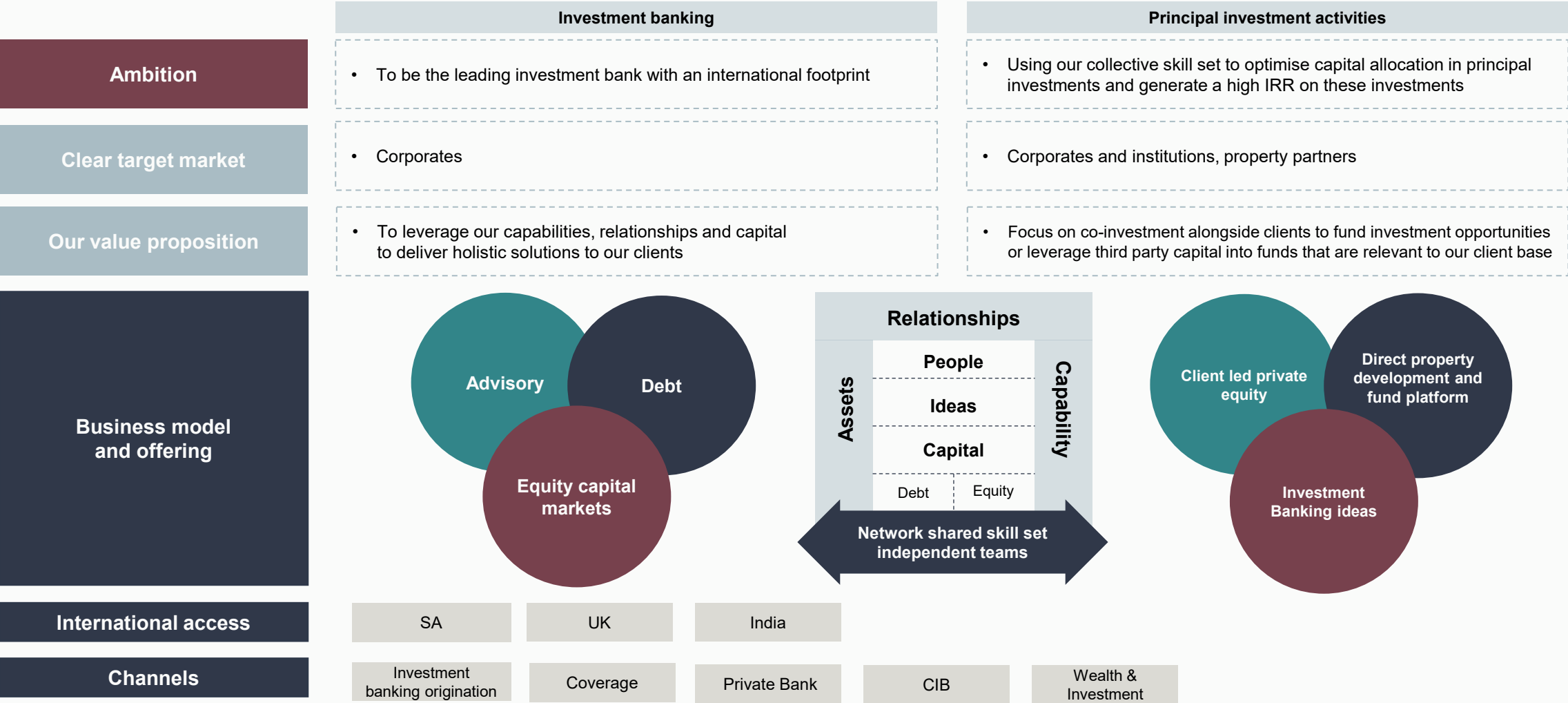
# SA Specialist Banking: Corporate and Institutional Banking

Strong franchise value and leading market position in our niche markets



# SA Specialist Banking: Investment Banking and Principal Investments

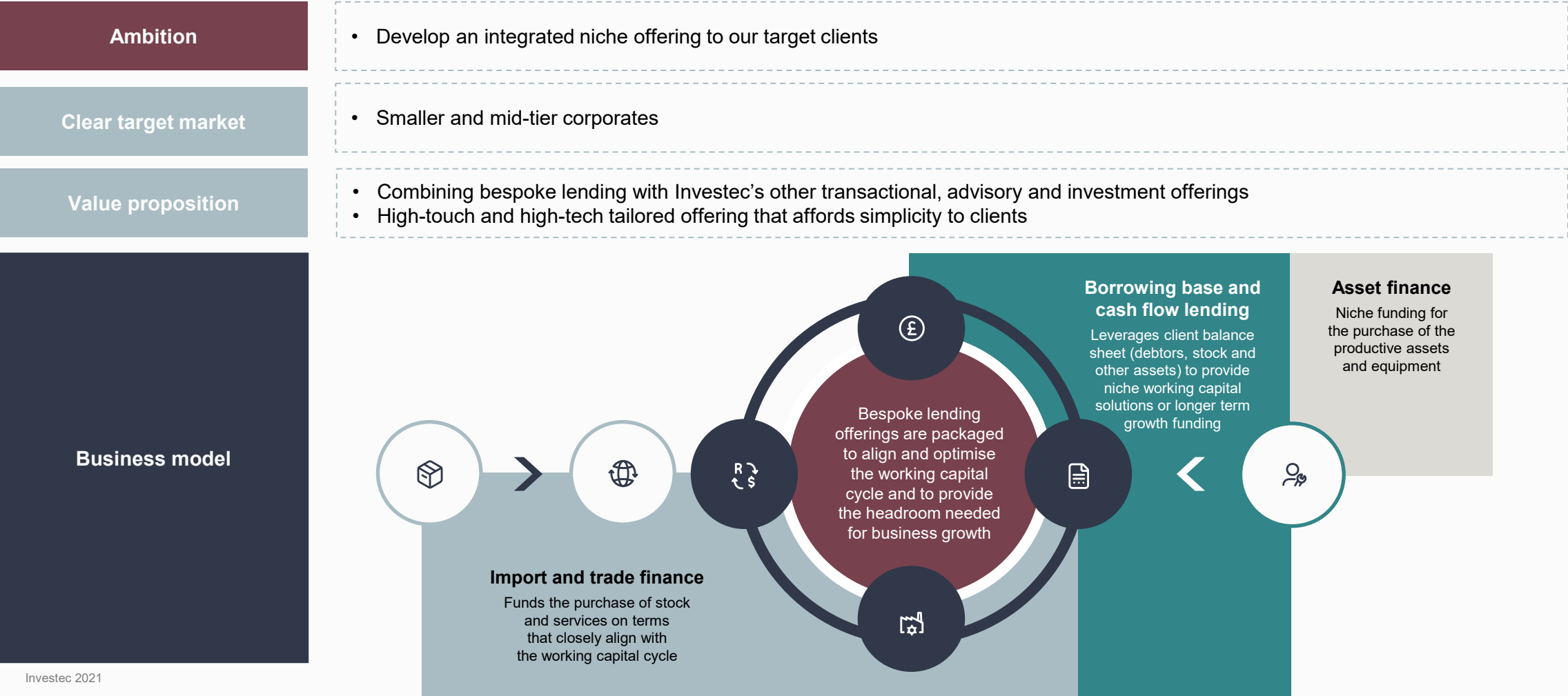
Delivering holistic investment solutions to clients





# SA Specialist Banking: Investec for Business

Bespoke lending offerings for working capital optimisation and business growth

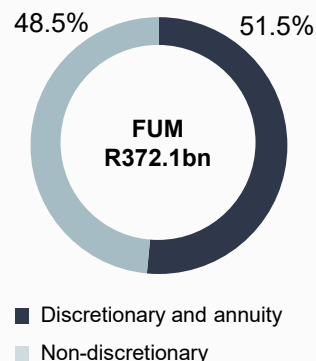


# SA Wealth & Investment

Uniquely positioned for SA HNW private clients seeking a holistic, international wealth management service

