Investec Limited

The information in this presentation relates to the year ended 31 March 2020, unless otherwise indicated.

An overview of the Investec group

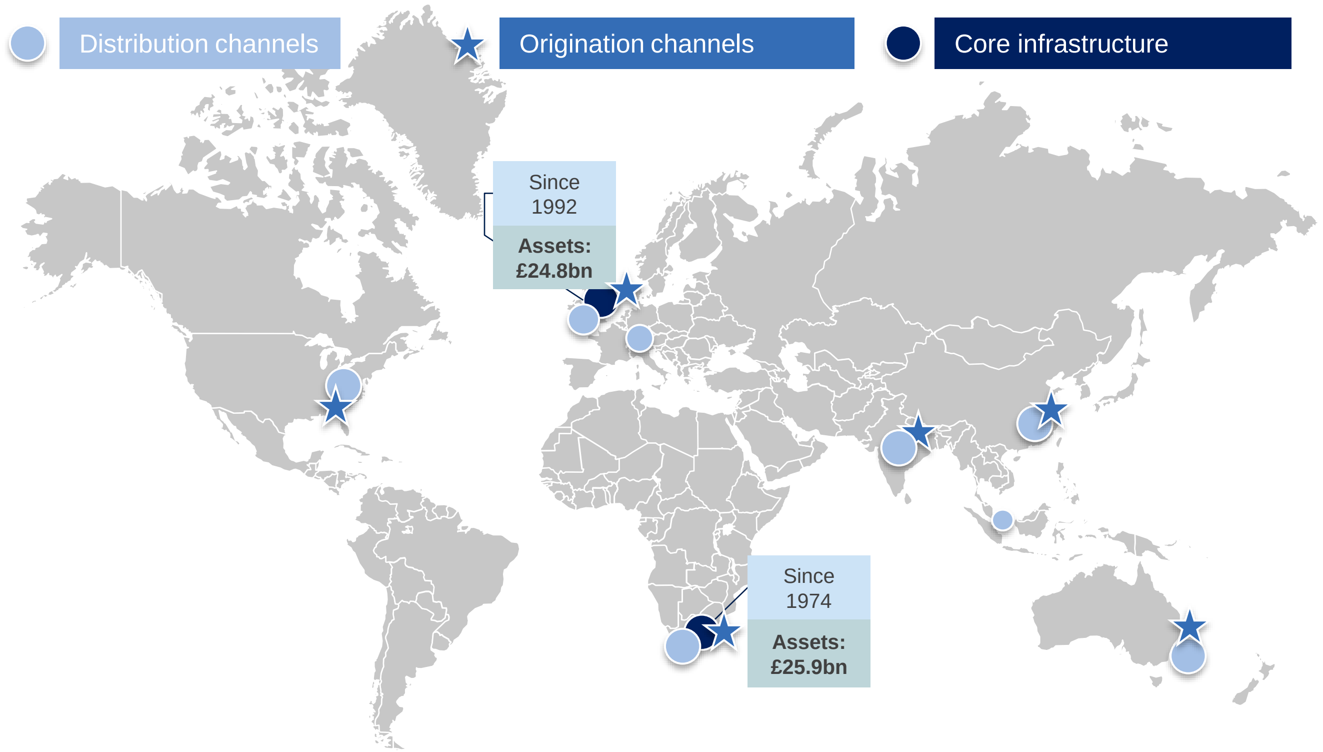
The information in this presentation is for the financial year ended 31 March 2020, unless otherwise indicated.

The Investec group information reflects that of its Continuing operations. During the year, the group's asset management business was demerged and separately listed and has thus been accounted for as a discontinued operation.

Investec

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 **£50.7bn**; total equity of **£4.9bn**; total third party assets under management of **£45.0bn**



*Including temporary employees and contractors

Group structure

- In 2002, Investec implemented a **Dual Listed Companies (DLC) structure**
- In terms of our DLC structure, **Investec Limited** is the controlling company of our businesses in Southern Africa and Mauritius, and **Investec plc** is the controlling company of our non-Southern African businesses.

Investec Limited
JSE primary listing
NSX secondary listing
BSE secondary listing

Sharing agreement

Investec plc
LSE primary listing
JSE secondary listing

Investec Bank Limited

Investec Securities (Pty) Ltd^

Investec Property Group Holdings (Pty) Ltd

^ Houses the Wealth & Investment business

Investec Bank plc

Investec Wealth & Investment Limited

Operating activities key:
Wealth & Investment
Specialist Banking

Note:
All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated.

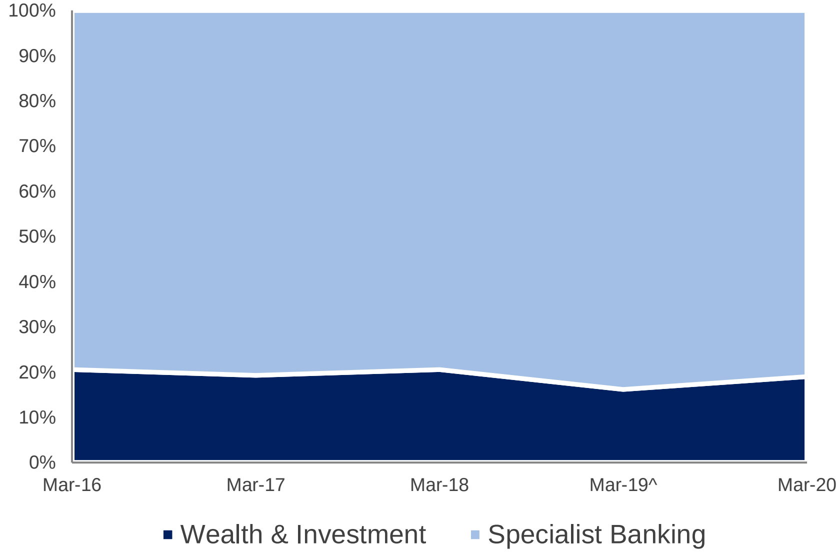
In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). The Investec group retained a 25% shareholding in the Ninety One DLC group, with 16% held through Investec plc and 9% held through Investec Limited.*

*Refer to the appendix for further information on the demerger.

