

# Investec Limited

Investor generic presentation

May 2023

The information in this presentation relates to the year ended 31 March 2023, unless otherwise indicated.



# Contents

1.

Investec Group  
at a glance

2.

Investec Limited  
overview

3.

Investec Limited  
operating  
fundamentals

4.

Investec Limited  
peer analysis

5.

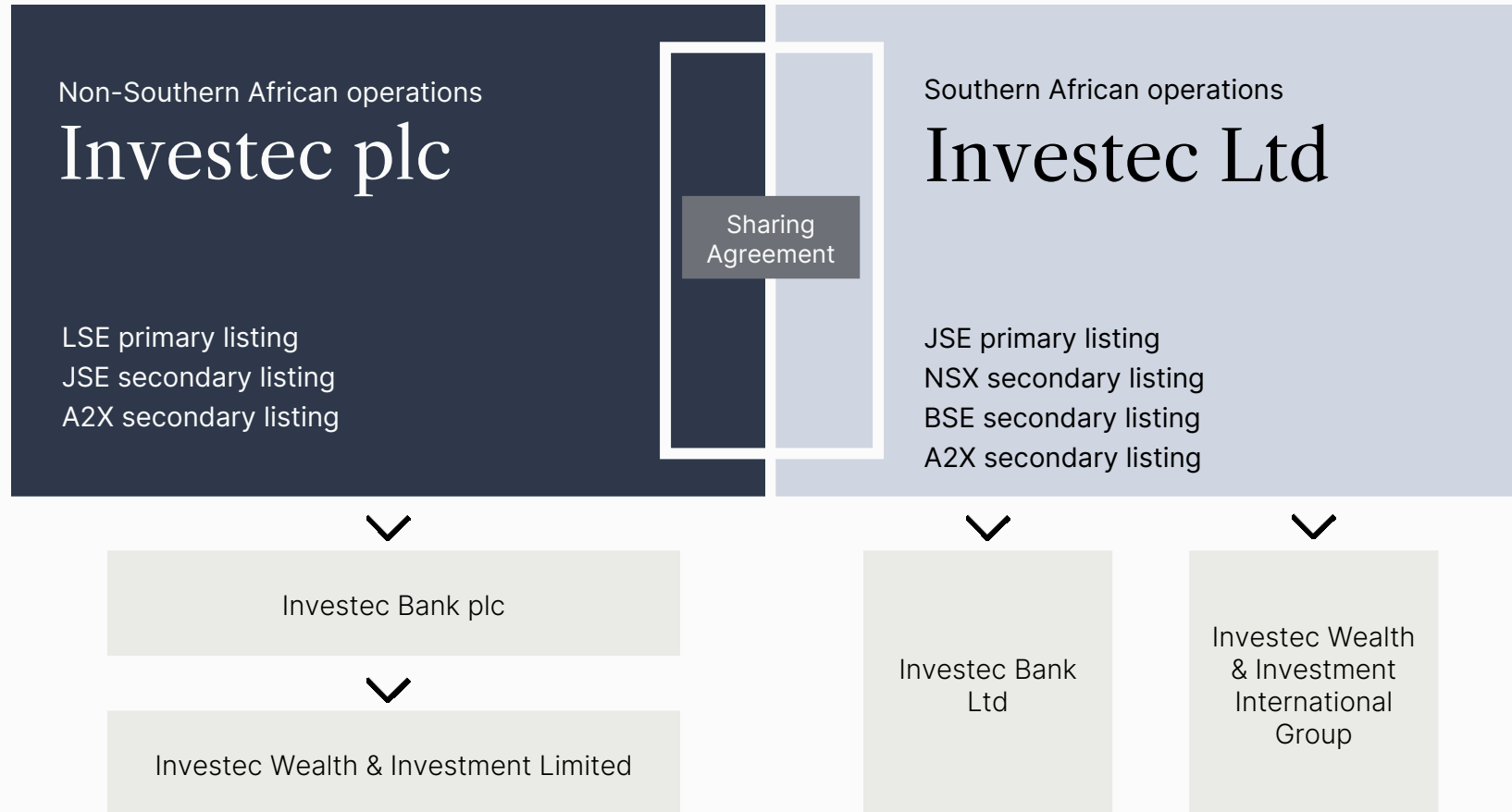
Appendices



# Investec Group at a glance



# Investec Dual Listed Company structure

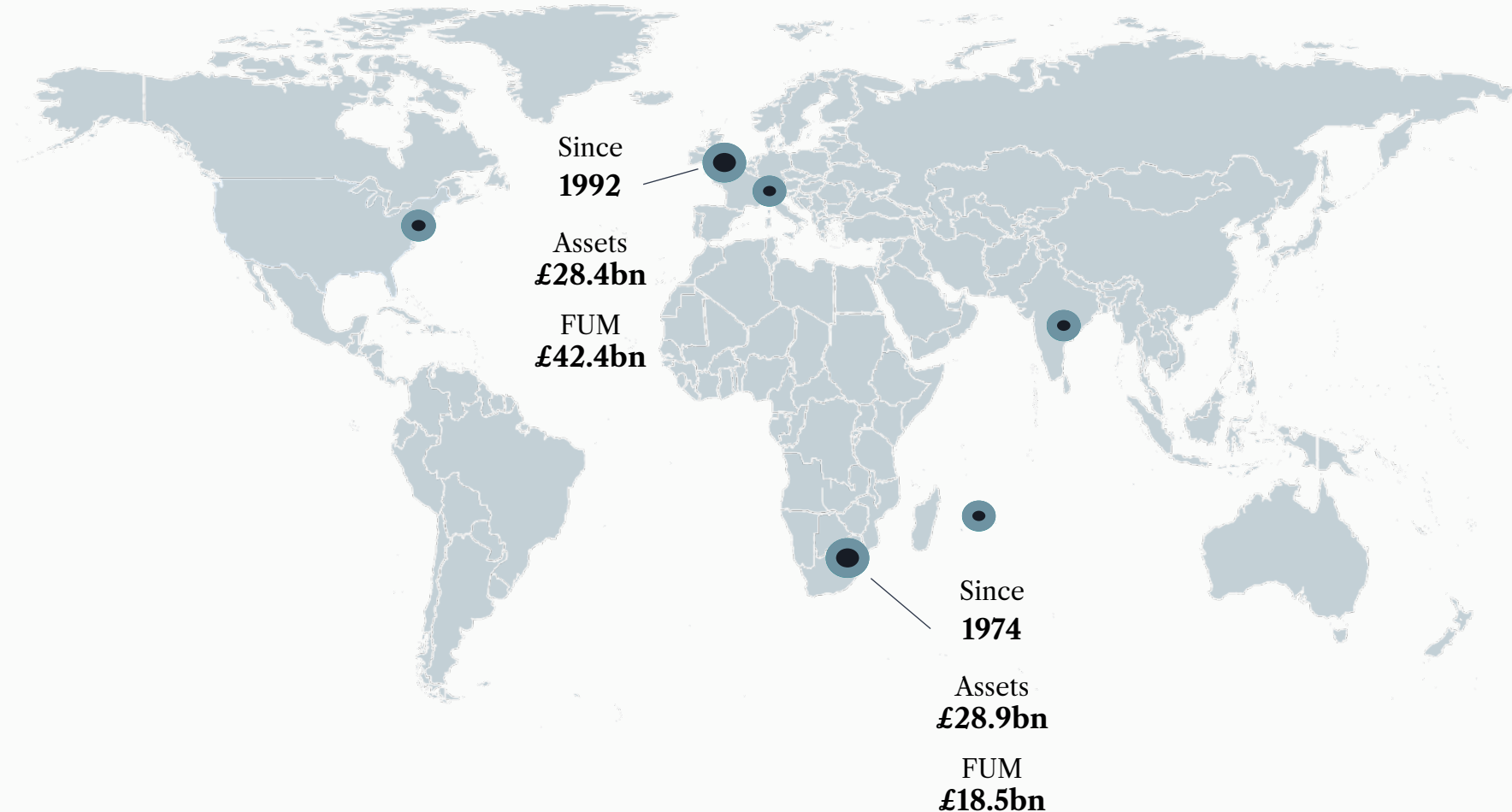


- Investec plc and Investec Limited are **separate legal entities and listings**, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a **single unified economic enterprise**
- Shareholders have **common economic and voting interests** as if Investec plc and 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

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 **8 700+\*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£57.3bn**; total equity of **£5.3bn**; and total funds under management of **£61.0bn**

\*Including temporary employees and contractors.

# One Investec

Our purpose is to create enduring worth.

## Our values\*

Deep client partnerships, built on trust and out-of-the-ordinary service, are the bedrock of our business

We are dedicated to building meaningful relationships with all our stakeholders

We uphold cast-iron integrity in all we do

We are committed to living in society, not off it

We embrace our responsibility to the environment

We thrive on change and challenge convention with courage, constantly adapting to an ever-changing world

We believe in open and honest dialogue to test decisions, seek consensus and accept responsibility

We trust our people to exercise their judgement, promoting entrepreneurial flair and freedom to operate within the context of prudent risk parameters and unwavering adherence to our values

We embrace diversity in a deeply caring organisation in which everyone can bring their whole selves.

\* We have recently realigned our values through extensive consultation and dialogue, across the organisation, with all business areas and geographies, ensuring that they reflect our steadfast beliefs and our aspirations. The processes has been bottom up and top down and then aggregated the wisdom of the organisation to reflect the depth of our thinking and the way we conduct ourselves

45+ 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.

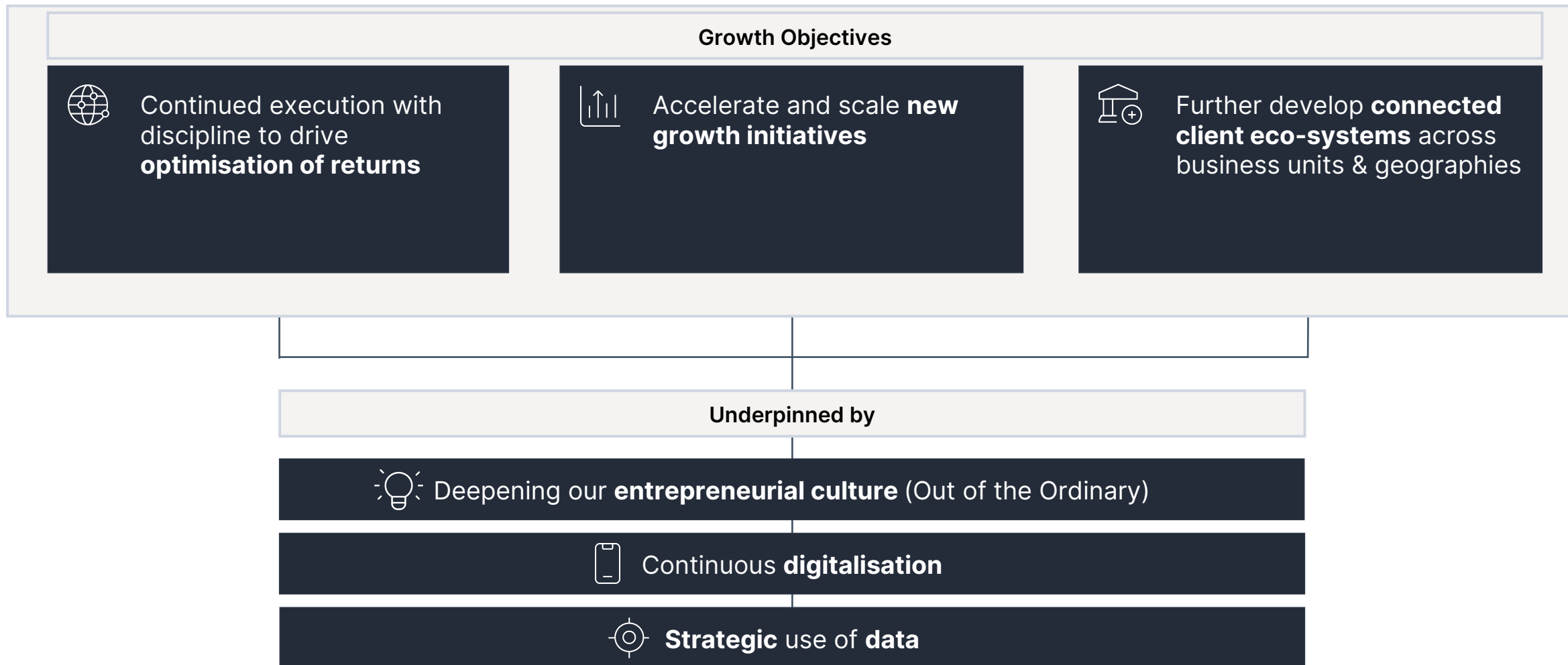


# Investment proposition

Well positioned to pursue long-term growth

- 1 Well capitalised and highly liquid balance sheet
- 2 Strong capital generation - returning excess capital to shareholders
- 3 Diversified mix of earnings by geography and business, with significant annuity income underpin from leading wealth business
- 4 Clear growth opportunities through reinforcement of existing linkages across geography and business and new profit pool strategies which are underway
- 5 Our clients have historically shown resilience through difficult macro environments
- 6 Rightsized the cost structure of the business