## Key facts\*

<b>Total FUM</b>	R372.1bn
<b>% discretionary and annuity</b>	51.5%
<b>% of disc. and annuity offshore</b>	67%
<b>Operating margin</b>	31.5%
<b>Average yield disc. and annuity</b>	90 bps
<b>Target client</b>	> R5mn
<b># of clients</b>	c.45,100
<b># of offices</b>	10
<b># of investment managers</b>	113



## Market factors

- A unique proposition for an ever-changing market
- Growing appetite for ESG considerations and sustainable investment opportunities
- Consistent demand for offshore investments and global opportunities, in traditional and alternative investments
- Increasing demand for holistic advisory wealth management services, including discretionary portfolio management, estate planning and fiduciary services
- Providing distinctive banking and wealth services, domestically and offshore, all in One Place™

## Future growth drivers

**Fiduciary**  
**Alternative investments**

- Enhance our fiduciary and tax planning services
- Expand the breadth and depth of our alternative investment offering

**Private banking**

- Success from relationships across W&I and Private Bank, with strategic focus on delivering our One Place™ value proposition
- Focus on acquisition across growth segment of client base and digital offering through my Investments

**Offshore**

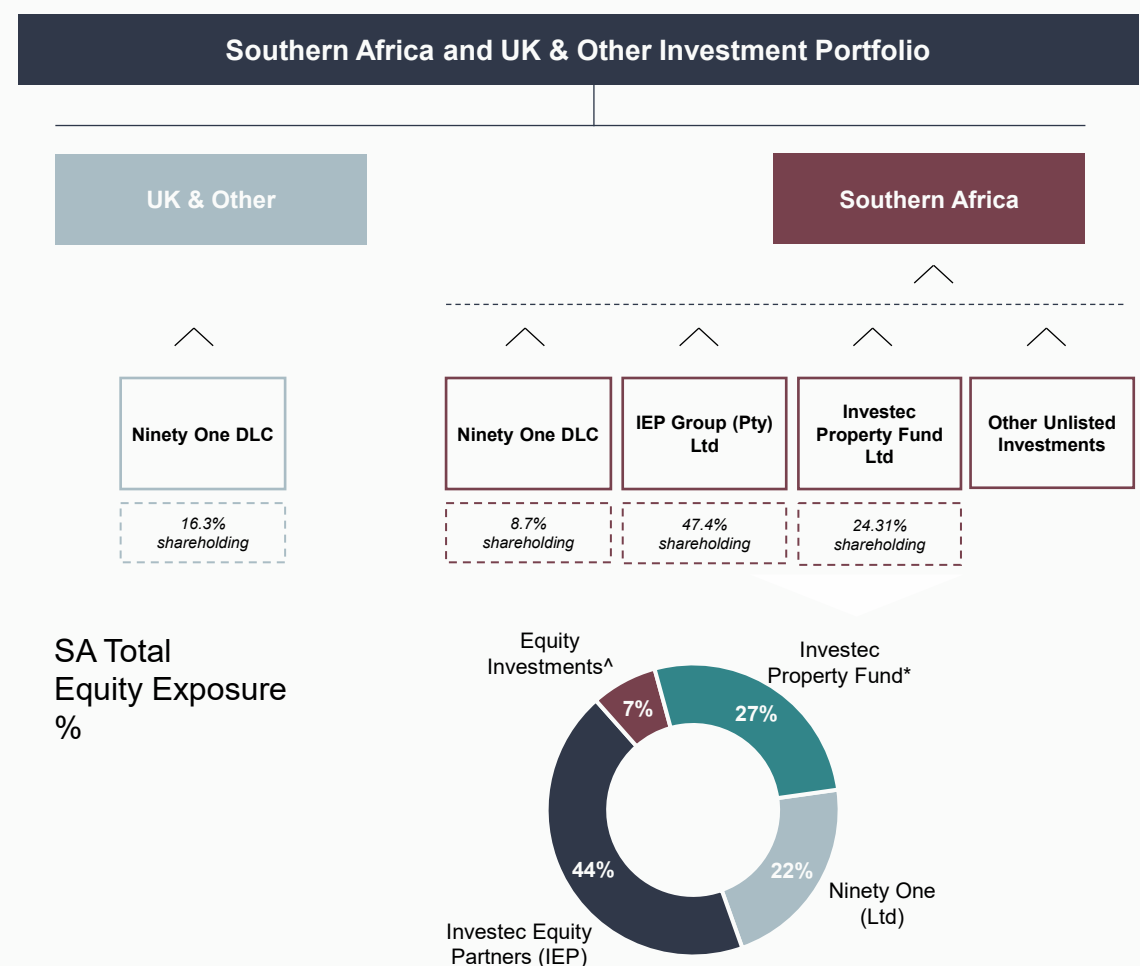
- Expand international investment universe that provides clients with broad range of international investments
- Leverage our expanded international investment offering into new distribution channels

**Discretionary / annuity**

- Build on strength of client relationships while remaining digitally driven
- Integration of ESG into our investment process and decision-making; and developing sustainable investment opportunities

# Group Investments overview

Group Investments pillar consists of equity investments held outside the group's banking activities



## Ninety One DLC

- Investec accounts for its combined 25% investment in Ninety One by applying equity accounting, and the value of the associate investment was £369mn at 30 Sep 2021. The board has approved the distribution of 15% holding in Ninety One\*\*

## IEP Group (Pty) Ltd

- IEP is an investment holding company that was born out of the Investec Private Equity portfolio. It holds a controlling stake in the Bud Group, an operational services, manufacturing and distribution group
- The investment is equity accounted with a carrying value of £261mn as at 30 Sep 2021
- The Bud Group has diversified growth businesses across four chosen platforms: Chemicals and Minerals, Industrial Services, Building Materials and Financial Services

## Investec Property Fund Limited (IPF)

- IPF is a South African Real Estate Investment Trust (REIT) which listed on the Johannesburg Stock Exchange (JSE) in 2011. The investment portfolio comprises direct and indirect real estate investments in South Africa and Europe
- Investec has a 24.3% shareholding and consolidates the fund

## Investec Australia Property Fund (IAPF)

- Investec disposed of its 9.1% holding in IAPF in the second half of FY21

^ Does not include equity investments residing in our corporate and private client businesses.  
\* The proportionate NAV consolidated for the group's investment holding of 24.31% in the Investec Property Fund.  
\*\* Subject to regulatory, shareholder and other approvals.