Solid recurring income base supported by a diversified portfolio

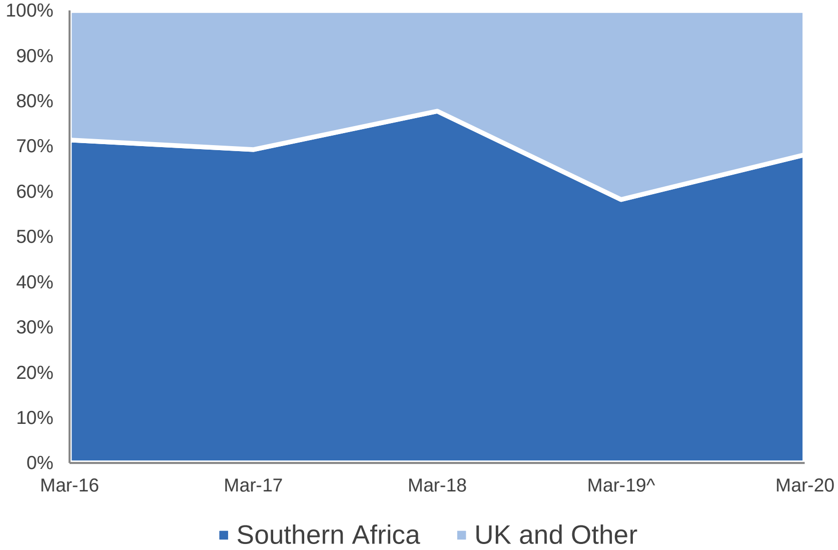
Across businesses

% contribution to adjusted operating profit*



Across geographies

% contribution to adjusted operating profit*



* Adjusted operating profit by business is Operating profit before group costs and before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed in the Investec group's 2020 Analyst Book. All other prior year numbers have not been restated.

Strategic direction

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

The Investec distinction

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High-tech, high-touch approach
- High level of service by being nimble, flexible and innovative.

Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

Strong culture

- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

One Investec

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses; and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus

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

In the short term, our objective is to **simplify, focus and grow** the business with discipline.

Balanced business model supporting our long-term strategy

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

2	2	8,700+	£24.9bn	£32.2bn	£45.0bn
Principal geographies	Core areas of activity	Employees	Core loans	Customer deposits	Third party FUM

Corporate / Institutional / Government / Intermediary

Private client (HNW / high income) / charities / trusts

Specialist Banking	**Wealth & Investment**
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking / execution only
Investment activities	
Deposit raising activities	

We have market-leading distinctive client franchises

We provide a high level of client service enabled by advanced digital platforms

We are a people business backed by our out of the ordinary culture, and entrepreneurial spirit

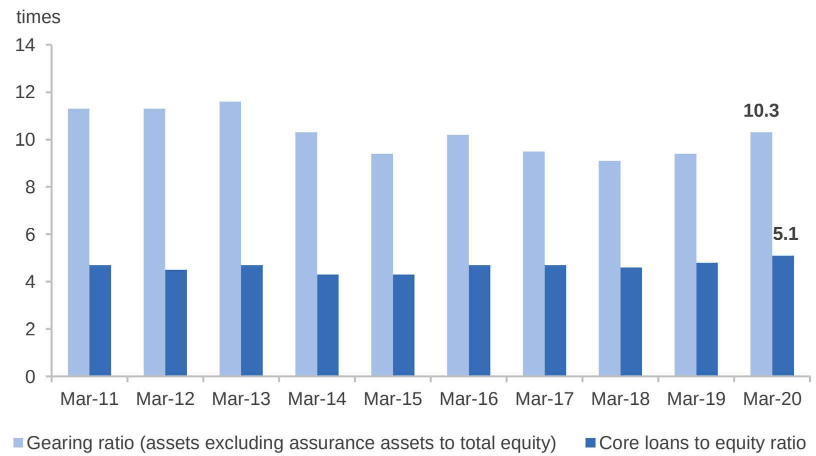
We continue to have a sound balance sheet

Key operating fundamentals

- Senior management "hands-on" culture
- A high level of readily available, **high quality liquid assets**: representing c. 25% - 35% of our liability base. Cash and near cash balances amounted to £12.7 billion at year end, representing **39.4%** of customer deposits.
- No reliance on wholesale funding
- Solid leverage ratios: always held **capital in excess of regulatory requirements** and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios between 14% and 17%
- **Low gearing ratio: 10.3x** with **strong leverage ratios** remain ahead of the group's target of 6%
- Geographical and operational diversity with a **high level of annuity income** which continues to support sustainability of operating profit