# Fuelling a robust growth agenda





# SA sustainability highlights

Operate responsibly, finance and invest for a sustainable future and maintain our competitive ESG position

13

CLIMATE ACTION



Net-zero commitments

Zero thermal coal by 31 March 2030

Made a commitment to have zero coal exposure by 31 March 2030

Completed a pro-climate assessment within Investec Limited to identify improvement areas towards our net-zero goals

W&I signed up as a CDP Signatory and joined the non-disclosure campaign

10

REDUCED INEQUALITIES



Equality commitments

Group Board

43%

ethnicity

43%

women

4th

in the Universum employer of choice survey by professionals in SA

Transformation

R454mn

Procurement from black women-owned suppliers in South Africa

Specialist Banking

Ranked 7<sup>th</sup>

In the Sustainable Banking Revenues Ranking in the Corporate Knights The Banker survey, 2022 (out of an initial pool of 91 banks)

Sustainable finance project


Implemented a project to calculate the amount of our sustainable finance lending and investments and understand the impact on our priority SDGs

0.11%

Thermal coal exposure (R349mn) as a percentage of gross core loans (Mar-22: 0.15%)

Investec Limited committed to zero thermal coal exposure by 31 March 2030

Highlights



R2.7bn

1st

Signatory to Climate Action 100+

Raised through the launch of two managed charity portfolios in South Africa

Best Private Bank and Wealth Manager in Africa for philanthropy services, 2022 (Financial Times)

Incorporating sustainability in the way we do business and creating innovative, impactful solutions

# Focused on doing well and doing good – SA

## Other highlights

### Specialist banking

- Partnered with Proparco to implement the Transforming Financial Systems for Climate (TFSC) programme in South Africa. The package comprises a senior credit facility of \$80mn and a technical assistance programme
- Investec Limited completed a **pro-climate assessment** to identify improvement areas towards our net-zero goal
- Investec Group joined the **Partnership for Biodiversity Accounting Financials** (PBAF)
- Investec Limited launched a free-standing funding solutions offering for private clients, focusing on assets such as solar or water storage
- Won the **Africa Export Finance Deal of the Year for Ghana's Western Railway Line** Project
- **Incorporated ESG considerations** into our equity research product in South Africa (using ESG data from MSCI)
- Successfully closed a €34mn Commercial Facility with the Ministry of Finance, Angola. The Commercial Facility will part-finance the total project cost of €225mn, which will be used for the **construction of three hospitals in Angola**
- Co-arranger for a €178mn commercial loan to **develop and rehabilitate essential water supply** infrastructure across up to 111 locations in Côte d'Ivoire, enhancing access to potable water in these areas.

### Wealth & Investment

- Continued inflows into the Investec Global Sustainable Equity Fund of **\$46.2mn** (since launch in Mar-21)
- Remain active members of **Climate Action 100+**
- **R2.7bn** raised through the launch of two managed charity portfolios in South Africa.

# 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  
R638.1bn

Net core  
loans  
R320.7bn

Total  
equity  
R61.5bn

Customer  
deposits  
R448.5bn

Total  
FUM  
R406.8bn

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 **4 700+\*** 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.

\* Excluding temporary employees and contractors

# 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-touch and high-tech 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**



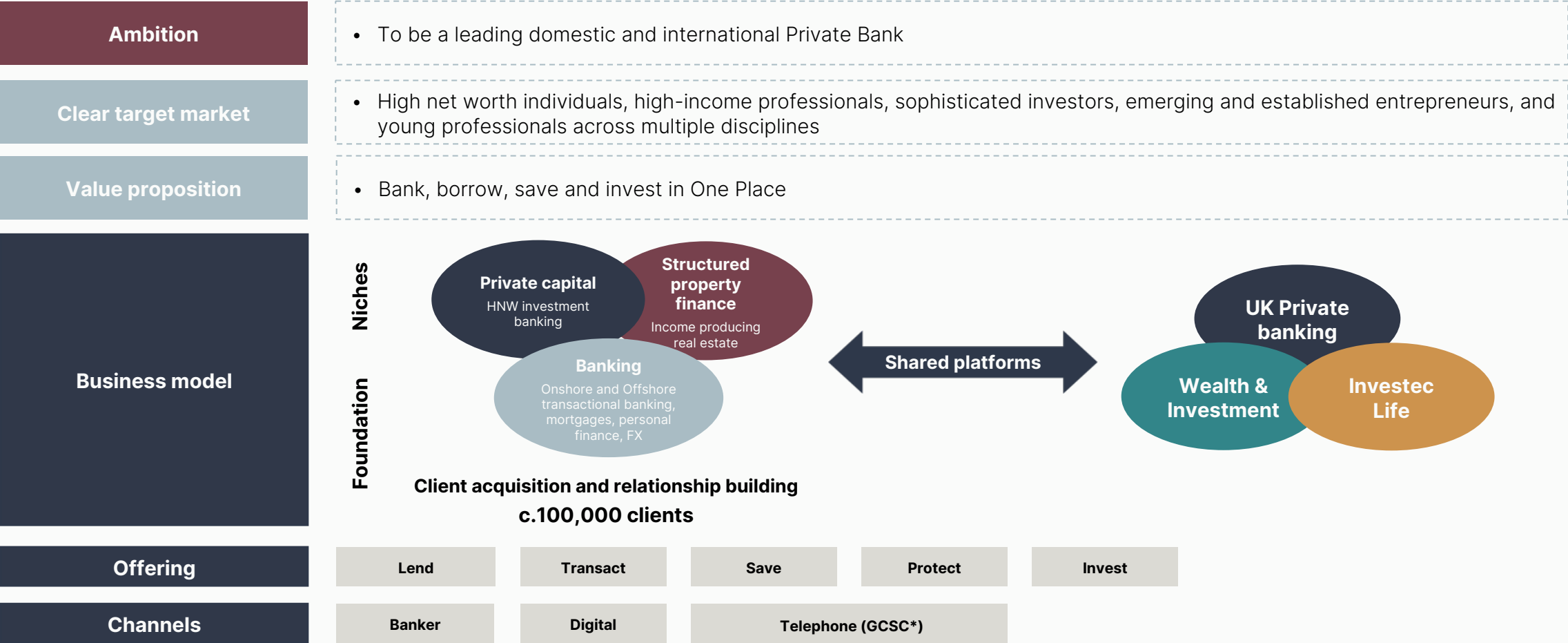
- **Maintaining cost efficiency** with low cost to income ratios



- 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**

# Specialist Banking: Private Banking

A full-service Private Banking offering integrated into One Place



Client numbers as of 31 March 2023.  
\* Global client service centre.

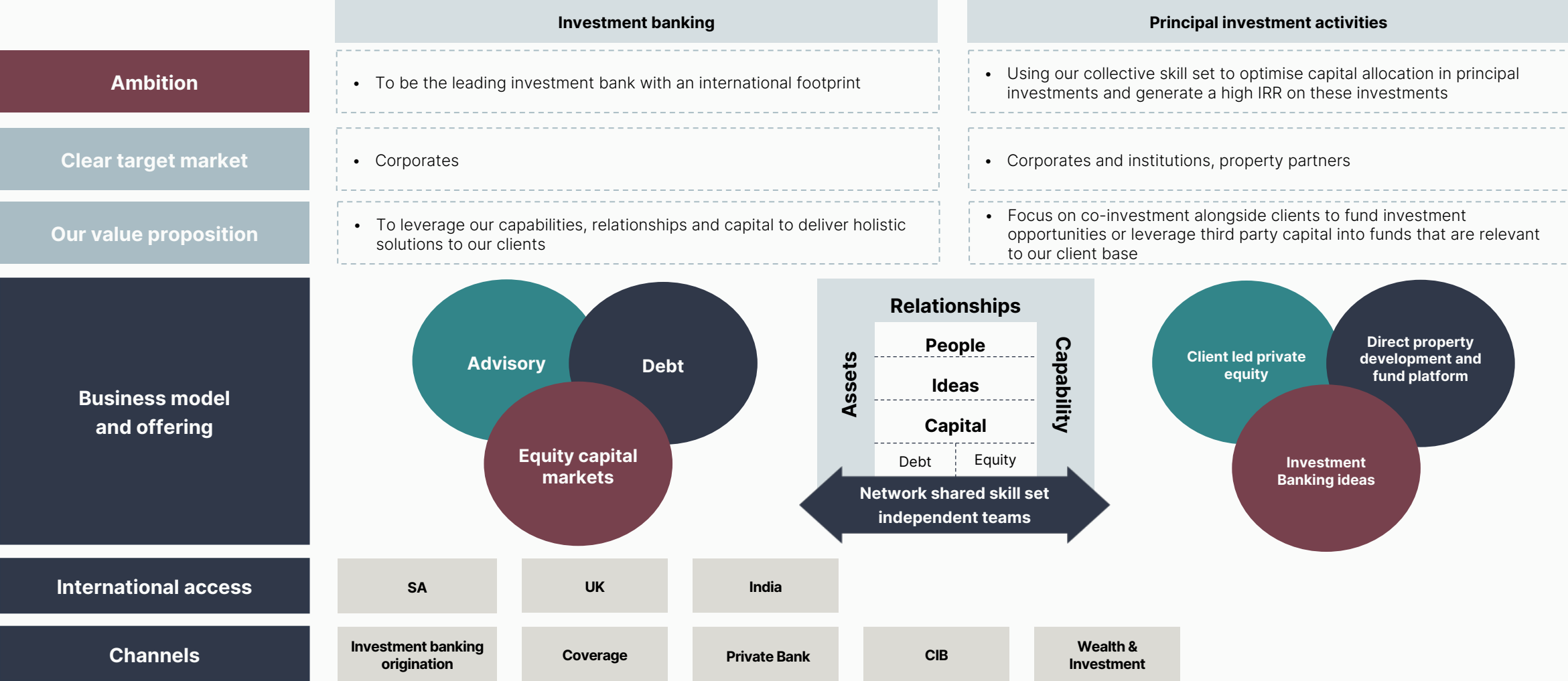
# Specialist Banking: Corporate and Institutional Banking

Strong franchise value and leading market position in our niche markets

<b>Ambition</b>	<ul style="list-style-type: none"><li>• To be a top tier corporate and institutional bank</li></ul>	
<b>Clear target market</b>	<ul style="list-style-type: none"><li>• Mid to large size corporates (listed and unlisted), financial advisers and intermediaries, government and public sector institutions, banks and financial services entities</li></ul>	
<b>Value proposition</b>	<ul style="list-style-type: none"><li>• Diversified client-centric offering</li><li>• Sustainable growth driven through collaboration between business units</li></ul>	
<b>Service offering</b>	<b>Global Markets</b>	<b>Specialised Lending</b>
	<ul style="list-style-type: none"><li>• Well-established, award-winning franchises across:<ul style="list-style-type: none"><li>– Trading (FICC, Equities, ECM and DCM)</li><li>– Investment products</li><li>– Treasury solutions and sales</li><li>– Credit investments</li></ul></li><li>• Built sustainably through organic growth and diversification into new markets</li></ul>	<ul style="list-style-type: none"><li>• Tailored offering and deep relationships with our target markets – large to mid-tier corporates and private equity funds</li><li>• Differentiated through deep sector expertise and international reach<ul style="list-style-type: none"><li>– Leveraged finance</li><li>– Technology asset finance</li><li>– Power and infrastructure finance</li><li>– Fund finance</li><li>– Aviation finance</li><li>– Export and agency finance</li><li>– Institutional trade finance</li></ul></li><li>• Award-winning specialist franchises by innovating alongside our clients</li></ul>