# Investec Limited operating fundamentals



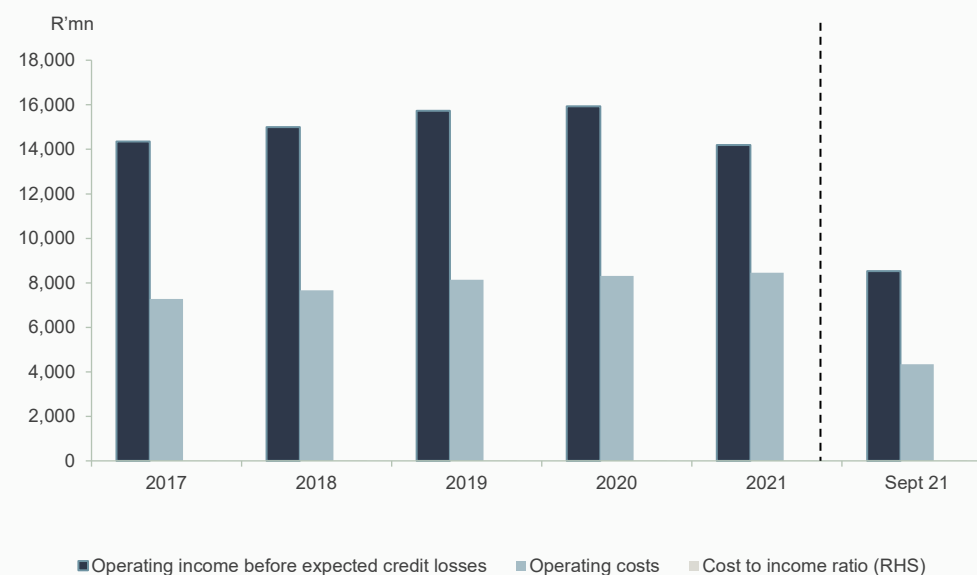
# Revenue supported by resilient franchises

Annuity income\*



- A diversified business model continues to support a **large recurring income base** comprising net interest income and net annuity fees, representing **91.4%** of operating income for the six month period 30 September 2021.
- **Growth** in total revenue between 2017 and 2020 has largely been driven by **increased lending activities and a broadening of our client franchise.**

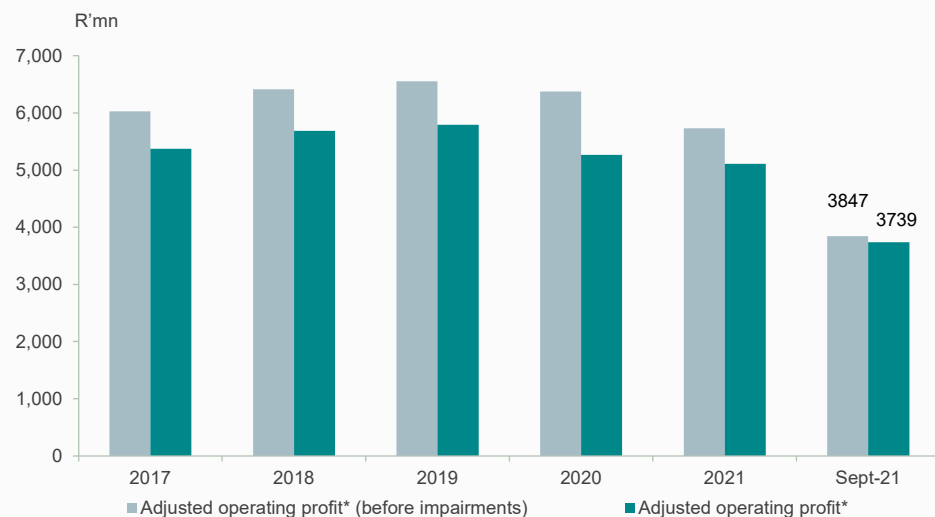
Revenue versus expenses



- We are maintaining a **disciplined approach to cost control** while building for the future
- Cost to income ratio was 53.1% for the six month period 30 September 2021 (31 March 2021: 59.6%)

# Revenue supported by resilient franchises (cont.)

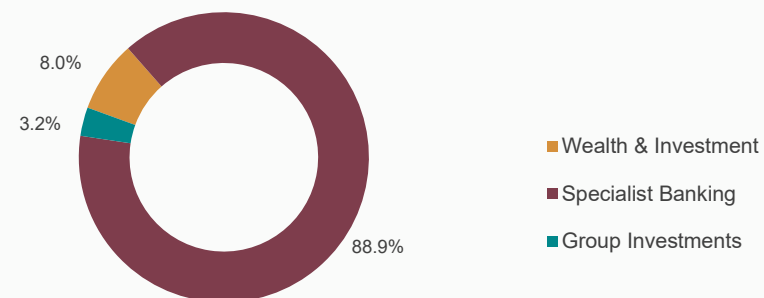
## Impact of impairments on adjusted profit



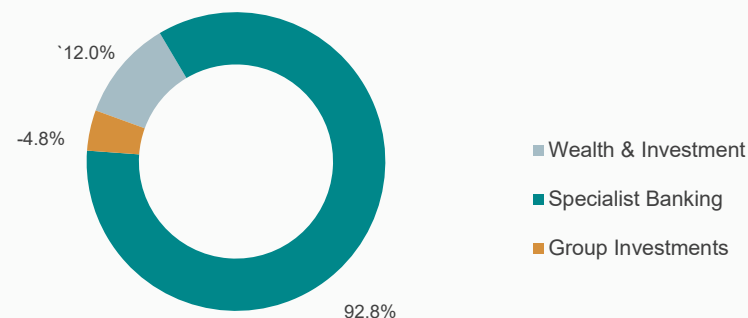
- **Adjusted operating profit from continuing operations\*** for the six month period 30 September 2021 increased **82.6%** year on year.
- The **decrease in ECL impairment charges** for the financial year ended 31 March 2021 was driven primarily by an improvement of the macroeconomic scenarios applied