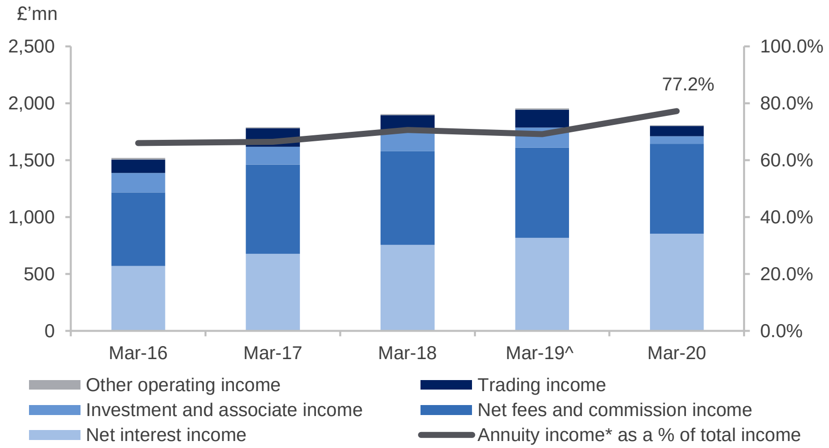
Cash and near cash

Low gearing ratios

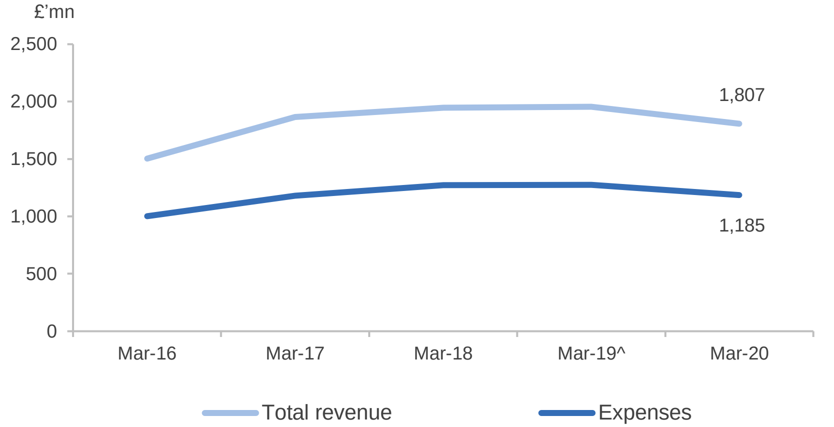


We have a sound track record

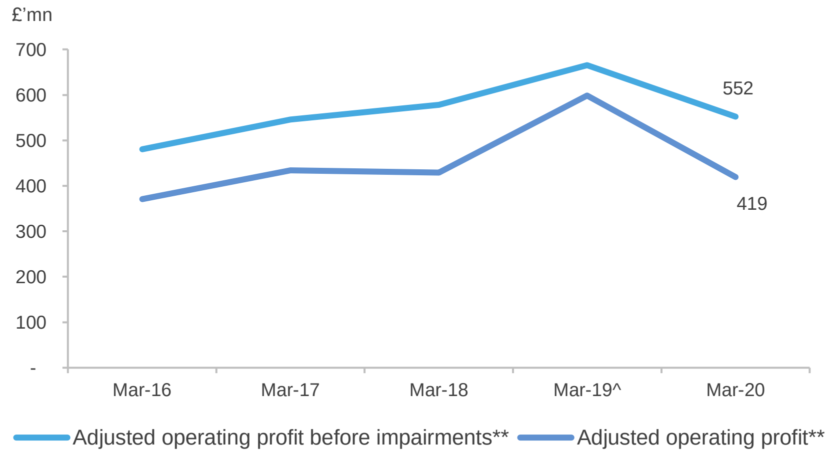
Recurring income



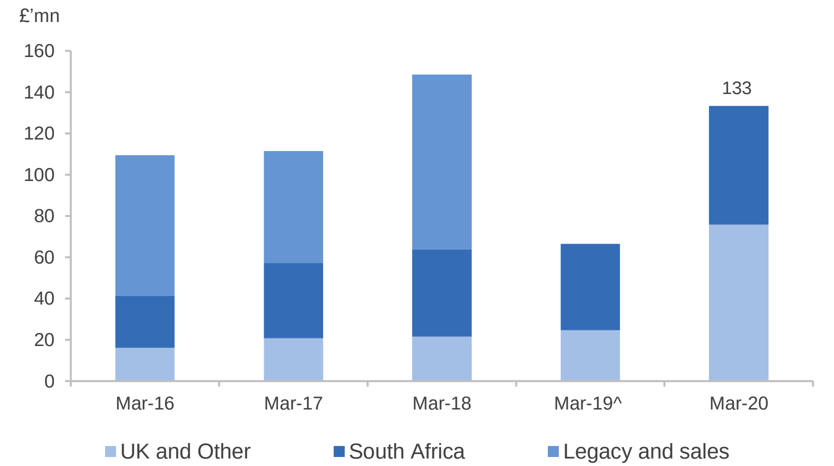
Revenue versus expenses



Adjusted operating profit** before impairments



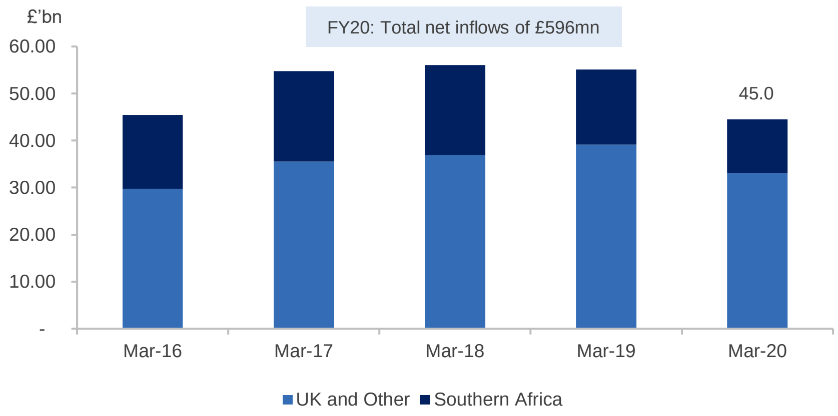
Credit loss impairment charges



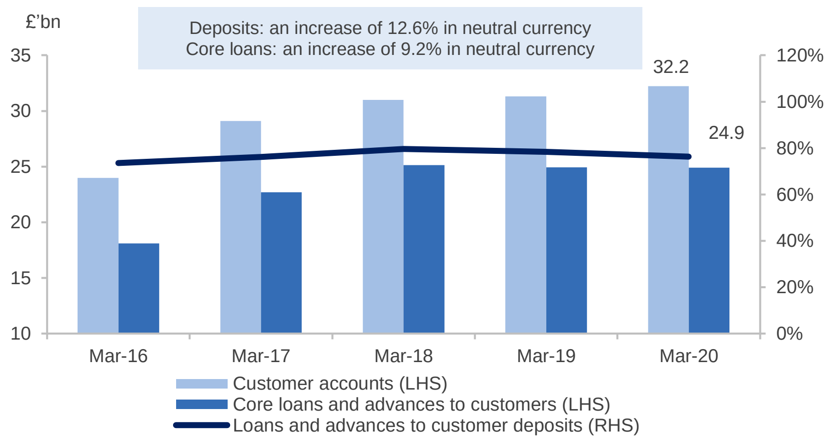
*Where annuity income is net interest income and annuity fees. **Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed in the Investec group's 2020 Analyst Book. All other prior year numbers have not been restated.