# Specialist Banking: Investment Banking and Principal Investments

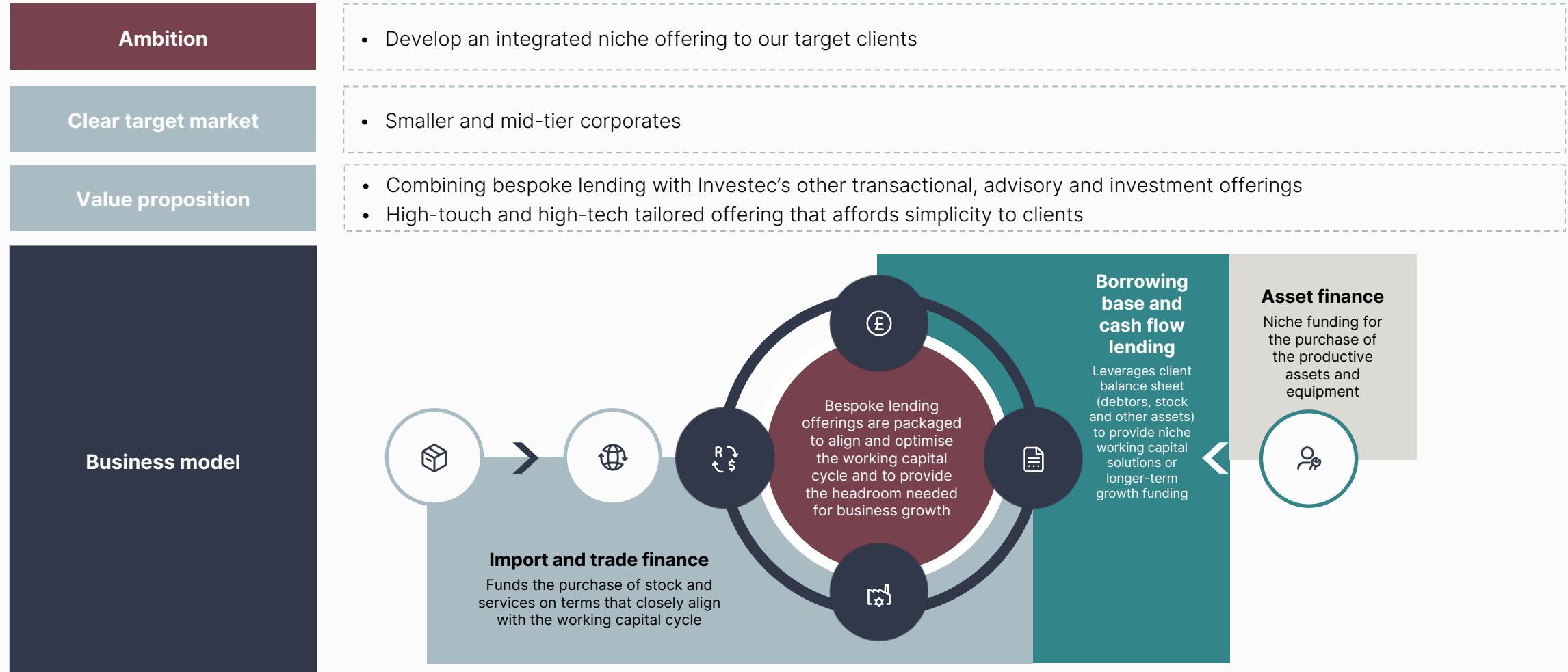
Delivering holistic investment solutions to clients





# Specialist Banking: Investec for Business

Bespoke lending offerings for working capital optimisation and business growth

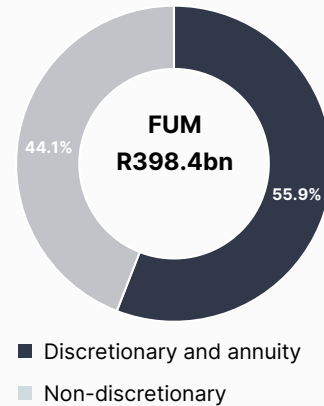


# Wealth & Investment

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

## Key facts\*

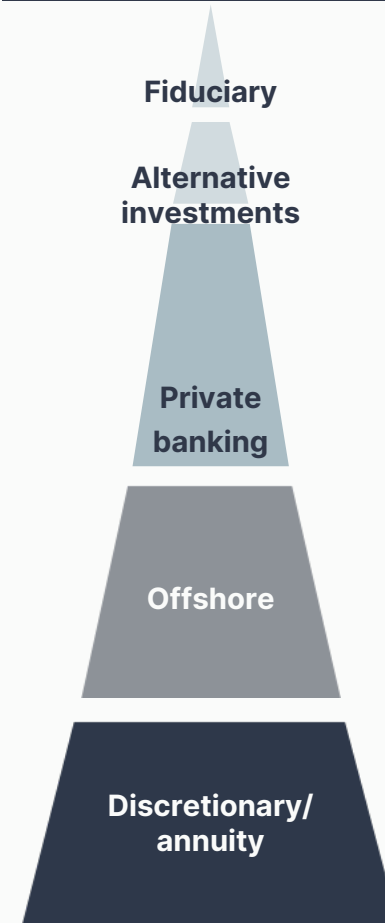
<b>Total FUM</b>	R398.4bn
<b>% discretionary and annuity</b>	55.9%
<b>% of disc. and annuity offshore</b>	64.0%
<b>Operating margin</b>	<b>31.0%</b>
Average yield disc. and annuity	92 bps
<b>Target client</b>	> R5mn
<b># of clients</b>	c.43,000
<b># of offices</b>	11
<b># of investment managers</b>	115



## 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™

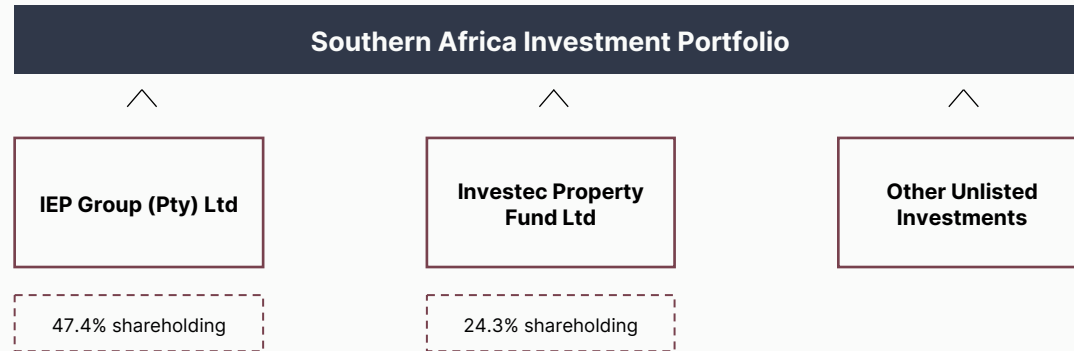
## Future growth drivers



- Enhance our fiduciary and tax planning services
- Expand the breadth and depth of our alternative investment offering
- 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
- Expand international investment universe that provides clients with broad range of international investments
- Leverage our expanded international investment offering into new distribution channels
- 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

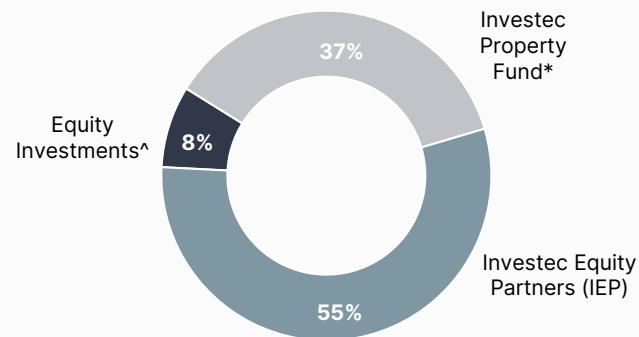
# Group Investments overview

The Group Investments segment consists of equity investments held outside the Group's banking activities



## SA Total Equity Exposure %

As at 31 March 2023



^ Does not include equity investments residing in our corporate and private client businesses.

\* The proportionate NAV consolidated for the Group's investment holding of 24.3% in the Investec Property Fund.

## IEP Group (Pty) Ltd

- IEP is an investment holding company that was born out of the Investec Private Equity portfolio, which was sold to IEP in January 2016. IEP has a wholly-owned subsidiary, being the Bud Group, an operational services, manufacturing and distribution group
- IEP and Bud Group shareholders approved and implemented a restructure of the IEP and Bud group in order to facilitate an exit by certain IEP shareholders, including Investec, by way of a share buyback
- The restructure entailed the transfer of certain chemical and mineral assets, as well an interest in Assupol, a company in the financial services industry, to a Newco (of which Investec has a c. 59% economic interest), to facilitate the orderly disposal of those assets
- Investec ceased equity accounting for its 47.4% stake in IEP on 30 November 2022 and the investment is accounted for as a fair value instrument with a value of R4.7bn at 31 March 2023. Subsequent to year end and the realisation of certain assets in IEP, Investec's stake in IEP has reduced to 38.3%.

## Investec Property Fund Limited (IPF)

- IPF is an internationally focused Real Estate Investment Trust (REIT) domiciled in South Africa which listed on the Johannesburg Stock Exchange (JSE) in 2011. Its investment portfolio comprises direct and indirect real estate investments in South Africa, Europe and Australia
- Investec has a 24.3% shareholding and consolidates the fund. The proportionate NAV was R3.1bn at 31 March 2023.