## Contribution to adjusted operating profit \*\*

At 30 September 2021

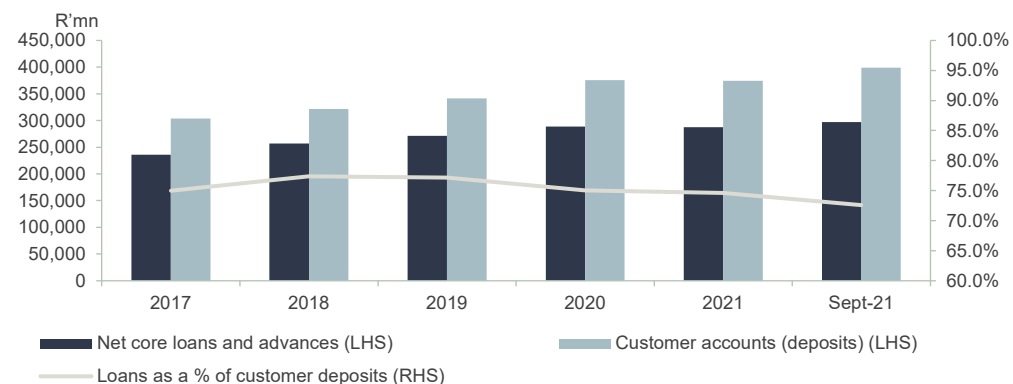


At 30 September 2020

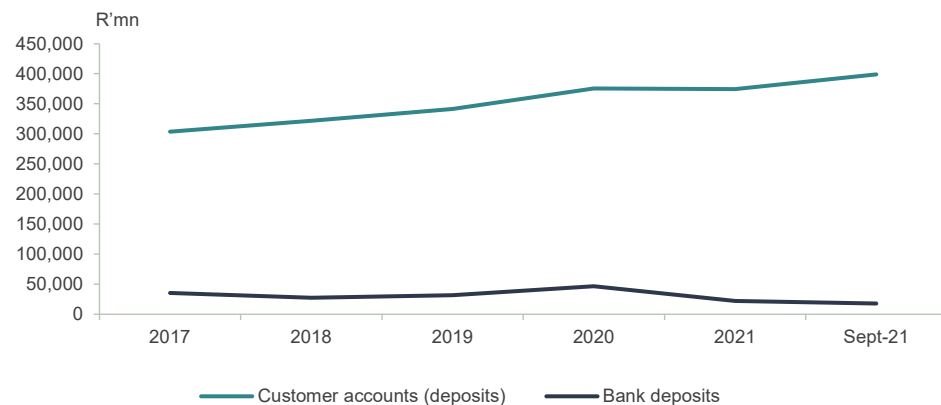


# Healthy loan to deposit ratio, stable customer deposit base

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



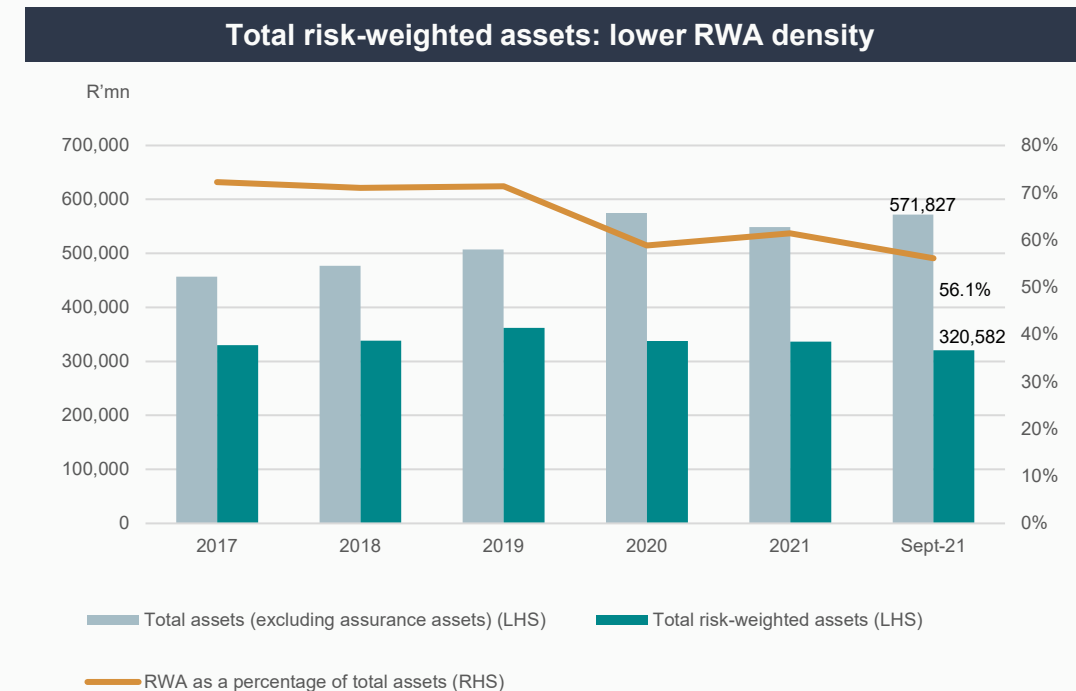
## Total deposits: stable customer deposit base



- Loans Customer deposits **have grown by 126.5% (c.6.3% CAGR p.a.) since 2017 to R398.9bn** at 30 September 2021
- Loans and advances as a percentage of customer deposits **amounts to 72.6%**

- 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

# Sound capital base and capital ratios



- We have continued to grow our capital base over the past 10 years **without recourse to government or shareholder support**
- Our **total capital resources have grown by 26.9%** since 2017 to R76,638mn at 30 September 2021 (CAGR of 5.4% per year)

- The **Total RWAs / Total assets** (RWA density) decreased to 56.1% (31 March 2021: 61.4%)
- 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, resulting in an approximate 60bps pro-forma uplift to the CET1 ratio on FIRB (from 12.2% on FIRB at 31 March 2021 to a pro-forma AIRB CET1 ratio of 12.8%). We are working towards further adoption of AIRB on certain remaining portfolios which we expect to result in a further uplift to our CET1 ratio.



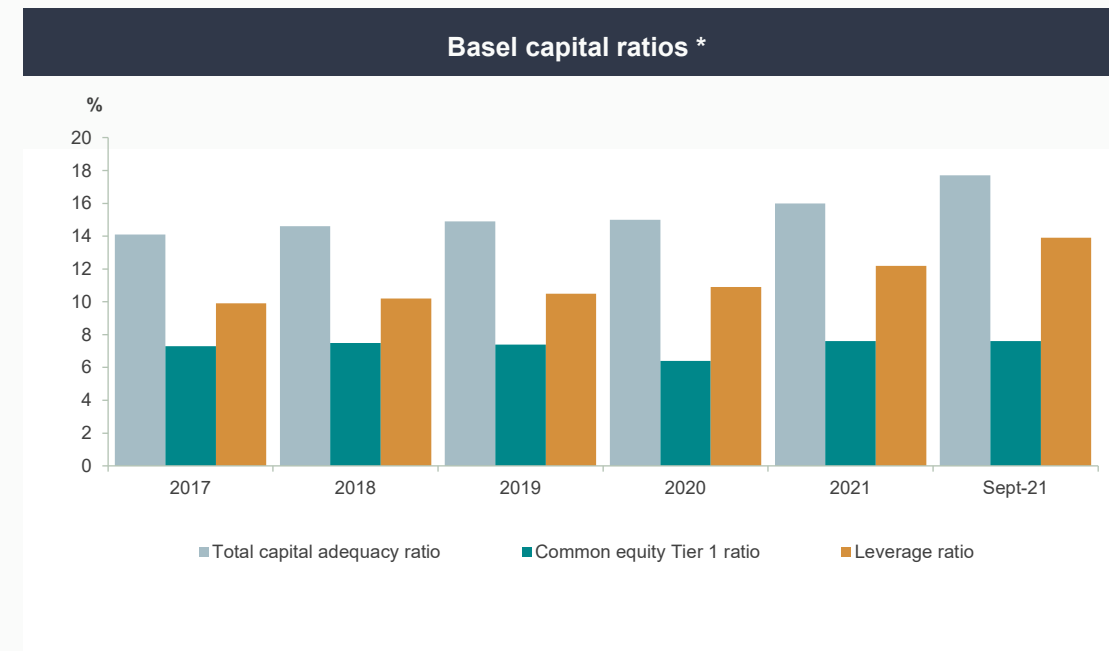
# Sound capital ratios and capital ratios (cont.)

Capital development	Capital development	
	Partial AIRB	FIRB
	30 Sept 2021	31 Mar 2021^
Common equity tier 1 (as reported)	13.9%	12.2%
Common equity tier 1 ('fully loaded')#	13.9%	12.2%
Tier 1 (as reported)	14.8%	12.8%
Total capital adequacy ratio (as reported)	17.7%	16.0%
Leverage ratio **	7.6%	7.6%
Leverage ratio – fully loaded' #	7.5%	7.5%

\*\* The leverage ratios are calculated on an end-quarter basis

^ Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 39bps lower (31 March 2020: 24bps lower).

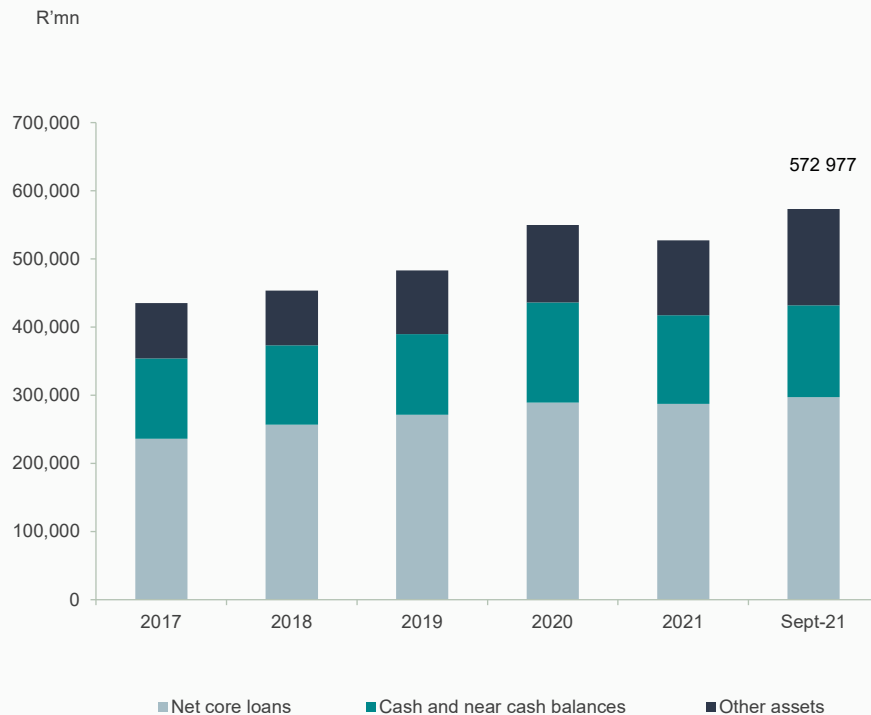
# The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2023.