We have a sound track record *(cont.)*

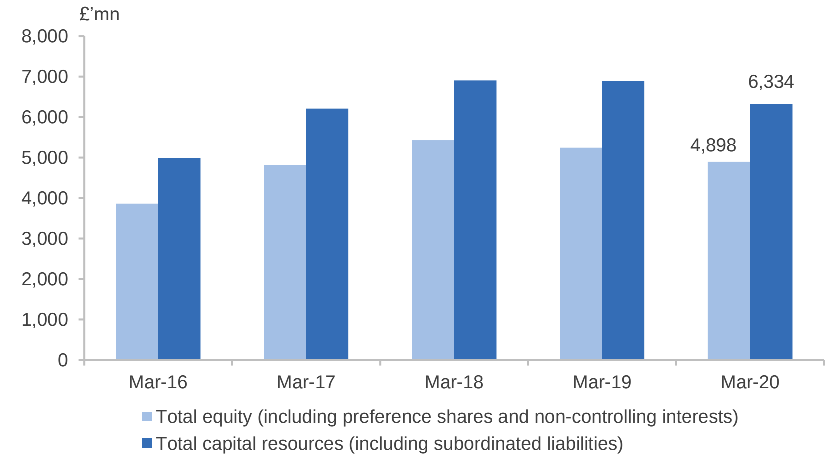
Third party assets under management



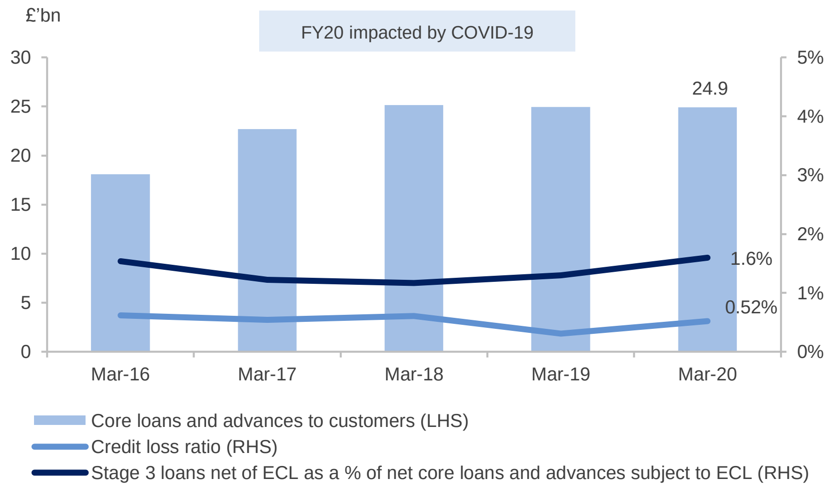
Core loans and advances and deposits



Total equity and capital resources



Asset quality



Sustainability – indices, rankings and recognition

Indices and rankings

- **Top 15%** in the global diversified financial services sector

FTSE/JSE Responsible Investment index

- **Top 30** in the FTSE/JSE responsible investment index
- **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

Global ESG Leaders

- **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)
- **Top 6%** scoring AAA in the financial services sector
- **Score B** against an industry average of C
- **Top 20%** of globally assessed companies
- **Top 20%** of the ISS ESG global Universe and **Top 14%** of Diversified financial services

Recognition

- **1st bank in SA and 8th bank in UK** banking and financial services sector to sign up to the TCFDs
- **Best Investment Bank for Sustainable Finance** in Africa in the 2020 Global Finance Awards
- Winner **Sustainability Award** in the 17th Annual National Business Awards 2019
- One of **15 Best Deals** ranked by Global Trade Review for our finance of Ghana Infrastructure Company for the construction of roads and storm drainage
- Winner **Trialogue Strategic CSI Award** 2019 for the Promaths programme
- Voted one of SA's **Top Empowered Companies** by Impumelelo
- Winner **Trialogue Strategic CSI Award** 2019 for the Promaths programme
- Winner **16th Platinum Award** in the City of London's Clean City Award Scheme 2019 recognising the waste management best practice endeavours
- Shortlisted for the **Business Charity Awards**, which recognises the outstanding contribution made by UK businesses to good causes
- Shortlisted for the **Financial Services Charity Partnership Award** for partnership with Arrival Education
- Achieved a **silver award** for the Guernsey office with ESI Monitor for their commitment to the environment

We have assigned DLC executive responsibility to further drive our sustainability agenda and integrate it into business strategy across the organisation

Refer to our website for more information on Corporate Sustainability at Investec.

Sustainability – “living in society, not off it”

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

Supporting business strategy

1. **Delivering exceptional service to our clients**
2. **Creating long-term value for all our stakeholders**
3. **Contribute meaningfully to:**
   - **Our people**
   - **Communities**
   - **The planet**

Sustainability focus

- **Ethical conduct** and do no harm through **responsible** lending, investing and risk management
- **Doing well and doing good** by offering profitable, impactful and sustainable solutions
- Healthy, **engaged employees** who are inspired to learn and enjoy a diverse and inclusive workplace
- **Positive upliftment** through education, entrepreneurship and job creation
- Support the transition to a **low-carbon world** starting with carbon neutrality in our own operations

Value created – highlights from this year

- Published our group fossil fuel policy with **<1.5%** exposure to fossil fuels
- Enhanced our ESG policies, processes and reporting
- Participating in the UN Global Investors for Sustainable Development Alliance
- Financing the SDGs, e.g. renewable energy, infrastructure, innovation and SMEs
- Female senior leadership represent **36.9%** (2019: 35.6%) of total senior leadership
- Community spend as a % of operating profit of **2.3%** (2019: 2.0%) of which **77%** was on education, entrepreneurship and jobs
- Achieved net-zero carbon emissions
- Launched Environmental World Index Autocall in SA and a sustainable energy finance arm in the UK

We have an important role to play in creating a more equal, cohesive and sustainable world

Refer to our website for more information on Corporate Sustainability at Investec.

An overview of Investec Limited

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The information reflects that of Investec Limited's Continuing operations. During the year, the group's asset management business was demerged and separately listed and has thus been accounted for as a discontinued operation.

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	Net core loans	Total equity	Customer deposits	Total AUM
R575.4bn	R288.9bn	R56.7bn	R375.5bn	R255.9bn

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.

Core activities and operational footprint

Specialist Banking Value Proposition

- High-quality specialist banking solutions to corporate and private clients with leading positions in selected areas
- Provision of high-touch personalised service with ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth.