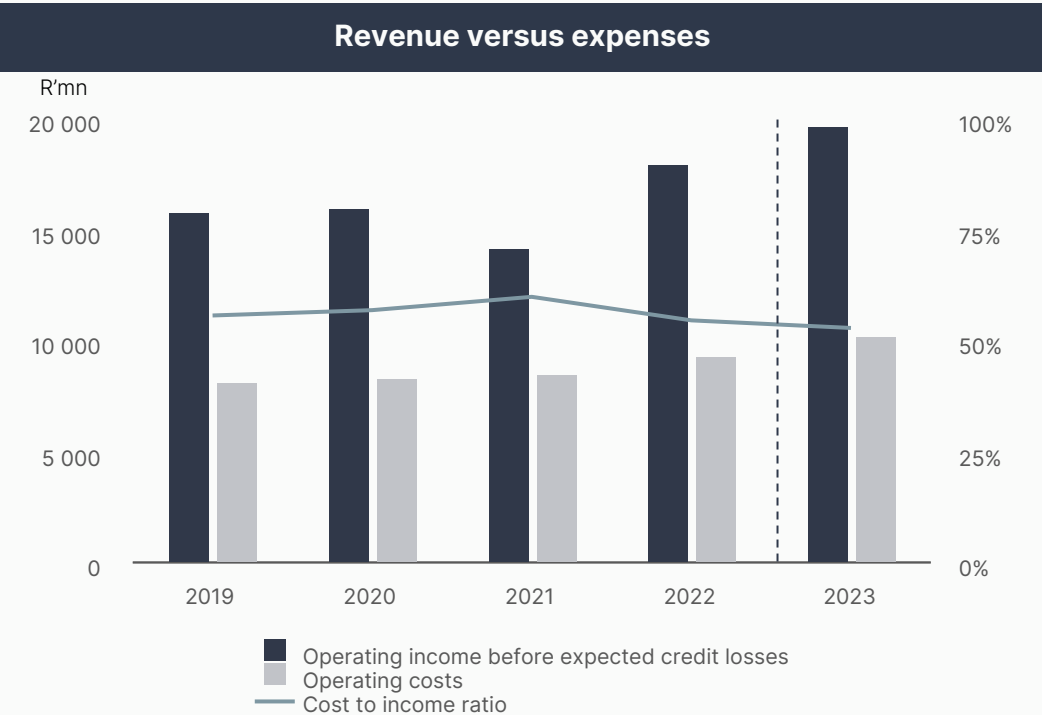
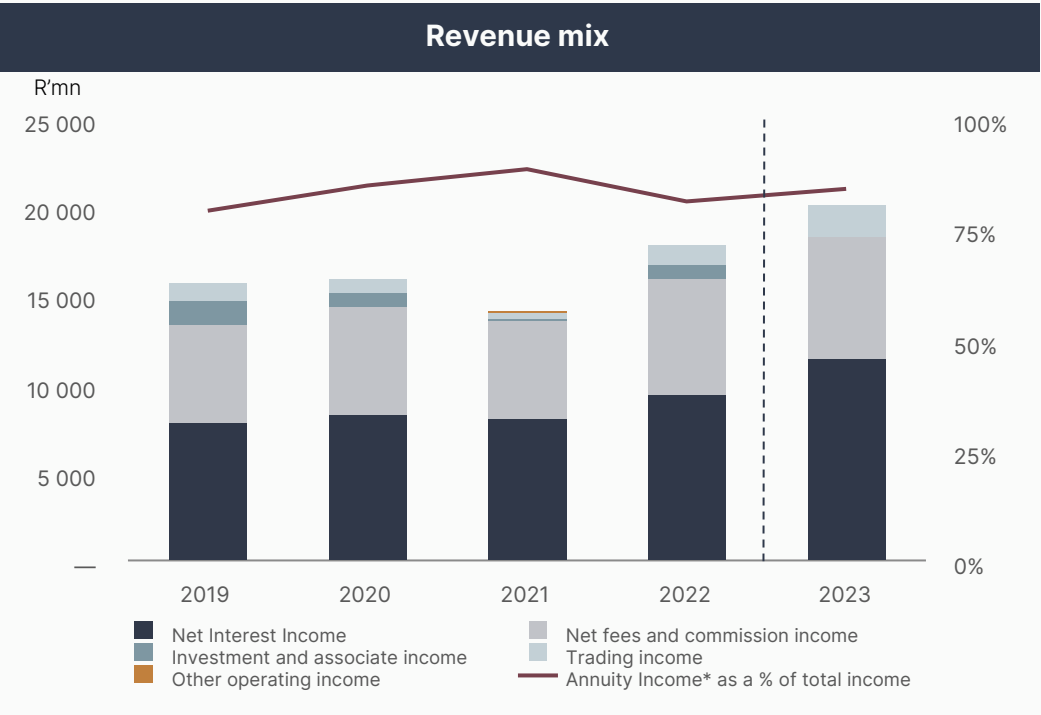
## Ninety One

- In the South African Group Investment portfolio, Investec Limited no longer holds any shareholding (31 March 2022: 10%) in Ninety One
- In the prior period, at a DLC Group level, Investec held a 25% shareholding in Ninety One (of which c. 15% was held by Investec plc). Effective 30 May 2022, the Group successfully distributed a 15% holding in Ninety One, retaining a c.10% shareholding entirely held by Investec plc. Investec accounted for its combined 25% investment in Ninety One by applying equity accounting until 30 May 2022
- As of 1 June 2022 the c.10% holding held by Investec plc is now accounted for as an investment held at fair value through other comprehensive income.

# Investec Limited operating fundamentals



# Revenue supported by resilient franchises



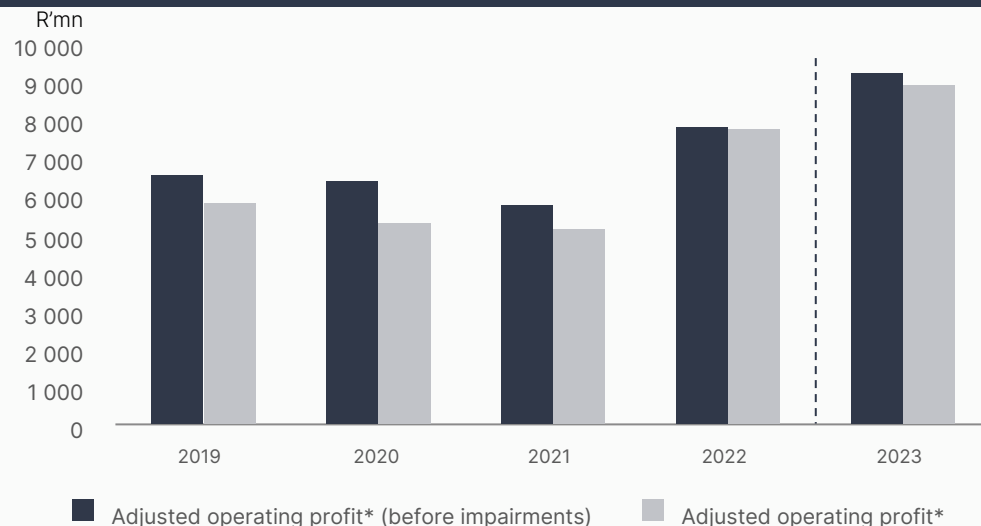
- A diversified business model continues to support a large recurring income base comprising net interest income and net annuity fees, representing 83.8% of revenue for the year ended 31 March 2023
- Growth in total revenue between 2019 and 2023 has largely been driven by increased lending activities and a broadening of our client franchise

- We are maintaining a disciplined approach to cost control while building for the future
- The cost to income ratio was 52.6% for the year ended 31 March 2023 (2022: 54.3%)

\* Where annuity income is net interest income and annuity fees.

# Revenue supported by resilient franchises (cont.)

## Impact of impairments on adjusted operating profit

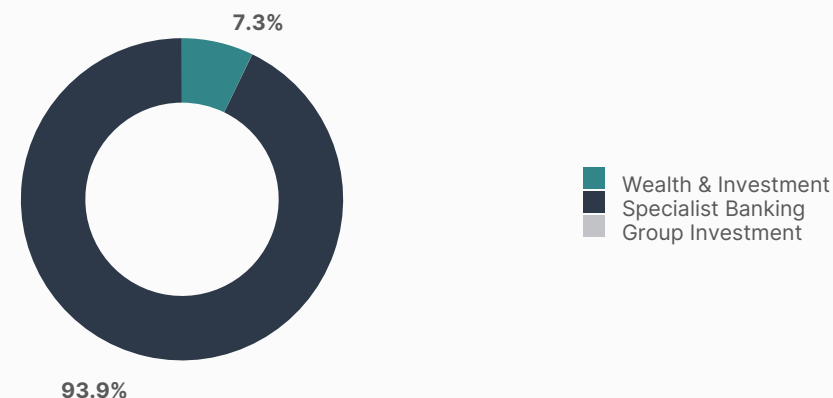


- Adjusted operating profit\* for the year ended 31 March 2023 increased 15% year on year to R8 913 million
- ECL impairment charges were R294 million in the current year compared to R39 million in the prior year. The increase was driven primarily by Stage 3 ECL charges on certain exposures as well as reversals and recoveries on previously impaired loans
- During the period, management overlays of R106million relating to commercial real estate and residential mortgages were released.

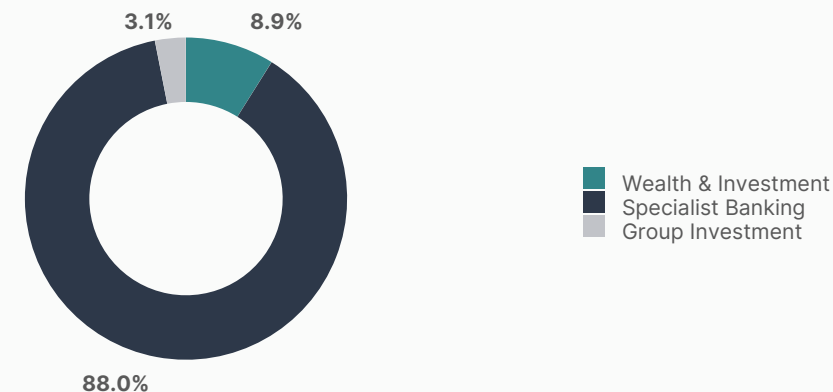
\* Operating profit before goodwill, acquired intangibles, taxation and after non-controlling interests.

## Contribution to adjusted operating profit

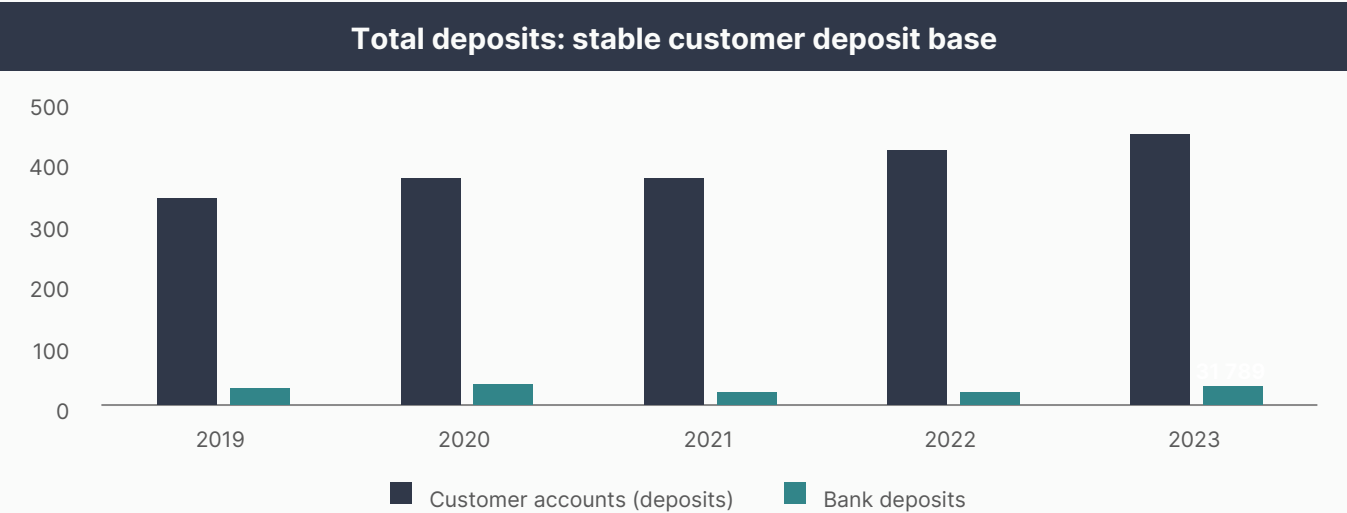
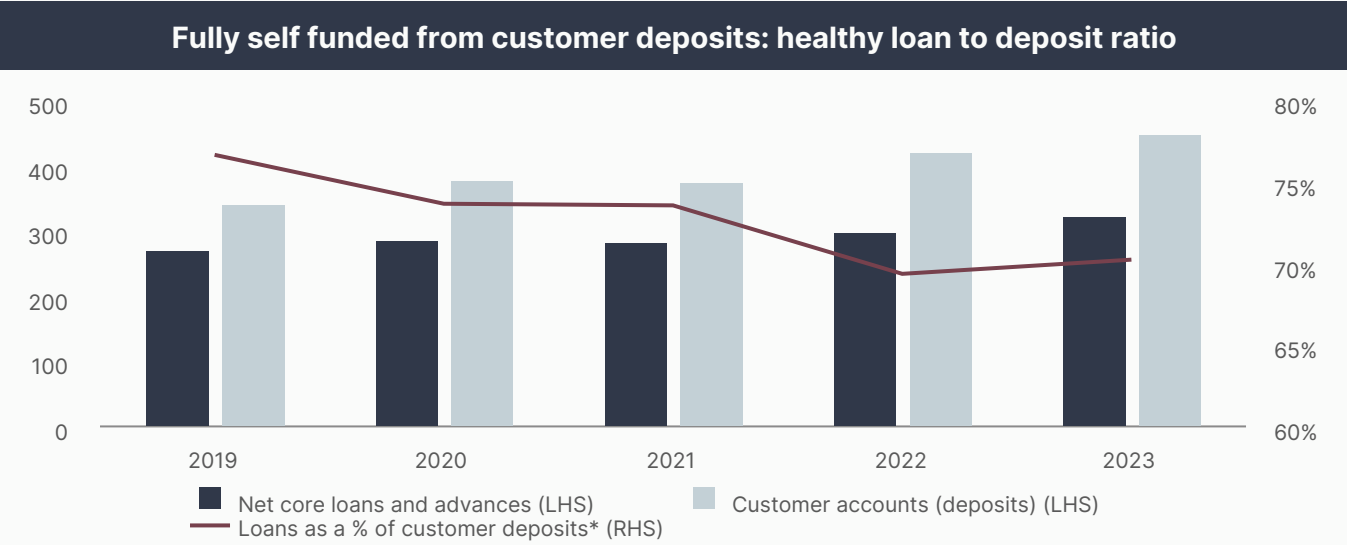
At 31 March 2023