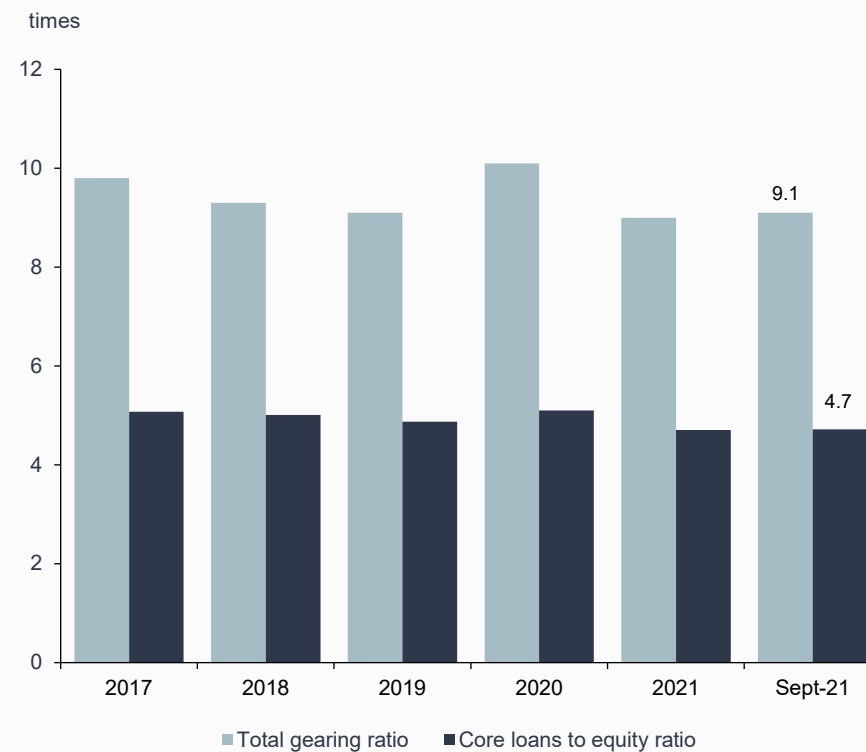
- Investec Limited has **always held capital in excess of regulatory requirements** and intends to perpetuate this philosophy to ensure that it remains well capitalised
- At 30 September 2021, a total capital adequacy ratio of **17.7%** and a common equity tier 1 ratio of **12.2%** was achieved.
- Approval 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 and we are working towards further adoption of AIRB on certain remaining portfolios which we expect to result in a further uplift to our CET1 ratio.

# Consistent asset growth, gearing ratios remain low

Total assets composition



Gearing remains low\*

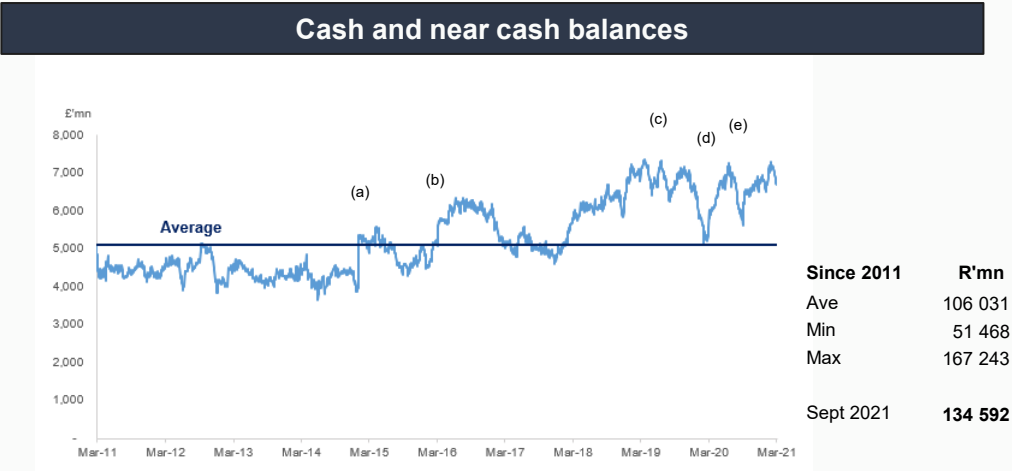
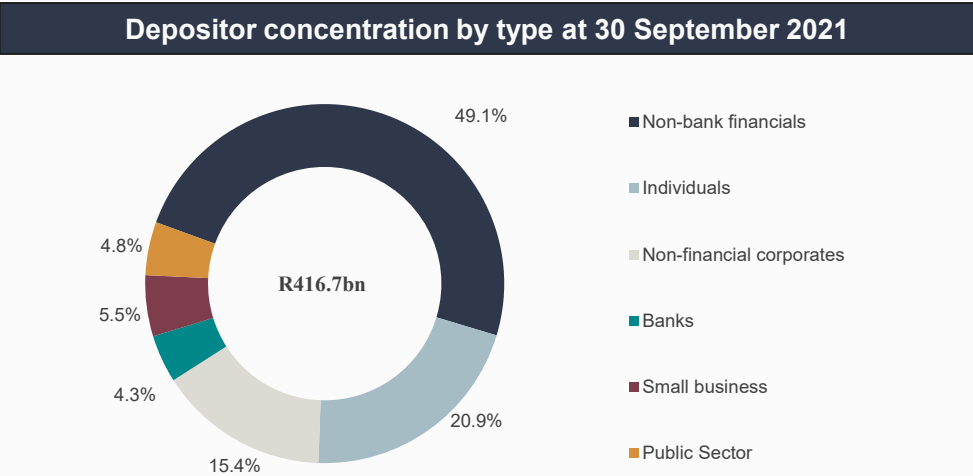
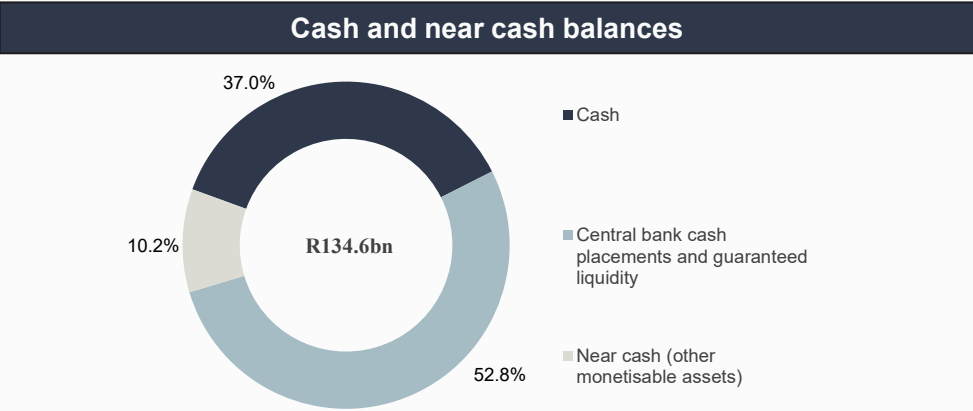


- We have reported a **CAGR of 5.2% in net core loans** since 2017 driven by increased activity across our target client base, as well as growth in our core client franchises
- In addition, we have seen **solid growth in cash and near cash balances** over the same period

- We have **maintained low gearing ratios\*** with total gearing at 9.1x as and an average of 9.4x since March 2017.