Wealth & Investment Value Proposition

- Built via the acquisition and integration of businesses and organic growth over a long period of time
- Established platform in South Africa
- Distinct distribution channels: direct, intermediaries, charities, international and digital
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients

Where we operate

South Africa

Strong brand and positioning

Top wealth manager with the ability to leverage off the global platform

Fifth largest bank by assets

Leading position in corporate, institutional and private client banking activities

Mauritius

Established 1997

Focus on corporate, institutional and private client banking activities

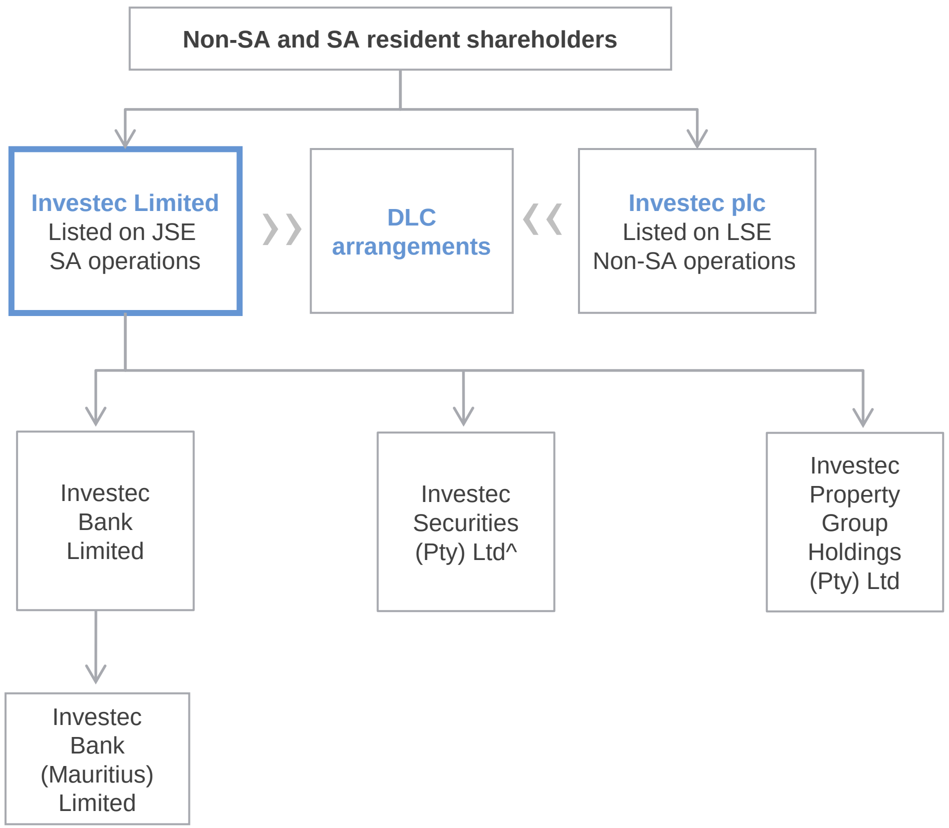
Further developing the Wealth & Investment capability in Mauritius

Key strengths

Sound balance sheet	• **Robust capital base:** Common equity tier 1 (CET1) ratio of **10.9%** and strong leverage ratio of **6.4%*** (**6.3%** on a 'fully loaded'^ basis). • Effective 1 April 2019, the Foundation Internal Ratings-Based ('**FIRB**') measurement of credit capital was adopted which has had a **positive impact on Limited's capital ratios.** Our application for conversion to the Advanced Internal Ratings Based (AIRB) approach is under review by the South African Prudential Authority and if successful, is expected to further enhance our capital ratios. • **Low gearing: 10.1x** • **Strong liquidity ratios** with high level of readily available cash. The liquidity position remains sound with a total cash and near cash balance of **R147.2bn** representing **39.2%** of customer deposits. • **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding. • **Never required shareholder or government support.**
Strong risk management frameworks	• Group Risk Management operates within an **integrated geographical and divisional structure**, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the business units • Risk awareness, control and compliance are embedded in our **day-to-day activities** • Board, executives and management are intimately involved in the **risk management** process • Senior management **"hands-on"** culture
Strong culture	• **Stable management** – senior management team average tenor of c.15 – 20 years • Strong, entrepreneurial culture balanced with a strong risk awareness • Employee ownership – long-standing philosophy

* The leverage ratio is calculated on an end-quarter basis.
^ The key difference between the 'reported' basis and the 'fully loaded' basis primarily relates 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 2022.

Investec Limited operational structure



- Investec Limited, the holding company for Investec Bank Limited, is part of a Dual Listed Companies (DLC) structure

Salient features of Investec's DLC 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
- The companies have the same Boards of Directors and management
- **Shareholders** have common economic and voting interests as if Investec Limited and Investec plc were a single company:
  - Equivalent dividends on a per share basis
  - Joint electorate and class right voting
- **Creditors** are however **ring-fenced** to either Investec Limited or Investec plc **as there are no cross guarantees between the companies**
- Capital and liquidity are prohibited from flowing between the two entities under the DLC structure conditions.

- **Regulation** of the DLC structure:
  - The South African Prudential Authority (SA PA) is the lead regulator of the group
  - The SA PA is the regulator of Investec Limited while the UK Prudential Regulation Authority and the Financial Conduct Authority are the regulators of Investec plc
  - The Memorandum of Understanding between the two regulators sets out that the role of the lead regulator would change if 70% or more of the on and off-balance sheet assets are held by Investec plc

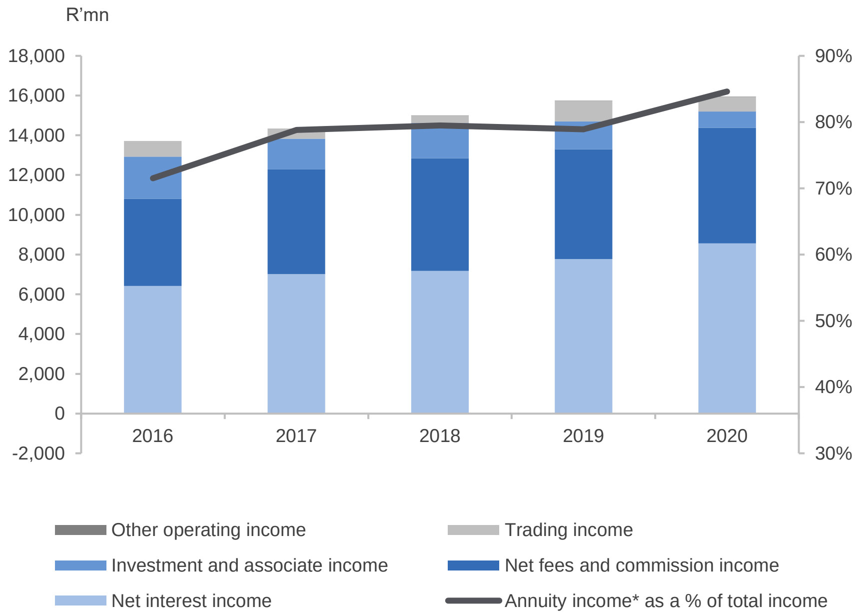
All shareholdings of the subsidiaries shown are 100%. Only main operating subsidiaries are indicated.
^Houses the Wealth & Investment business.