At 31 March 2022



# Healthy loan to deposit ratio, stable customer deposit base



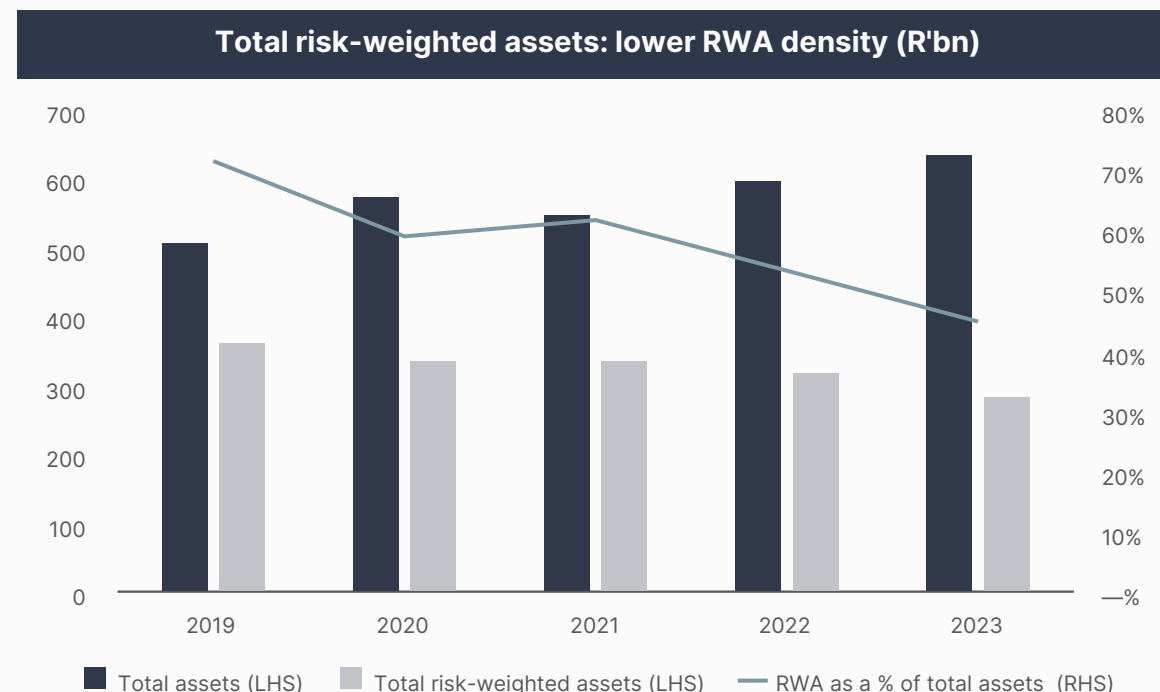
- Customer deposits have grown by 6.8% (c.7.0% CAGR) since 2019 to R448.5bn at 31 March 2023
- Loans and advances as a percentage of customer deposits amounts to 70.2%

- 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



- Our strong capital generation, and optimisation through the adoption of AIRB, has enabled us to return excess capital to shareholders
- CET1 capital decreased by R3.0 billion to R41.8 billion, largely affected by:
  - The execution of R5.5 billion of the R7 billion DLC share buyback programme
  - Positive post-tax earnings
  - Ordinary dividend distribution to shareholders
  - Distribution of Ninety One.



- The Total RWAs/Total assets (RWA density) decreased to 44.7% (31 March 2022: 53.1%)
- Approval was received from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for measurement of capital on the Income Producing Real Estate portfolio (IPRE) effective 31 Jan 2023.



# Sound capital ratios and capital ratios (cont.)

Capital ratios^

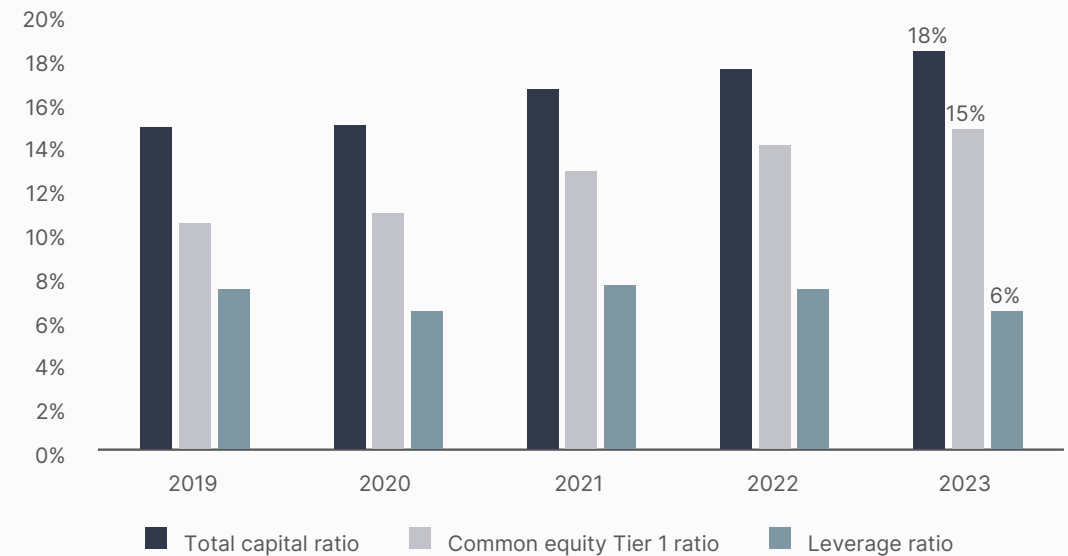
	IRB Scope*	
	31 March 2023^	31 March 2022^
Common Equity Tier 1	14.7%	14.0%
Tier 1 ratio	15.9%	15.0%
Total capital ratio	18.3%	17.5%
Leverage ratio **	6.5%	7.4%

^ Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 117bps lower (31 March 2022: 134bps lower)

\* Investec Limited received approval to adopt the Advanced Internal Ratings Based (AIRB) approach for measurement of capital on the Income Producing Real Estate portfolio (IPRE) effective 31 Jan 2023. Investec Limited also migrated the High Value Commercial Real Estate (HVCRE) portfolio to the slotting approach, a subset of the Foundation Internal Rating Based (FIRB) approach.

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

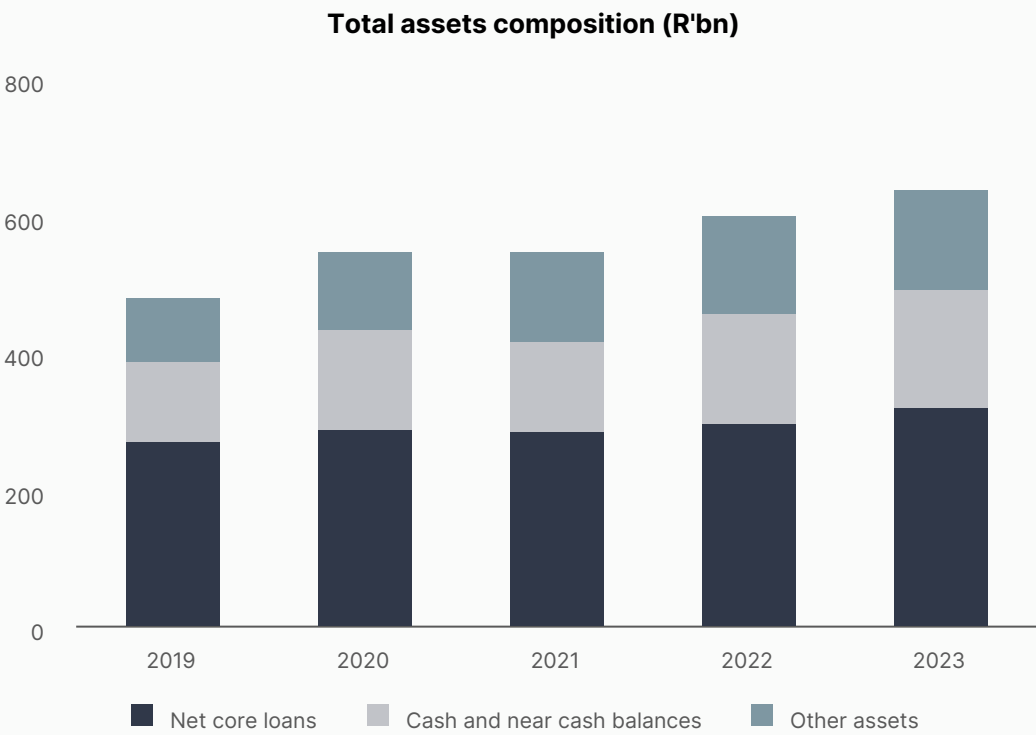
Capital ratios#



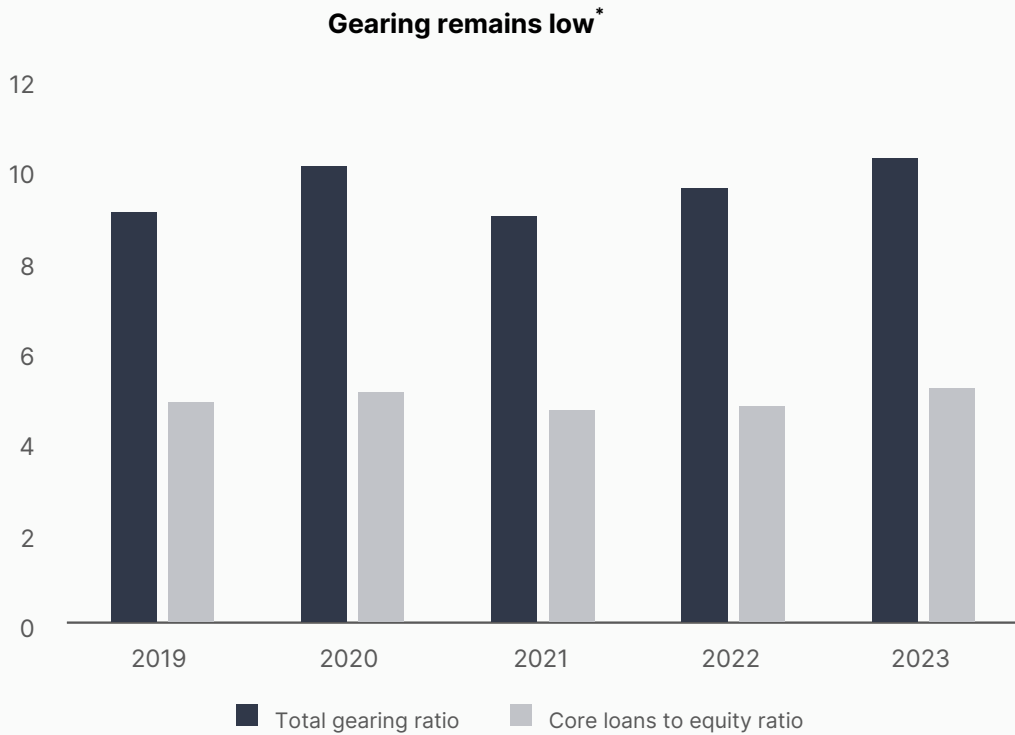
- Investec Limited has always held capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure that it remains well capitalised
- At 31 March 2023, a total capital ratio of 18.3% and a common equity tier 1 ratio of 14.7% was achieved.