# 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 37.0% of customer deposits)
- We delivered **liquidity ratios well in excess of regulatory requirements**. At 30 September 2021, IBL’s (consolidated group) three-month average **Liquidity Coverage Ratio (LCR) was 158.0%**. The minimum LCR requirement of 100% was lowered to 80% as a temporary measure during the COVID-19 pandemic.
- Investec Limited’s **Net Stable Funding Ratio (NSFR) was 110.6%** (ahead of minimum requirements of 100%)



# 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

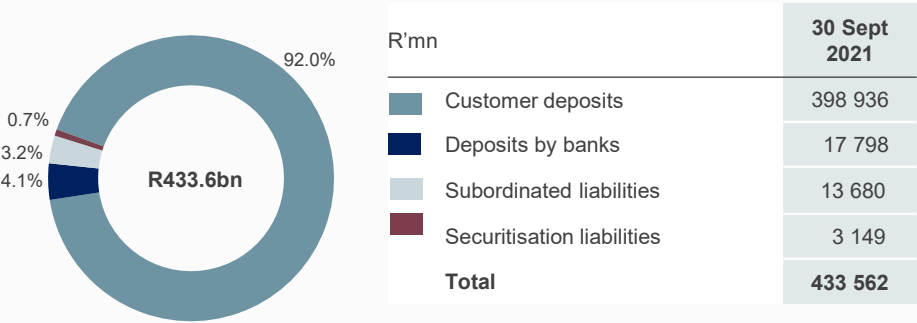
Minimum cash of at least 25% of customer deposits on an on-going basis
- 5

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 92.0% of selected funding sources** as at 30 September 2021
- Customer deposits are supplemented by deposits from banks (4.1%), subordinated debt (3.2%) 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

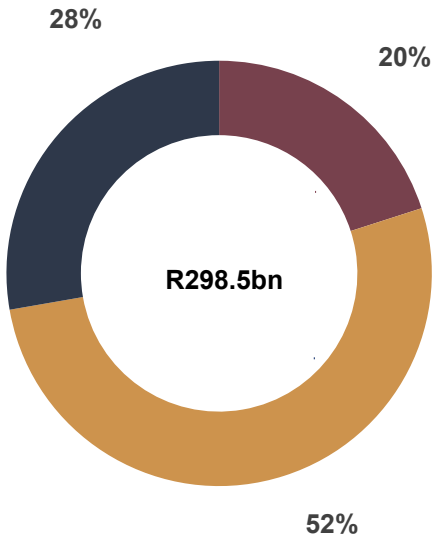
# Exposures in a select target market

- **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	2.3%
Power & Infrastructure Finance	2.0%
Financial institutions and governments	1.1%
Resource Finance	0.0%



### Lending collateralised by property

Commercial real estate investment	15.9%
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%

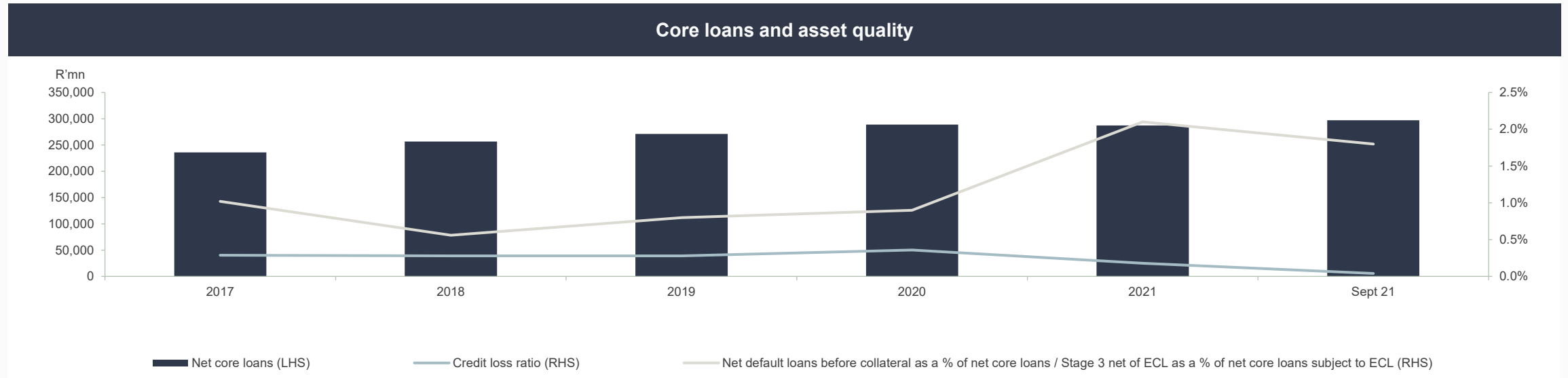
### High net worth and other private client

HNW and private client - mortgages	28.2%
HNW and specialised lending	24.0%

\* Gross core loans subject to ECL

# Investec Limited: asset quality

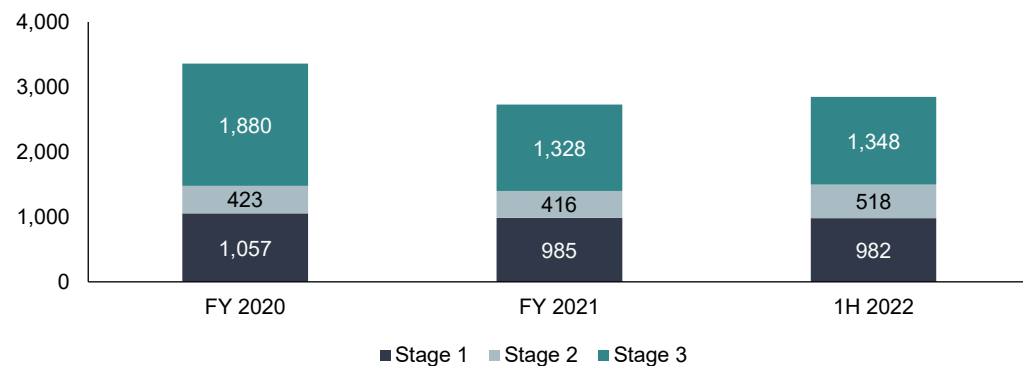
Solid asset quality despite COVID-19 related impairment charges



- Credit quality metrics on core loans and advances for the six-month period 30 September 2021:
  - The **credit loss ratio**\* improved to 0.04% at 30 September 2021 from 0.18% in 31 March 2021, due to the reversal of certain prior year specific provisions and higher post write-off recoveries
  - Since 31 March 2021 **Stage 3 gross core loans subject to ECL** decreased by R910 million to R6 528 million
  - **Stage 3 net of ECL as a % of net core loans subject to ECL** was 1.80% for 30 September 2021 (31 March 2021: 2.10%).