Investec Limited operating fundamentals

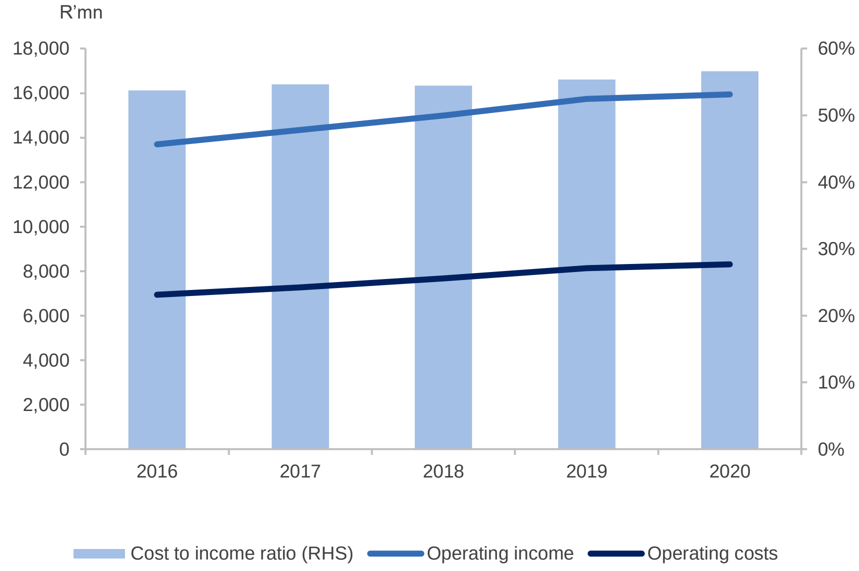
The tough operating environment in the first six months of the financial year continued through the second half, exacerbated in quick succession by a technical recession, South African sovereign credit rating downgrades by Moody's and Fitch, a rising public sector debt trajectory and the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year ended 31 March 2020.

Revenue supported by resilient franchises

Annuity income*



Revenue versus expenses



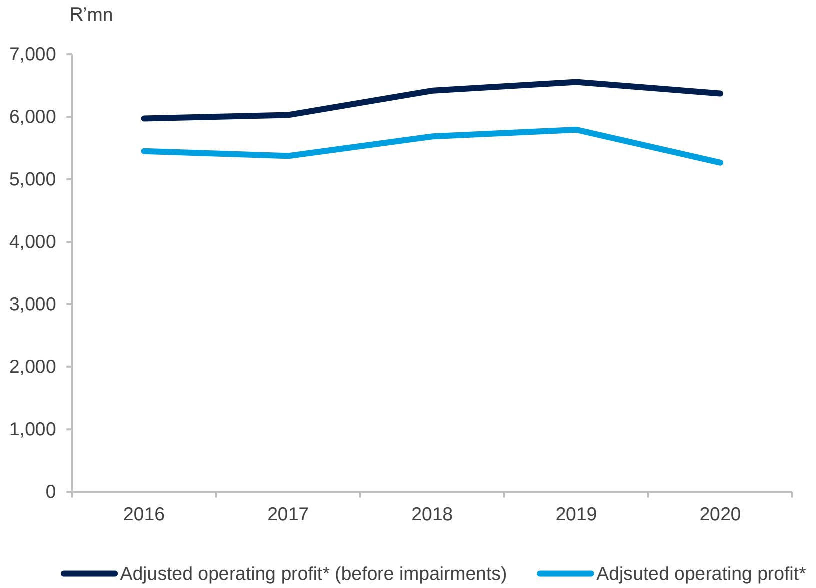
- A diversified business model continues to support a **large recurring income base** comprising net interest income and annuity fees
- Recurring revenue base, totaling **84.6%** of operating income in 2020
- **Growth** in total revenue between 2016 and 2020 has largely been driven by **increased lending activities and a broadening of our client franchise**

- We are focusing on **managing costs** while building for the future
- Costs were well contained, increasing by 2.1% year on year. Taken together with total operating income (before expected credit loss impairment charges) up 1.3%, the cost to income ratio increased to **56.6%** for year ended 31 March 2020 (2019: 55.4%)

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

Revenue supported by resilient franchises *(contd.)*

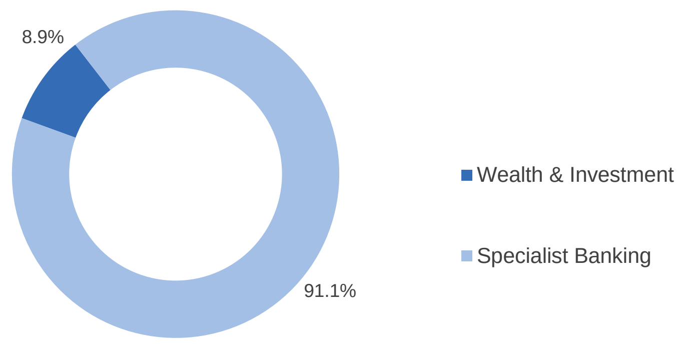
Impact of impairments on adjusted operating profit*



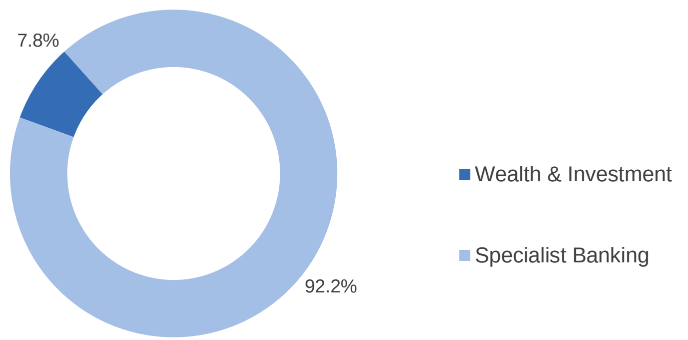
- Adjusted operating profit* has declined **3.4%** since 2016 to **R5 265mn** in 2020.