# Since 2013 capital information is based on Basel III capital requirements as currently applicable in South Africa. FY2021 and FY2022 are shown on an increased AIRB scope basis, all other years are shown on a FIRB basis

# Consistent asset growth, gearing ratios remain low



- We have reported a CAGR of 4.3% in net core loans since 2019 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.

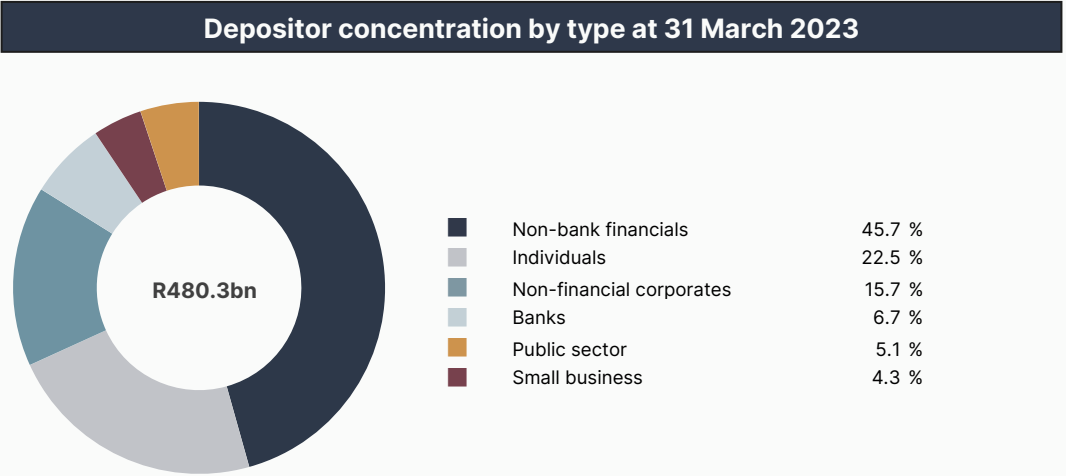
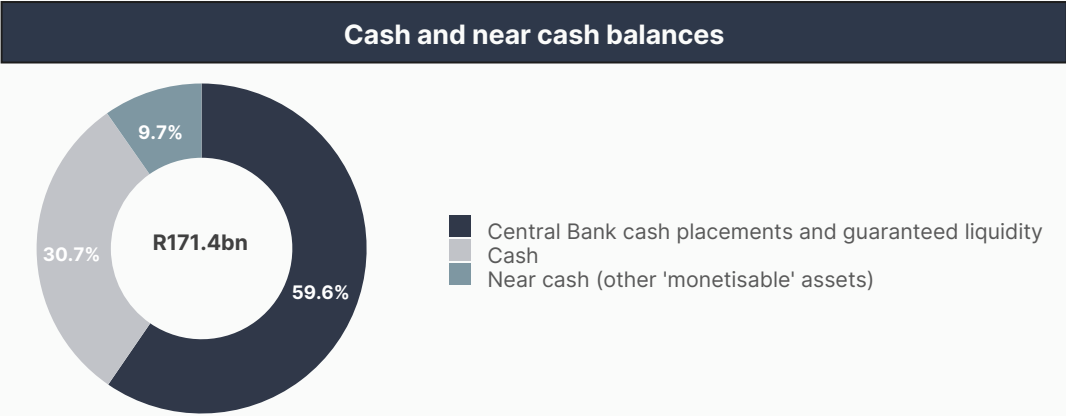
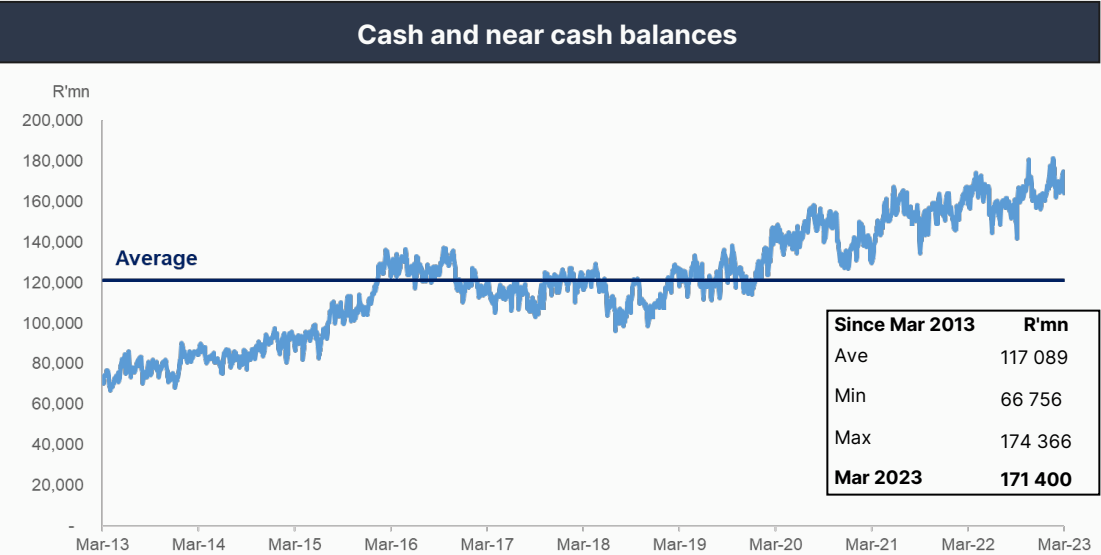


- We have maintained low gearing ratios\* with total gearing at 10.3x and an average of 9.6x since March 2019.

\* Gearing ratio calculated as total assets divided by total equity.

# 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 2013 (9% CAGR) to R171.4bn at 31 March 2023 (representing 38.2% of customer deposits)
- We delivered liquidity ratios well in excess of regulatory requirements. At 31 March 2023, INL’s (consolidated Group) three-month average Liquidity Coverage Ratio (LCR)\* was 153.6%.
- Investec Limited’s Net Stable Funding Ratio (NSFR) was 116.4% (ahead of minimum requirements of 100%)



\* 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.

# 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

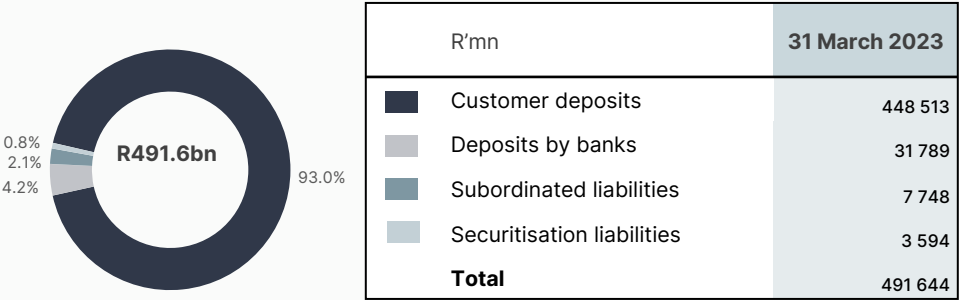
Minimum cash of at least 25% of customer deposits on an on-going basis
- 5

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



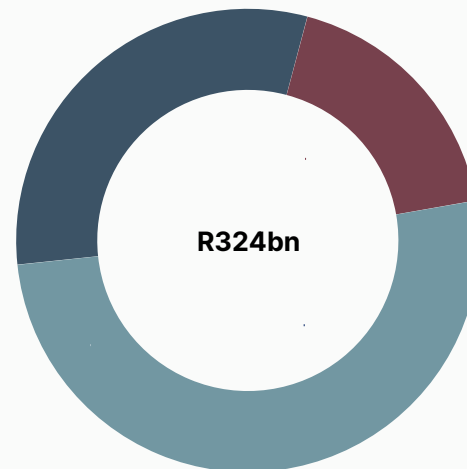
- Customer deposits account for 91.2% of selected funding sources as at 31 March 2023
- Customer deposits are supplemented by deposits from banks (6.5%), subordinated debt (1.6%) and securitisation liabilities (0.7%)
- We do not place reliance on any single deposit channel, nor do we overly rely on interbank 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

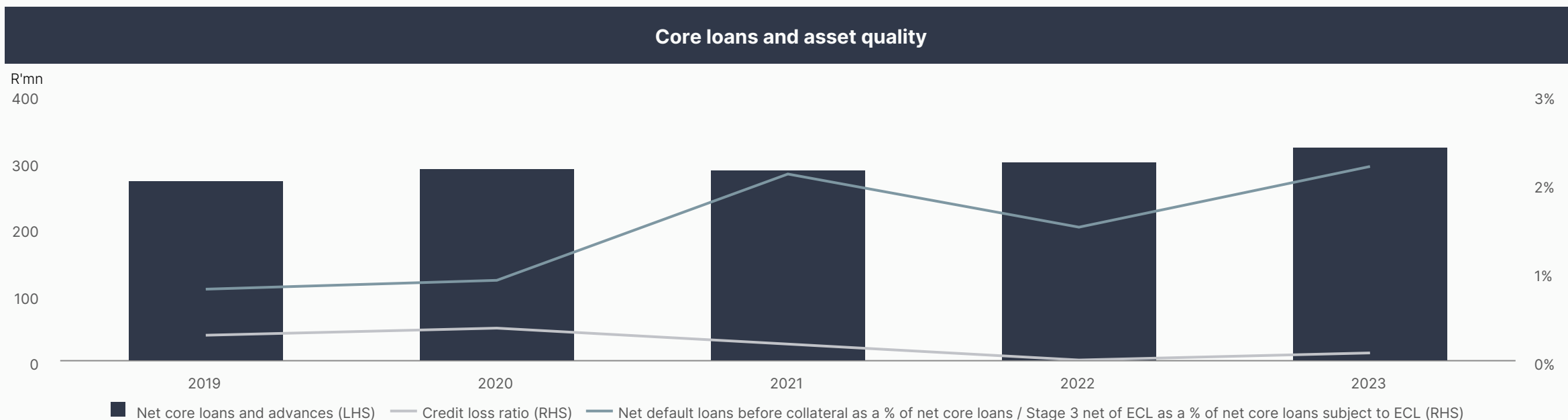
<b>Corporate and other lending</b>	<b>30.8 %</b>
Corporate and acquisition finance	22.1 %
Fund Finance	4.0 %
Financial institutions and governments	1.1 %
Small ticket asset finance	0.9 %
Aviation finance	0.8 %
Power and infrastructure finance	1.8 %



<b>Lending collateralised by property</b>	<b>18.1 %</b>
Commercial real estate - investment	15.6 %
Commercial real estate - development	0.7 %
Commercial vacant land and planning	0.2 %
Residential real estate - investment	0.7 %
Residential real estate - development	0.6 %
Residential vacant land and planning	0.3 %

<b>High net worth and other private client</b>	<b>51.1 %</b>
HNW and private client - mortgages (home loans)	28.0 %
HNW and specialised lending	23.1 %

