

Out of the Ordinary



INVESTEC BANK
LIMITED

Q & A fact sheet

December 2020



OVERVIEW OF INVESTEC AND INVESTEC BANK LIMITED

Investec partners with private, institutional and corporate clients, offering international banking, investments and wealth management services in two principal markets, South Africa and the UK, as well as certain other countries. The group was established in 1974 and currently has approximately 8,500 employees.

In July 2002, the Investec group implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg. Investec plc (housing the non-Southern African operations) and Investec Limited (housing the Southern African operations) form a single economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

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

Investec Bank Limited (IBL) is the main banking subsidiary of Investec Limited while Investec Bank (Mauritius) Limited is IBL's main operating subsidiary. IBL also has a 47.4% interest in the IEP Group (Proprietary) Limited. IBL is regulated by the South African Prudential Authority.

Key financial statistics

Key financial statistics	30 Sept 2020	30 Sept 2019	% change	31 March 2020
Total operating income before expected credit loss impairment charges (R'million)	5 629	6 442	(12.6%)	12 603
Operating costs (R'million)	3 098	3 267	(5.2%)	6 632
Operating profit before goodwill and acquired intangibles (R'million)	1 999	2 904	(31.2%)	4 883
Headline earnings attributable to ordinary shareholders (R'million)	1 621	2 418	(33.0%)	3 844
Cost to income ratio	55.0%	50.7%		52.6%
Total capital resources (including subordinated liabilities) (R'million)	56 272	56 539	(0.5%)	53 785
Total equity (R'million)	44 365	43 944	1.0%	41 748
Total assets (R'million)	529 576	482 801	9.7%	535 970
Net core loans (R'million)	279 308	271 836	2.7%	283 946
Customer accounts (deposits) (R'million)	365 066	349 216	4.5%	375 948
Loans and advances to customers as a % of customer deposits	74.7%	75.8%		73.6%
Cash and near cash balances (R'million)	143 248	119 979	19.4%	147 169
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.6x	10.5x		12.4x
Total capital adequacy ratio	17.1%	17.8%		16.4%
Tier 1 ratio	13.1%	13.3%		12.3%
Common equity tier 1 ratio	12.9%	13.0%		12.1%
Leverage ratio – current	7.5%	7.8%		6.9%
Leverage ratio – 'fully loaded'	7.4%	7.7%		6.8%
Stage 3 as a % of gross core loans subject to ECL	2.4%	1.3%		1.5%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.6%	0.8%		0.9%
Credit loss ratio	0.36%*	0.18%*		0.37%

*Annualised

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to in the financial information relate to the six months ended 30 September 2019 (1H2020). For the six months ended 30 September 2020 (1H2021), IBL reported a decrease in headline earnings attributable to ordinary shareholders of 33.0% to R1 621 million (1H2020: R2 418 million). IBL has sound capital and liquidity buffers.

Further details on IBL's results can be found on Investec's website at www.investec.com

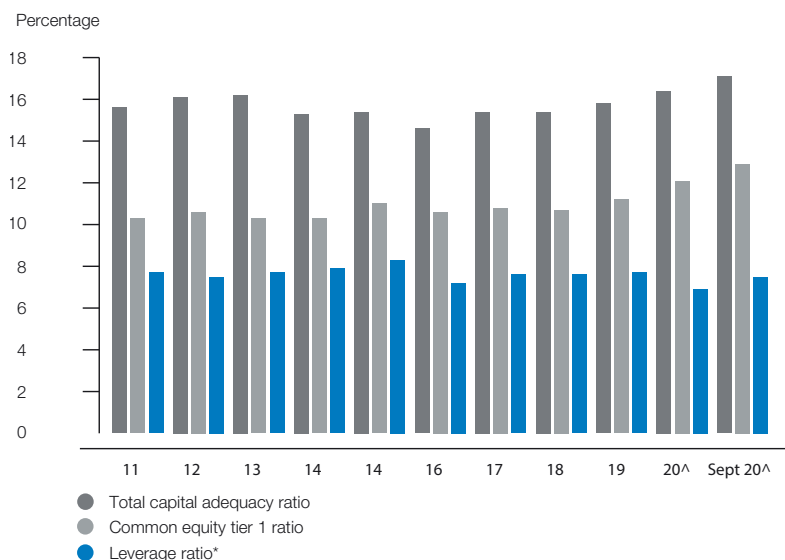
CAPITAL ADEQUACY

17.1% *total capital adequacy ratio*

IBL holds capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure that it remains well capitalised. As at 30 September 2020, the total capital adequacy ratio of IBL was 17.1% and the common equity tier 1 ratio (CET1) was 12.9%.