Contribution to adjusted operating profit**

At 31 March 2020



At 31 March 2019

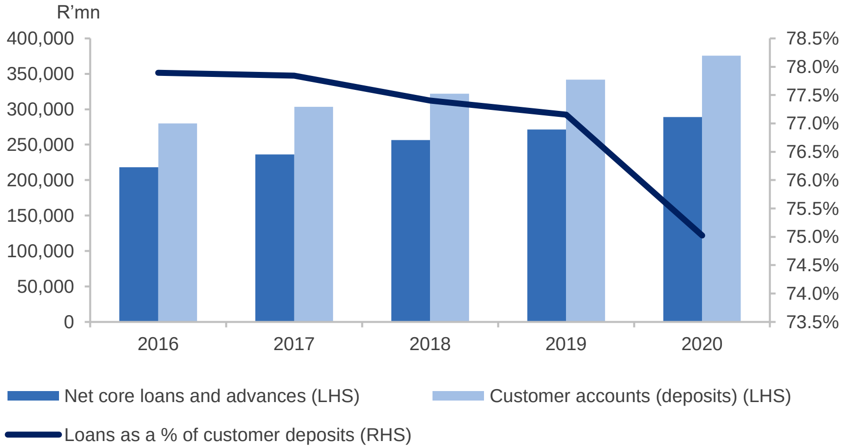


*Profit before goodwill, acquired intangibles, taxation and after non-controlling interests from continuing operations.

**Profit before goodwill, acquired intangibles, non-operating items, taxation, group costs and after other non-controlling interests.

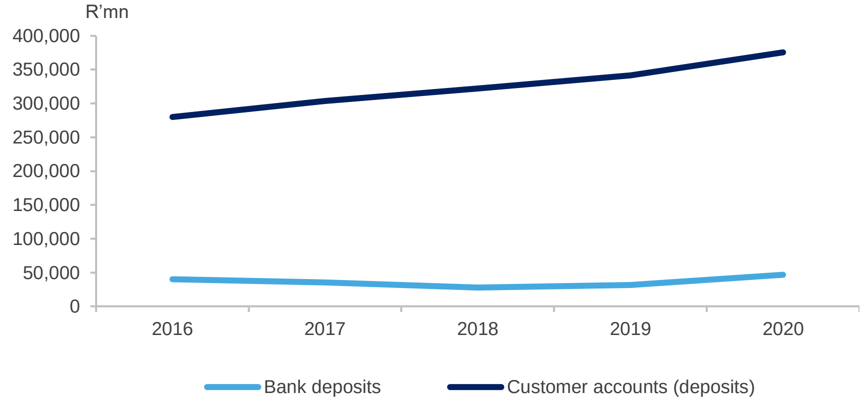
Healthy loan to deposit ratio, stable customer deposit base

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



- Customer deposits have **grown by 34.2%** (c.7.6% CAGR p.a.) since 2016 to **R375.5bn** at 31 March 2020.
- Loans and advances as a percentage of customer deposits **amounts to 75.0%.**

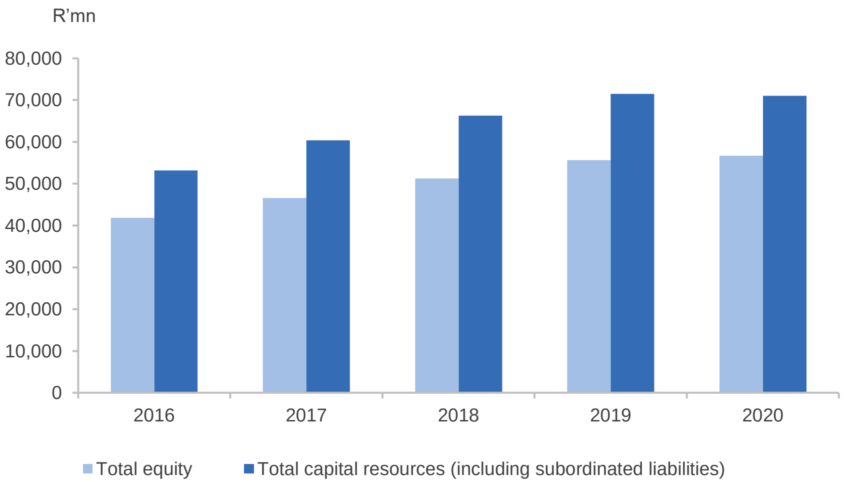
Total deposits: stable customer deposit base



- Significant **increase in retail deposits.**
- 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.

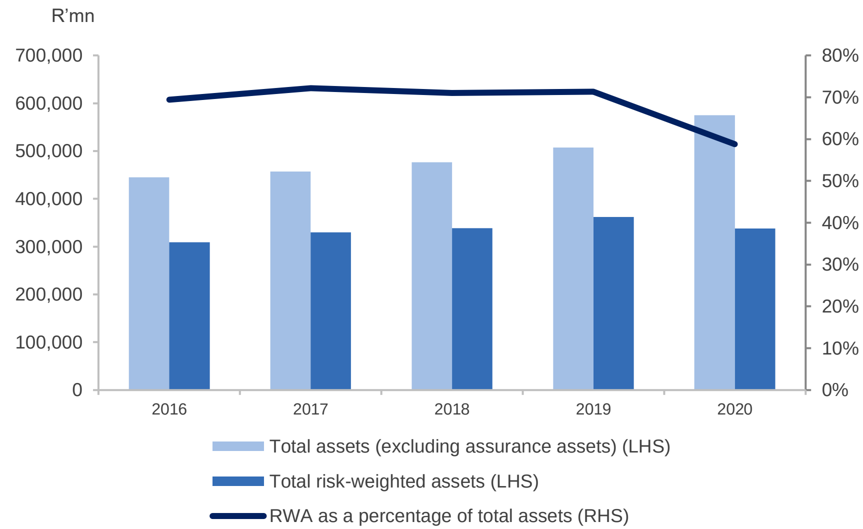
Sound capital base and capital ratios

Total capital



- 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 33.5%** since 2016 to R71 058mn at 31 March 2020 (CAGR of 7.5% per year).