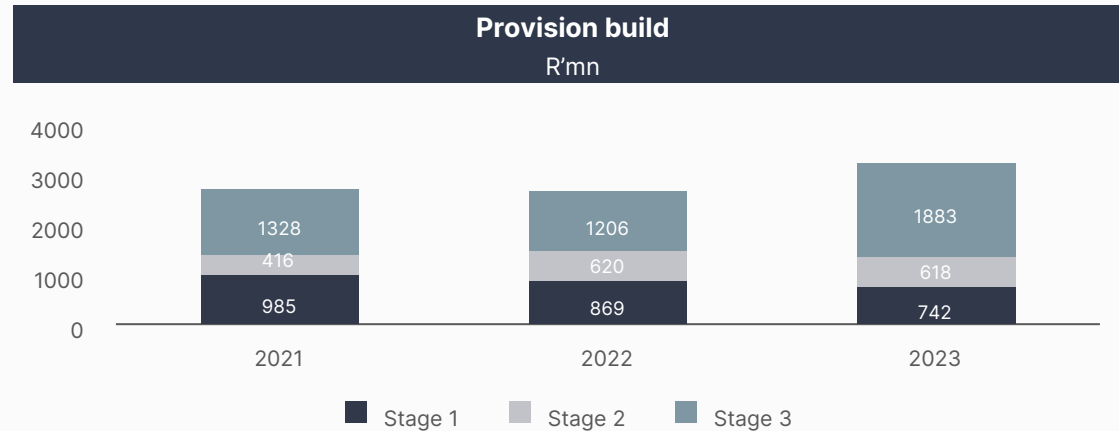
# Asset quality



Credit quality metrics on core loans for the year ended 31 March 2023:

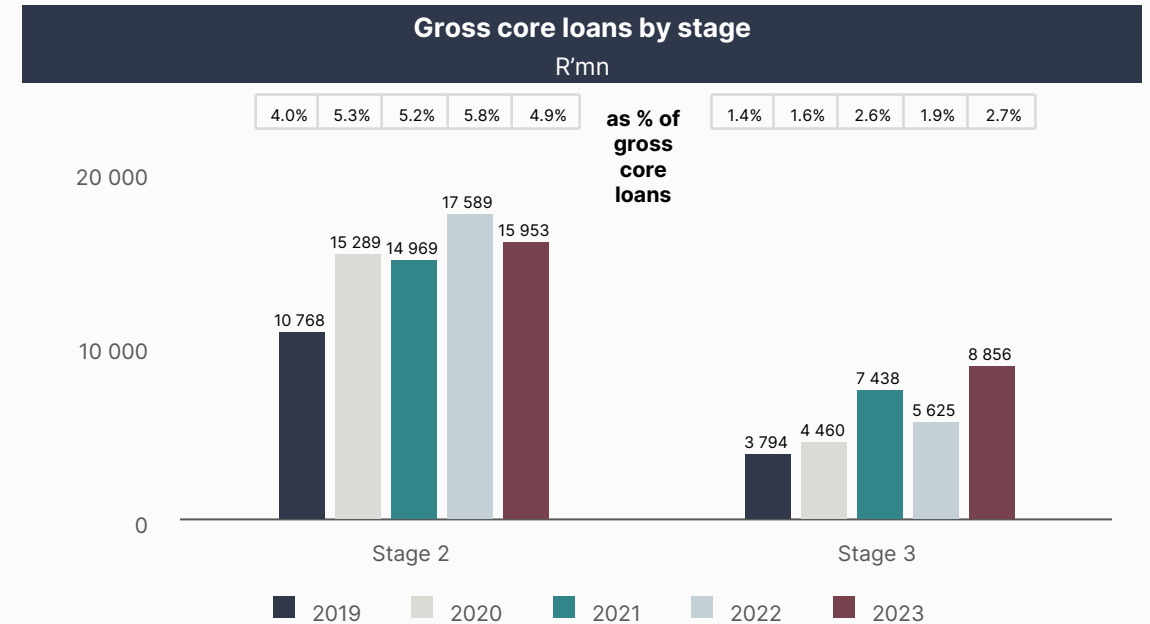
- The **credit loss ratio** declined to approximately 0.08% at 31 March 2023 from 0.00% in 2022, driven primarily by:
  - Stage 3 ECL charges on certain exposures
  - Reversal of impairments and recoveries on previously impaired loans
  - Release of R106 million post-model management overlay relating to commercial real estate and residential mortgage portfolios
- For the year ended 31 March 2023, **Stage 3 gross core loans subject to ECL** amounted to R8 856 million
- **Stage 3 net of ECL as a percentage of net core loans subject to ECL** was 2.2% for 31 March 2023 (31 March 2022: 1.5%)

# Asset quality metrics



ECL coverage ratio	FY 2021	FY 2022	FY 2023
Stage 1	0.37%	0.31%	0.25%
Stage 2	2.8%	3.5%	3.9%
Stage 3	17.9%	21.4%	21.3%

- Overall coverage for Stage 1 and Stage 2 is at 0.4% for 2023 (2022: 0.5%). Stage 3 coverage is at 21.3% (31 March 2022: 21.4%).



- Gross core loans increased by 7.6% to R324 billion since 31 March 2022 mainly due to strong growth in corporate lending portfolios driven by increased corporate credit demand
- Stage 2 exposures decreased to 4.9% of gross core loans subject to ECL at 31 March 2023 (31 March 2022: 5.8%) mainly due to various corporate exposures which have normalised post COVID-19 as well as migrations out of Stage 2
- Stage 3 exposures increased to 2.7% of gross core loans subject to ECL at 31 March 2023 (31 March 2022: 1.9%) mainly due to idiosyncratic reasons on certain exposures.

# Credit ratings

Current credit ratings of Investec Limited	
Fitch	Rating
Foreign currency long-term rating	BB-
Foreign currency short-term rating	B
National long-term rating	AA+(zaf)
National short-term rating	F1+(zaf)
Viability rating	bb-
Outlook	Stable

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

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

- 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



# Appendices



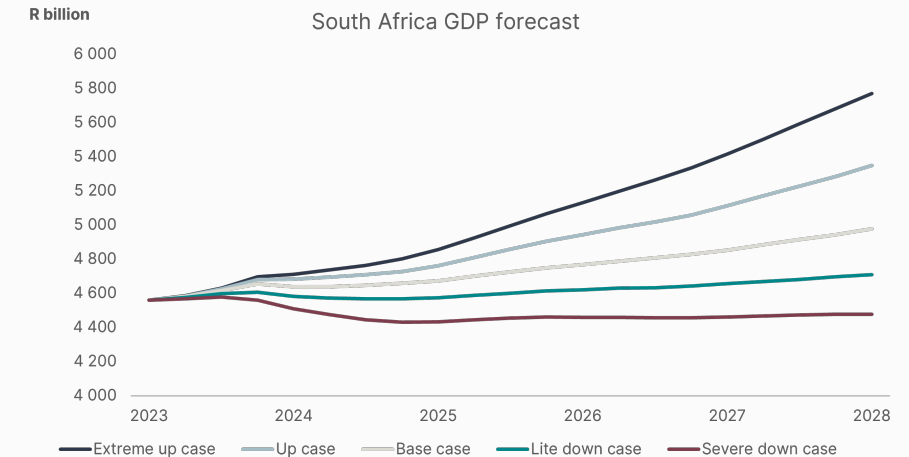
# Forward-looking macro-economic scenarios

The measurement of ECL requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations.

A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9 ECL measurement.

For Investec Limited, five macro-economic scenarios were used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process was to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/ risk drivers.

As at 31 March 2023, all five scenarios were updated to incorporate the latest available data.



South Africa	Macro-economic scenarios	At 31 March 2023 average 2023– 2028					At 31 March 2022 average 2022 – 2027				
		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 %
	GDP growth	4.2	2.8	1.5	0.4	(0.5)	6.1	4.4	2.4	1.0	(0.6)
	Repo rate	5.0	5.7	6.8	8.2	10.3	3.9	4.6	6.0	6.5	7.5
	Bond yield	9.2	9.7	10.3	11.4	12.5	7.9	9.1	9.7	10.4	11.8
	Residential property price growth	3.2	4.0	4.6	5.6	6.4	3.8	4.4	4.9	5.6	6.9
	Commercial property price growth	5.8	4.8	3.7	2.6	1.5	7.4	6.3	4.8	4.0	2.5
	Exchange rates (South African Rand : US Dollar)	3.5	2.0	0.9	(0.8)	(2.6)	5.9	1.8	0.7	(1.4)	(2.6)
	Scenario weightings	1 456	1 571	1 705	1 858	2 056	12	14	16	17	20
		1	1	48	40	10	1	2	51	40	6

# Investec Limited: salient financial features

Key financial statistics	31 March 2023	31 March 2022	% change
Total operating income before expected credit loss impairment charges (R'million)	19 621	17 907	9.6 %
Operating costs (R'million)	10 212	9 282	10.0 %
Operating profit before goodwill and acquired intangibles (R'million)	9 115	8 562	6.5 %
Headline earnings attributable to ordinary shareholders (R'million)	6 581	5 373	22.5 %
Cost to income ratio	52.6%	54.3%	
Total capital resources (including subordinated liabilities) (R'million)	69 254	73 251	(5.5)%
Total equity (R'million)	61 506	62 529	(1.6)%
Total assets (R'million)	638 051	599 981^	6.3 %
Net core loans and advances (R'million)	320 711	298 411	7.5 %
Customer accounts (deposits) (R'million)	448 513	419 948	6.8 %
Loans and advances to customers as a % of customer accounts (deposits)	70.2%	69.3%	
Cash and near cash balances (R'million)	171 400	159 454	7.5 %
Funds under management (R'million)	406 752	372 804	9.1 %
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.3x	9.6x	
Total capital ratio	18.3%	17.5%	
Tier 1 ratio	15.9%	15.0%	
Common Equity Tier 1 ratio	14.7%	14.0%	
Leverage ratio	6.5%	7.4%	
Stage 3 as a % of gross core loans subject to ECL	2.8%	1.9%	
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	1.5%	
Credit loss ratio	0.08%	0.00%	
Net Stable Funding Ratio % (NSFR)	116.4%	112.6%	
Liquidity Coverage Ratio % (LCR)**	153.6%	138.9%	

\* 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.

^ Restated

# Investec Limited: income statement

R'million	31 March 2023	31 March 2022
Interest income	37 431	26 087
Interest expense	(25 999)	(16 709)
<b>Net interest income</b>	<b>11 432</b>	<b>9 378</b>
Fee and commission income	7 714	7 166
Fee and commission expense	(800)	(624)
Investment (loss)/income	(808)	590
Share of post-taxation profit of associates and joint venture holdings	321	287
Trading income/(loss) arising from		
– customer flow	893	1 369
– balance sheet management and other trading income	913	(276)
Other operating (loss)/income	(44)	17
<b>Total operating income before expected credit loss impairment charges</b>	<b>19 621</b>	<b>17 907</b>
Expected credit loss impairment charges	(294)	(63)
<b>Operating income</b>	<b>19 327</b>	<b>17 844</b>
Operating costs	(10 212)	(9 282)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>9 115</b>	<b>8 562</b>
Impairment of goodwill	(2)	(39)
Amortisation of acquired intangibles	(51)	(51)
Impairment of associates and joint venture holdings	–	–
<b>Operating profit</b>	<b>9 062</b>	<b>8 472</b>
Implementation costs on distribution of investment to shareholders	(6)	(28)
<b>Profit before taxation</b>	<b>9 056</b>	<b>8 444</b>
Taxation on operating profit before acquired intangibles	(2 101)	(2 140)
Taxation on acquired intangibles and strategic actions	301	15
<b>Profit after taxation</b>	<b>7 256</b>	<b>6 319</b>
Profit attributable to non-controlling interests	(202)	(812)
<b>Earnings attributable to shareholders</b>	<b>7 054</b>	<b>5 507</b>
Earnings attributable to ordinary shareholders	6 583	5 030
Earnings attributable to perpetual preferred securities and Other	471	477