Our application to the Prudential Authority to implement the Advanced Internal Ratings Based approach (AIRB) remains under review with approval received to run certain models in parallel. Full implementation is expected to result in a material reduction to our capital requirements with an estimated c.2% uplift to our CET1 ratio.

Basel capital ratios



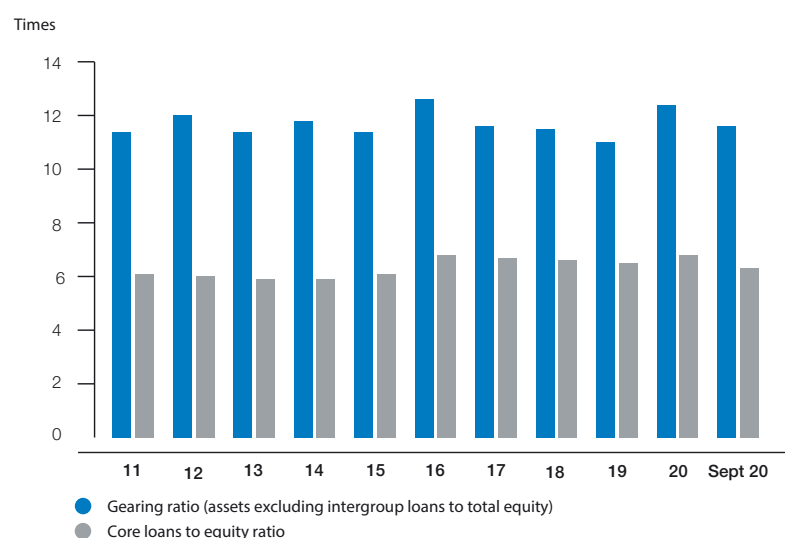
* The leverage ratio has only been disclosed since 2014. Historic information has been estimated.
 ^ On Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019. All prior years presented on the Standardised Approach.

GEARING

11.6x

IBL is not a highly geared bank. A number of banks that have experienced difficulty in the past have been in excess of 40 times geared. IBL's gearing ratio at 30 September 2020 was 11.6x.

Gearing ratio



FINANCIAL INFORMATION

(continued)

ASSET QUALITY AND EXPOSURES

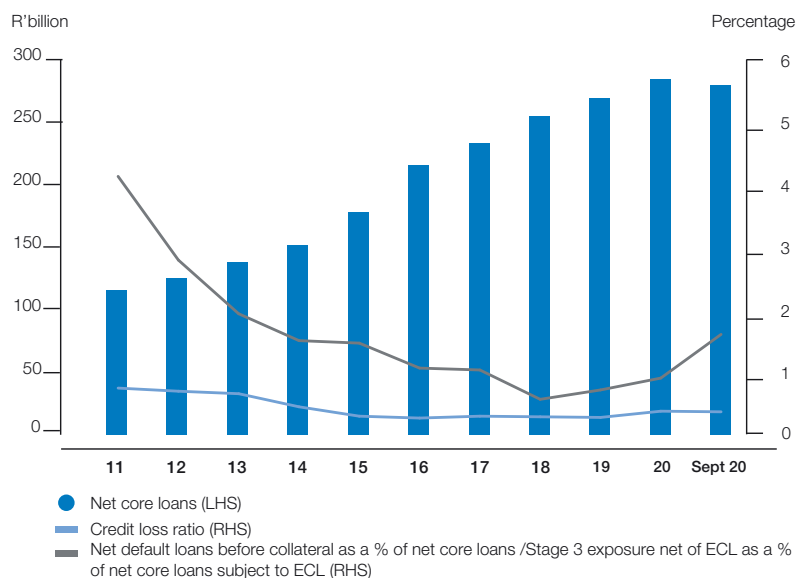
0.36% *annualised credit loss ratio*

The bulk of IBL's credit and counterparty risk arises through its private and corporate client activities in South Africa. The bank lends to high net worth and high income individuals, mid- to large-sized corporates, public sector bodies and institutions.

The total ECL impairment charges amounted to R532 million for the six months ended 30 September 2020 (1H2020: R271 million). The annualised credit loss ratio was 0.36% (1H2020: 0.18%).

Stage 3 exposures net of ECL at 30 September 2020 amounted to R4 559 million (31 March 2020: R2 473 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2020 amounted to 1.6% (31 March 2020: 0.9%).