# Asset quality metrics

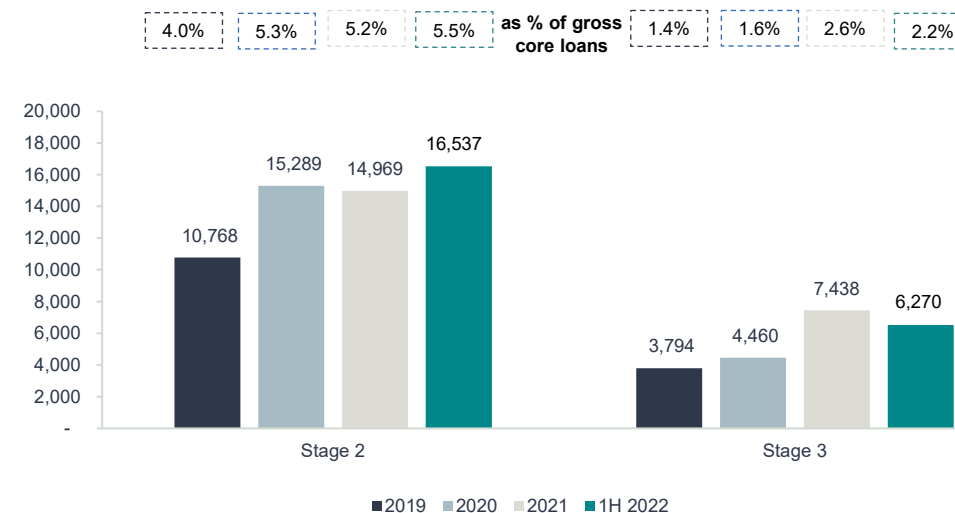
**Provision build**  
R'mn



ECL coverage ratio	FY 2020	FY 2021	1H 2022
Stage 1	0.40%	0.37%	0.36%
Stage 2	2.80%	2.80%	3.1%
Stage 3	42.20%	17.9%	20.6%

- **Stage 1** provisions decreased 0.3% from R985mn at 31 March 2021 to R982mn at 1H2022. As a result, Stage 1 ECL coverage ratio decreased from 0.37% 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 17.90% to 20.60%.

**Gross core loans by stage**  
R'mn



- Gross core loans increased by 3.5% to R300.0billion since 31 March 2021 due to the high-net worth portfolio, with increased activity in both specialised lending and residential lending, and the corporate lending portfolio.
- Stage 2 exposures increased to 5.5% of gross core loans subject to ECL at 30 September 2021 (31 March 2021: 5.2%)
- Stage 3 has reduced to 2.2% of gross core loans subject to ECL at 30 September 2021 (31 March 2021: 2.6%) and is attributable to a large single name exposure migrating to Stage 2 offset by new smaller Stage 3 exposures.

# Credit ratings

Current credit ratings of Investec Limited	
Fitch	Rating
Viability rating	Bb-
Support rating	4
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	Negative

- Investec Limited's ratings have remained 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 it is largely foreign-owned and the foreign holding company is domiciled in a country with a higher rating than South Africa

Historical credit ratings of Investec Limited			
Long-Term Foreign Currency Issuer Default Rating	Current*	Mar-20*	Apr-17*
Fitch	BB-	BB	BB+

\*Changes reflect downgrades of the sovereign of South Africa.



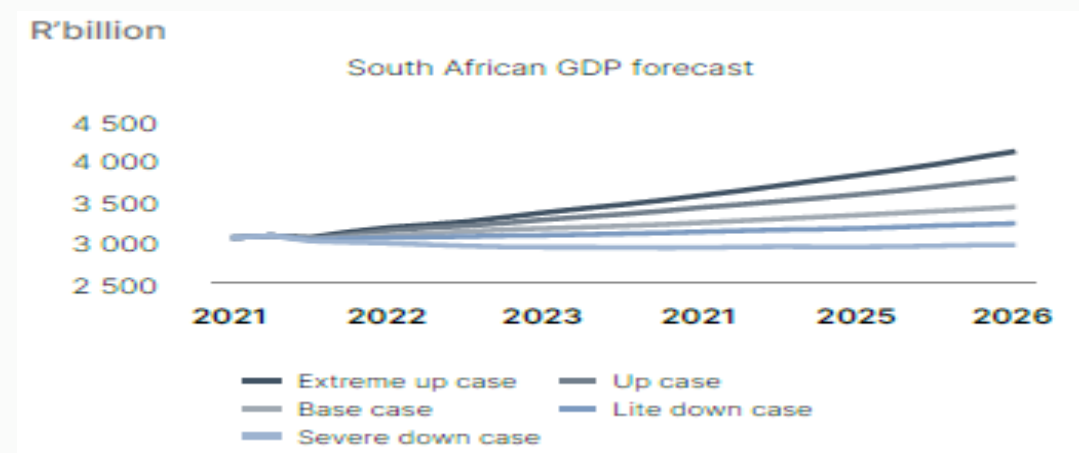
# Investec Limited Appendices



# 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

# Investec Limited: 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)	8 528	6 221	37.1%	14 188
Operating costs (R'million)	4 349	3 917	11.0%	8 457
Operating profit before goodwill and acquired intangibles (R'million)	4 071	1 731	>100%	5 110
Headline earnings attributable to ordinary shareholders (R'million)	2 498	1 622	54.0%	4 206
Cost to income ratio	53.1%	59.9%		59.6%
Total capital resources (including subordinated liabilities) (R'million)	76 638	73 190	4.7%	75 482
Total equity (R'million)	62 958	59 001	6.7%	60 628
Total assets (R'million)	572 977	569 013	0.7%	549 740
Net core loans (R'million)	297 193	284 392	4.5%	287 315
Customer accounts (deposits) (R'million)	398 936	365 003	9.3%	372 228
Loans and advances to customers as a % of customer accounts (deposits)	72.6%	76.1%		74.6%
Cash and near cash balances (R'million)	134 592	143 248	(6.0%)	129 759
Funds under management (R'million)*	379 721	301 431	26.0%	340 618
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	9.1x	9.6x		9.0x
Total capital adequacy ratio	17.7%	15.5%		16.0%
Tier 1 ratio	14.8%	12.2%		12.8%
Common equity tier 1 ratio	13.9%	11.6%		12.2%
Leverage ratio – current	7.6%	7.0%		7.6%
Leverage ratio – ‘fully loaded’	7.5%	6.9%		7.5%
Stage 3 as a % of gross core loans subject to ECL	2.2%	2.4%		2.6%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.8%	1.7%		2.1%
Credit loss ratio	0.04%**	0.35%**		0.18%
Net Stable Funding Ratio % (NSFR)	110.6%	113.9%		113.4%
Liquidity Coverage Ratio % (LCR)	158.0%	164.1%		164.0%

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\* 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.

\*\* Annualised.

# Investec Limited: income statement

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
Interest income	12 768	14 693	26 400
Interest expense	(8 167)	(10 971)	(18 362)
<b>Net interest income</b>	<b>4 601</b>	<b>3 722</b>	<b>8 038</b>
Fee and commission income	3 508	2 705	6 127
Fee and commission expense	(313)	(281)	(603)
Investment income	48	(169)	284
Share of post taxation profit of associates and joint venture holdings	(187)	(89)	(145)
Trading income arising from			
– customer flow	648	247	959
– balance sheet management and other trading liabilities	(171)	(19)	(621)
Other operating income	20	105	149
<b>Total operating income before expected credit loss impairment charges</b>	<b>8 528</b>	<b>6 221</b>	<b>14 188</b>
Expected credit loss impairment charges	(108)	(573)	(621)
<b>Operating income</b>	<b>8 420</b>	<b>5 648</b>	<b>13 567</b>
Operating costs	(4 349)	(3 917)	(8 457)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>4 071</b>	<b>1 713</b>	<b>5 110</b>
Impairment of goodwill	-	-	(7)
Amortisation of acquired intangibles	(26)	(26)	(51)
Impairment of associates and joint venture holdings	-	-	(348)
<b>Profit before taxation</b>	<b>4 045</b>	<b>1 705</b>	<b>4 704</b>
Taxation on operating profit before acquired intangibles	(1 029)	(337)	(1 050)
Taxation on acquired intangibles and financial impact on group structures	7	7	14
<b>Profit after taxation</b>	<b>3 023</b>	<b>1 375</b>	<b>3 668</b>
Profit/ (loss) attributable to other non-controlling interests	(332)	(316)	2
Loss attributable to other non-controlling interests relating to impairments in associates	-	-	189
<b>Earnings attributable to shareholders</b>	<b>2 691</b>	<b>1 691</b>	<b>3 859</b>