# Investec Limited: balance sheet

R'million	31 March 2023	31 March 2022^	31 March 2021^
<b>Assets</b>			
Cash and balances at central banks	22 761	11 893	9 653
Loans and advances to banks	12 323	21 014	25 723
Non-sovereign and non-bank cash placements	14 133	13 176	8 956
Reverse repurchase agreements and cash collateral on securities borrowed	50 336	60 827	30 756
Sovereign debt securities	77 456	57 380	53 009
Bank debt securities	16 124	27 958	21 862
Other debt securities	11 676	15 417	14 148
Derivative financial instruments	16 512	17 264	18 544
Securities arising from trading activities	33 021	10 005	15 202
Investment portfolio	22 675	15 509	15 131
Loans and advances to customers	314 723	291 183	279 131
Own originated loans and advances to customers securitised	5 988	7 228	8 184
Other loans and advances	1	108	181
Other securitised assets	547	592	578
Interests in associated undertakings and joint venture holdings	30	5 480	5 215
Current taxation assets	1	4	44
Deferred taxation assets	2 749	2 866	2 767
Other assets	14 152	19 873	17 792
Property and equipment	3 457	3 469	2 942
Investment properties	15 853	15 783	16 942
Goodwill	171	173	212
Software	131	46	95
Other acquired intangible assets	13	64	118
Non-current assets classified as held for sale	785	1 524	1 054
<b>Sub-total</b>	<b>635 618</b>	<b>598 836</b>	<b>548 239</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	2 433	1 145	1 067
<b>Total assets</b>	<b>638 051</b>	<b>599 981</b>	<b>549 306</b>

^ Restated

# Investec Limited: balance sheet (cont.)

R'million	31 March 2023	31 March 2022^	31 March 2021^
<b>Liabilities</b>			
Deposits by banks	31 789	22 236	22 052
Derivative financial instruments	37 802	33 112	26 980
Other trading liabilities	3 820	4 475	5 643
Repurchase agreements and cash collateral on securities lent	17 933	13 941	17 598
Customer accounts (deposits)	448 513	419 948	374 228
Debt securities in issue	7 747	7 607	6 493
Liabilities arising on securitisation of own originated loans and advances	3 594	4 585	3 271
Current taxation liabilities	941	753	854
Deferred taxation liabilities	95	714	743
Other liabilities	14 130	18 214	15 304
	<b>566 364</b>	<b>525 585</b>	<b>473 166</b>
Liabilities to customers under investment contracts	2 378	1 086	1 014
Insurance liabilities, including unit-linked liabilities	55	59	53
	<b>568 797</b>	<b>526 730</b>	<b>474 233</b>
Subordinated liabilities	7 748	10 722	14 445
<b>Total liabilities</b>	<b>576 545</b>	<b>537 452</b>	<b>488 678</b>
<b>Equity</b>			
Ordinary share capital	1	1	1
Ordinary share premium	4 885	6 076	6 112
Treasury shares	(3 854)	(3 507)	(3 020)
Other reserves	3 066	2 489	2 543
Retained income	41 831	41 173	38 656
<b>Ordinary shareholders' equity</b>	<b>45 929</b>	<b>46 232</b>	<b>44 292</b>
Perpetual preference share capital and premium	2 445	2 886	3 039
<b>Shareholders' equity excluding non-controlling interests</b>	<b>48 374</b>	<b>49 118</b>	<b>47 331</b>
Other Additional Tier 1 securities in issue	3 260	3 110	1 733
Non-controlling interests	9 872	10 301	11 564
Perpetual preferred securities issued by subsidiaries	–	–	1 481
Non-controlling interests in partially held subsidiaries	9 872	10 301	10 083
<b>Total equity</b>	<b>61 506</b>	<b>62 529</b>	<b>60 628</b>
<b>Total liabilities and equity</b>	<b>638 051</b>	<b>599 981</b>	<b>549 306</b>

^

Restated

# Investec Limited: asset quality

R'million	31 March 2023	31 March 2022
<b>Gross core loans</b>	<b>323 954</b>	<b>301 106</b>
Of which subject to ECL*	322 313	299 576
Of which FVPL (excluding fixed rate loans)	1 641	1 530
<b>Gross core loans to customers subject to ECL</b>	<b>322 313</b>	<b>299 576</b>
Stage 1	297 504	276 362
Stage 2	15 953	17 589
of which past due greater than 30 days	747	328
Stage 3	8 856	5 625
<b>ECL</b>	<b>(3 243)</b>	<b>(2 695)</b>
Stage 1	(742)	(869)
Stage 2	(618)	(620)
Stage 3	(1 883)	(1 206)
<b>Coverage ratio</b>		
Stage 1	0.25%	0.31%
Stage 2	3.9%	3.5%
Stage 3	21.3%	21.4%
<b>Credit loss ratio ^</b>	<b>0.08%</b>	<b>0.00%</b>
ECL impairment charges on core loans	(259)	(6)
Average gross core loans subject to ECL	310 945	294 022
<b>An analysis of Stage 3 gross core loans subject to ECL</b>		
Stage 3 net of ECLs	6 973	4 419
Aggregate collateral and other credit enhancements on Stage 3	8 340	5 734
Stage 3 as a % of gross core loans subject to ECL	2.8%	1.9%
Total ECL as a % of Stage 3 exposure	36.6%	47.9%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	1.5%

\* Includes portfolios for which ECL is not required for IFRS purposes, but which management evaluates on this basis. These are fixed rate loans which have passed the the Solely Payments of Principal and Interest (SPPI) test 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. R13.3 billion of the drawn exposure falls into Stage 1 (31 March 2022: R17.0 billion), R27.5 million falls in Stage 2 (31 March 2022: R1.4 billion) and the remaining R1.0 billion falls into Stage 3 (31 March 2022: R907 million). The ECL on the Stage 1 portfolio is R37.4 million (31 March 2022: R57.8 million), ECL on Stage 2 is R0.1 million (31 March 2022: R17.9 million) and the ECL on the Stage 3 portfolio is R248.6 million (31 March 2022: R196.0 million).

^ Excluding reversals of prior year specific provisions, post write-off recoveries and the release in management ECL overlay, the reported credit loss ratio would be 0.26% (31 March 2022: 0.12%)

# Investec Limited: capital structure and capital adequacy

	IRB Scope*	
	31 March 2023^	31 March 2022^
Common Equity Tier 1	14.7%	14.0%
Tier 1 ratio	15.9%	15.0%
Total capital ratio	18.3%	17.5%
Leverage ratio**	6.5%	7.4%

\* Investec Limited uses the Internal Ratings Based (IRB) Approach to quantify credit RWA. As at 31 March 2023, 55% (31 March 2022: 39%) of the portfolio applies the AIRB approach, 28% (31 March 2022: 44%) applies the FIRB approach, with the remaining balance of 17% (31 March 2022: 17%) remaining on the standardised approach).

\*\* 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 117bps lower (31 March 2022: 134bps lower).



# Investec Limited: capital structure and capital adequacy (cont.)

R'million	IRB Scope*	
	31 March 2023^	31 March 2022^
<b>Shareholders' equity</b>	<b>45 929</b>	<b>46 232</b>
Shareholders' equity per balance sheet	48 374	49 118
Perpetual preference share capital and share premium	(2 445)	(2 886)
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>
Non-controlling interests per balance sheet	9 872	10 301
Non-controlling interests excluded for regulatory purposes	(9 872)	(10 301)
<b>Regulatory adjustments to the accounting basis</b>	<b>1 054</b>	<b>1 348</b>
Prudent valuation adjustment	(280)	(261)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(15)	(12)
Cash flow hedging reserve	1 349	1 621
<b>Deductions</b>	<b>(5 173)</b>	<b>(2 790)</b>
Goodwill and intangible assets net of deferred tax	(315)	(283)
Investment in financial entity	(456)	(871)
Shortfall of eligible provisions compared to expected loss	(18)	(170)
Investment in capital of financial entities above 10% threshold	-	(1 291)
Other regulatory adjustments ^^	(4 384)	(175)
<b>Common equity tier 1 capital</b>	<b>41 810</b>	<b>44 790</b>
<b>Additional Tier 1 capital</b>	<b>3 212</b>	<b>3 064</b>
Additional tier 1 instruments	5 705	5 996
Phase out of non-qualifying additional tier 1 instruments	(2 445)	(2 886)
Non-qualifying surplus capital attributable to non-controlling interest	(48)	(46)
<b>Tier 1 capital</b>	<b>45 022</b>	<b>47 854</b>
<b>Tier 2 capital</b>	<b>6 963</b>	<b>8 091</b>
Collective impairment allowances	365	425
Tier 2 instruments	7 563	10 722
Investment in capital of financial entities above 10% threshold	(114)	(621)
Non-qualifying surplus capital attributable to non-controlling interests	(851)	(2 435)
<b>Total regulatory capital</b>	<b>51 985</b>	<b>55 945</b>
<b>Risk-weighted assets</b>	<b>283 600</b>	<b>319 048</b>

\* Investec Limited uses the Internal Rating Based (IRB) Approach to quantify credit RWA. As at 31 March 2023, 55% (31 March 2022: 39%) of the portfolio applies the AIRB approach, 28% (31 March 2022: 44%) applies the FIRB approach, with the remaining balance of 17% (31 March 2022: 17%) remaining on the Standardised approach (17%)

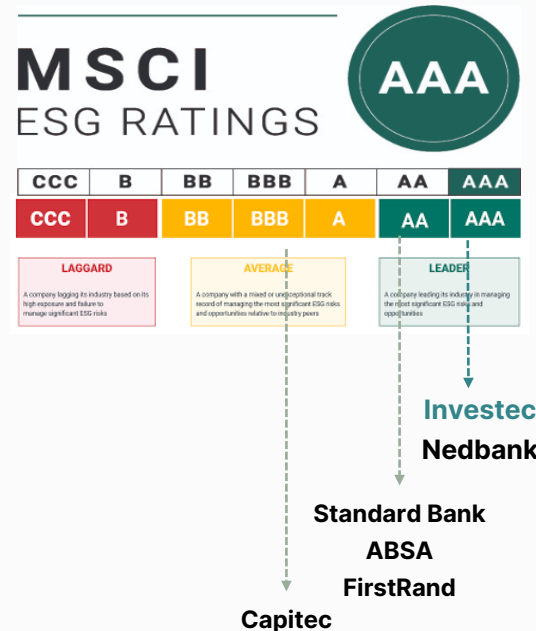
^ Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET 1 ratio would be 117bps lower (31 March 2022: 134bps lower).

# Top of SA peers across the most credible international ratings

1

## MSCI ESG Ratings

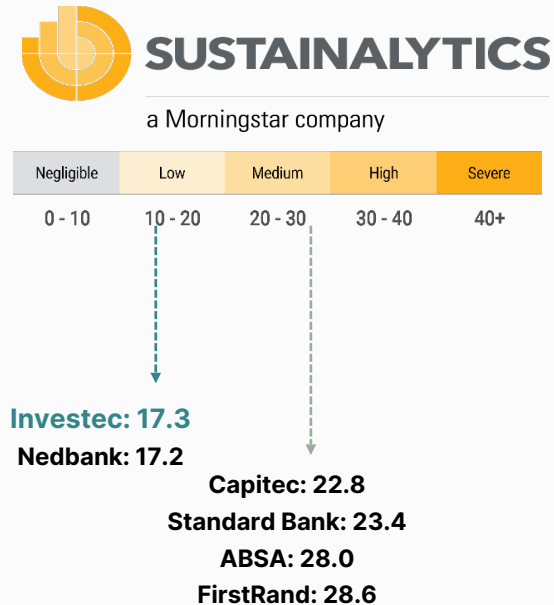
**TOP 2%** in the financial services sector in the **MSCI Global Sustainability Index**



2

## Sustainalytics Ratings

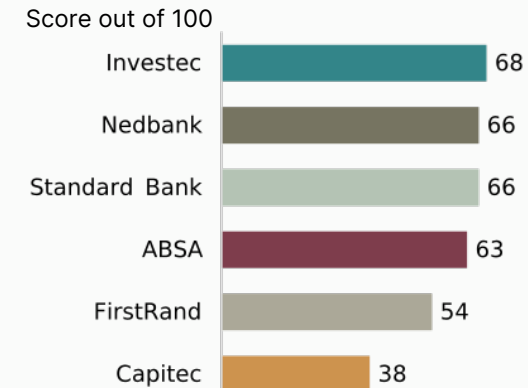
**TOP 14%** of diversified banks and in the **Global Sustainability Leaders Index**



3

## S&P Corporate Sustainability Assessment

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Ratings as at 31 May 2023.