Core loans and asset quality



LIQUIDITY AND FUNDING

R143.2bn *cash and near cash*

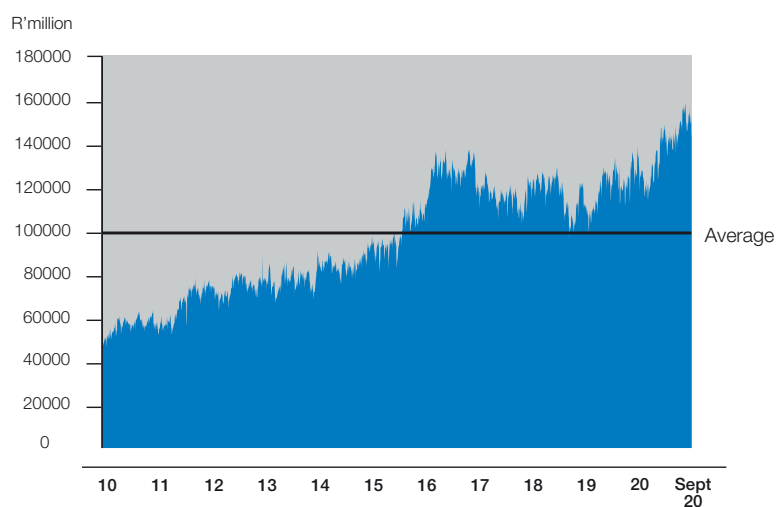
IBL has a liquidity management philosophy that has been in place for many years. The bank continues to focus on maintaining a stock of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%.

As at 30 September 2020, the bank had R143.2 billion of cash and near cash to support its activities, representing 39.2% of customer deposits. Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. IBL targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency.

Customer deposits decreased by 2.9% to R365.1 billion (31 March 2020: R375.9 billion). The bank's loan to customer deposit ratio was 74.7% as at 30 September 2020 (31 March 2020: 73.6%).

There are no deposit guarantees in South Africa.

Cash and near cash trend



SUSTAINABILITY

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

Supporting a sustainable economy

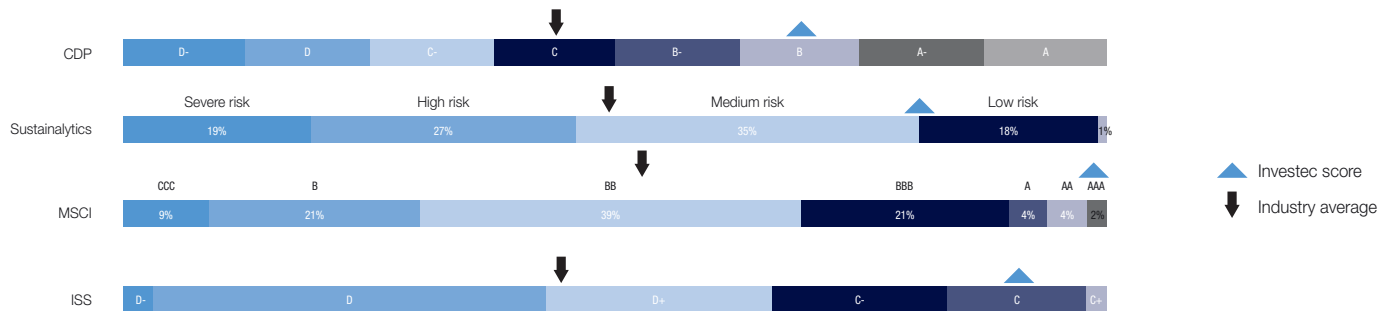
We play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources.

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

Recognition and indices

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

Investec ESG ratings compared to our peers



Source: Rating agency reports

Sustainability strategy

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

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

Our sustainability framework is based on:

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

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

2
Core
Priorities

6
Secondary
Priorities



CREDIT RATINGS

IBL's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poors and GCR are in line with its larger domestic peers and are listed below:

Investec Bank Limited	Fitch	Moody's	Standard & Poors	GCR
National long-term rating	AA+(zaf)	Aa1.za	za.AA	AA(za)
National short-term rating	F1+(zaf)	P-1.za	za.A-1+	A1+(za)
Foreign currency long-term rating	BB-	Ba2	BB-	-
Foreign currency short-term rating	B	NP	B	-
International scale, local currency long-term rating	-	-	-	BB

FOR FURTHER INFORMATION:

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