# Investec Limited: balance sheet

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
<b>Assets</b>			
Cash and balances at central banks	12 685	12 064	9 653
Loans and advances to banks	21 885	31 477	26 983
Non-sovereign and non-bank cash placements	9 656	7 084	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	47 353	41 874	30 756
Sovereign debt securities	55 810	72 519	53 009
Bank debt securities	28 209	11 318	21 862
Other debt securities	15 269	15 482	14 148
Derivative financial instruments	11 722	21 307	19 186
Securities arising from trading activities	12 740	5 778	15 202
Investment portfolio	15 522	16 423	15 131
Loans and advances to customers	289 633	277 756	279 131
Own originated loans and advances to customers securitised	7 540	6 636	8 184
Other loans and advances	126	217	181
Other securitised assets	646	270	578
Interests in associated undertakings	5 387	6 805	5 215
Current taxation assets	40	340	44
Deferred taxation assets	2 542	2 920	2 767
Other assets	13 595	14 555	16 324
Property and equipment	3 538	3 006	2 942
Investment properties	16 000	17 253	16 942
Goodwill	212	219	212
Software*	70	128	95
Other acquired intangible assets*	90	141	118
Non-current assets classified as held for sale	1 537	1 883	1 054
	<b>571 827</b>	<b>568 211</b>	<b>548 673</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	1 150	802	1 067
	<b>572 977</b>	<b>569 013</b>	<b>549 740</b>

# Investec Limited: balance sheet (cont.)

R'million	30 Sept 2021	30 Sept 2020	31 March 2021
<b>Liabilities</b>			
Deposits by banks	17 798	43 203	22 052
Derivative financial instruments	24 840	18 526	26 154
Other trading liabilities	3 716	10 227	5 643
Repurchase agreements and cash collateral on securities lent	21 083	32 792	17 598
Customer accounts (deposits)	398 936	365 003	374 228
Debt securities in issue	8 082	7 659	6 493
Liabilities arising on securitisation of own originated loans and advances	3 149	1 576	3 271
Current taxation liabilities	738	1 290	854
Deferred taxation liabilities	767	677	743
Other liabilities	16 080	14 018	16 564
	<b>495 189</b>	<b>495 021</b>	<b>473 600</b>
Liabilities to customers under investment contracts	1 096	744	1 014
Insurance liabilities, including unit-linked liabilities	54	58	53
	<b>496 339</b>	<b>495 823</b>	<b>474 667</b>
Subordinated liabilities	13 680	14 189	14 445
	<b>510 019</b>	<b>510 012</b>	<b>489 112</b>
<b>Equity</b>			
Ordinary share capital	1	1	1
Ordinary share premium*	6 112	6 112	6 112
Treasury shares	(3 509)	(3 044)	(3 020)
Other reserves	2 852	2 203	2 543
Retained income	40 347	37 534	38 656
	<b>45 803</b>	<b>42 806</b>	<b>44 292</b>
Ordinary shareholders' equity			
Perpetual preference shares in issue*	3 039	3 184	3 039
	<b>48 842</b>	<b>45 990</b>	<b>47 331</b>
Shareholders' equity excluding non-controlling interests			
Other Additional Tier 1 securities in issue	2 510	1 010	1 733
Non-controlling interests	11 606	12 001	11 564
– Perpetual preferred securities issued by subsidiaries	1 481	1 534	1 481
– Non-controlling interests in partially held subsidiaries	10 125	10 467	10 083
	<b>62 958</b>	<b>59 001</b>	<b>60 628</b>
<b>Total equity</b>			
<b>Total liabilities and equity</b>	<b>572 977</b>	<b>569 013</b>	<b>549 740</b>

# Investec Limited: asset quality

R'million	30 Sept 2021	31 March 2021
<b>Gross core loans</b>	<b>300 041</b>	<b>290 044</b>
Of which subject to ECL *	298 469	288 468
Of which FVPL (excluding fixed rate loans above)	1 572	1 576
<b>Gross core loans to customers subject to ECL</b>	<b>298 469</b>	<b>288 468</b>
Stage 1	275 404	266 061
Stage 2	16 537	14 969
of which past due greater than 30 days	284	272
Stage 3	6 528	7 438
<b>ECL</b>	<b>(2 848)</b>	<b>(2 729)</b>
Stage 1	(982)	(985)
Stage 2	(518)	(416)
Stage 3	(1 348)	(1 328)
<b>Coverage ratio</b>		
Stage 1	0.36%	0.37%
Stage 2	3.1%	2.8%
Stage 3	20.6%	17.9%
<b>Annualised credit loss ratio</b>	<b>0.04%</b>	<b>0.18%</b>
ECL impairment charges on core loans	(65)	(520)
Average gross core loans subject to ECL	293 469	289 161
<b>A analysis of Stage 3 core loans subject to ECL</b>		
Stage 3 net of ECLs	5 180	6 110
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	2.2%	2.6%
Stage 3 ECL impairments as a % of Stage 3 exposure	43.6%	36.7%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	1.8%	2.1%

# Investec Limited: capital structure and capital adequacy

Investec Limited: capital structure and capital adequacy

	Increased AIRB Scope *	FIRB	
R'million	30 Sept 2021^	31 March 2021^	31 March 2021^
Shareholder's equity	45 803	44 292	44 292
Shareholders' equity per balance sheet	48 842	47 331	47 331
Perpetual preference share capital and share premium	(3 039)	(3 039)	(3 039)
Regulatory adjustments to the accounting basis	1 428	1 308	1 308
Prudent valuation adjustment	(207)	(219)	(219)
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	(2 805)	(2 539)	(2 665)
Goodwill and intangible assets net of deferred tax	(372)	(425)	(425)
Investment in financial entity	(767)	(737)	(749)
Shortfall of eligible provisions compared to expected loss	(200)	(239)	(346)
Investment in capital of financial entities above 10% threshold	(1 293)	(983)	(990)
Other regulatory adjustments	(173)	(155)	(155)
Common equity tier 1 capital	44 426	43 061	42 935
Additional Tier 1 capital	2 892	2 131	2 142
Additional tier 1 instruments	7 030	6 253	6 253
Phase out of non-qualifying additional tier 1 instruments	(4 048)	(4 048)	(4 048)
Non-qualifying surplus capital attributable to non-controlling interest	(90)	(74)	(63)
Tier 1 capital	47 318	45 192	45 077
Tier 2 capital	9 325	10 559	10 956
Collective impairment allowances	461	435	435
Tier 2 instruments	13 680	14 445	14 445
Investment in capital of financial entities above 10% threshold	(875)	(542)	(546)
Non-qualifying surplus capital attributable to non-controlling interests	(3 941)	(3 779)	(3 378)
Total regulatory capital	56 643	55 751	56 033
Risk-weighted assets	320 582	336 629	351 125

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\* Investec 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 Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET1 ratio would be 93bps lower (31 March 2021: 39bps lower).



# Investec Limited: capital structure and capital adequacy

	Increased AIRB Scope *	FIRB	
	30 Sept 2021^	31 March 2021^	31 March 2021^
Common equity tier 1 (as reported)	13.9%	12.8%	12.2%
Common equity tier 1 (fully loaded) ^^	13.9%	12.8%	12.2%
Tier 1 (as reported)	14.8%	13.4%	12.8%
Total capital adequacy ratio (as reported)	17.7%	16.6%	16.0%
Leverage ratio **	7.6%	7.6%	7.6%
Leverage ratio ** - fully loaded ^^	7.5%	7.5%	7.5%

\*\* The leverage ratios are calculated on an end-quarter basis..

^^ 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. .

# Legal disclaimer

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## **FORWARD-LOOKING STATEMENTS**

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.