Total risk-weighted assets: lower RWA density

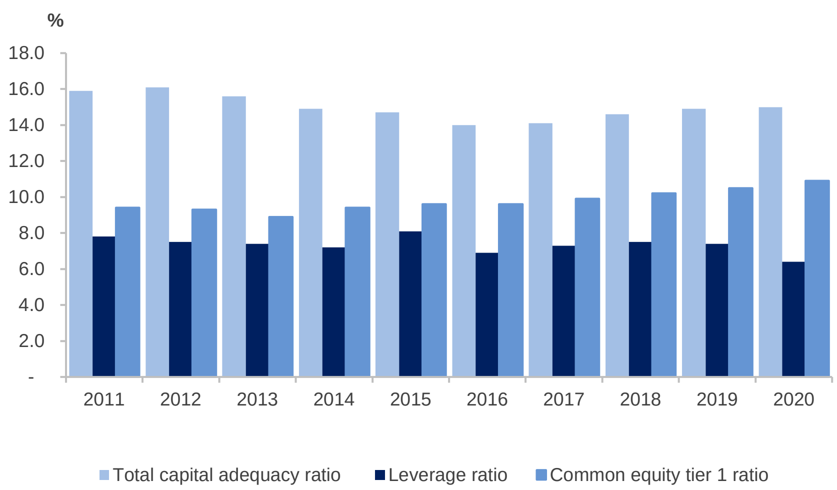


- From 1 April 2019, the Foundation Internal Ratings-Based ('**FIRB**') approach was adopted which has had a **positive impact on Investec Limited's capital position**.
- In addition, our **Total RWAs / Total assets** (RWA density) declined to 58.8% on FIRB (2019: 71.3% on standardised). Our application for conversion to the Advanced Internal Ratings Based (AIRB) approach is under review by the South African Prudential Authority and if successful, is expected to further enhance our capital ratios.

Sound capital base and capital ratios *(contd.)*

- Investec 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 2020, a total capital adequacy ratio of **15.0%** and a common equity tier 1 ratio of **10.9%** was achieved.
- Our fully loaded Basel III common equity tier 1 ratio is also **10.9%** and our fully loaded leverage ratio^ is **6.3%**
- We received regulatory approval to adopt the FIRB^^ approach, effective 1 April 2019 which had a positive impact on our capital ratios. We have submitted our application to the SARB to move onto the Advanced ('AIRB' approach).

Basel capital ratios*



Capital development

	FIRB	Pro forma FIRB^^	Standardised
Summary of ratios*	**31 March 2020**	**31 March 2019**	**31 March 2019**
Common equity tier 1 (as reported)	10.9%	11.6%	10.5%
Common equity tier 1 (fully loaded)^	10.9%	11.6%	10.5%
Tier 1 (as reported)	11.5%	12.4%	11.2%
Total capital adequacy ratio (as reported)	15.0%	16.0%	14.9%
Leverage ratio** (current)	6.4%	7.4%	7.6%
Leverage ratio** (fully loaded)^	6.3%	7.2%	7.3%

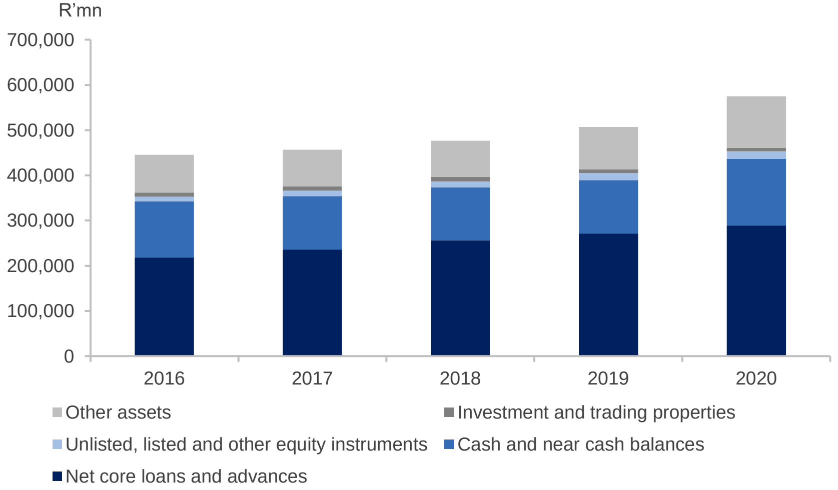
^The key difference between the 'reported' basis at 31 March and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

** The leverage ratios are calculated on an end-quarter basis and are based on revised BIS rules.

*Since 2013 capital information is based on Basel III capital requirements as currently applicable in South Africa.
^^We had approval to adopt the Foundation Internal Rating (FIRB) approach, effective 1 April 2019. We therefore also presented numbers on a pro-forma basis for 31 March 2019.

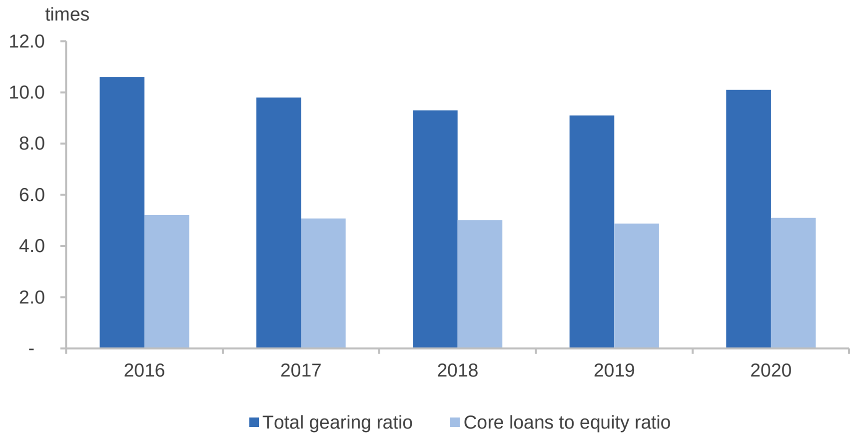
Consistent asset growth, gearing ratios remain low

Total assets^ composition



- We have recorded a **CAGR of 7.3% in net core loans and advances** since 2016 driven by increased activity across our target client base, as well as growth in our franchise.
- In addition, we have seen **solid growth in cash and near cash balances** over the same period.

Gearing* remains low

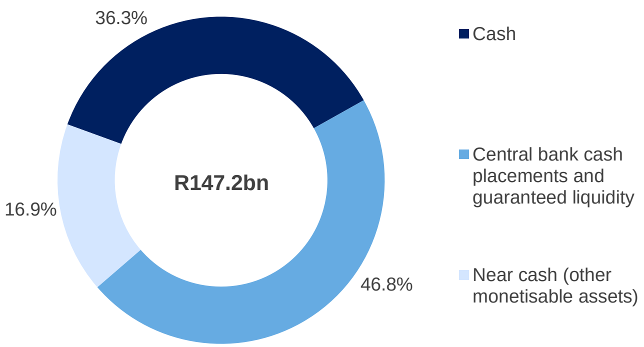


- We have **maintained low gearing ratios*** with total gearing at **10.1x** and an average of **9.8x** since March 2016.

^Total assets excluding assurance assets
*Gearing ratio calculated as total assets (excluding assurance assets) divided by total equity

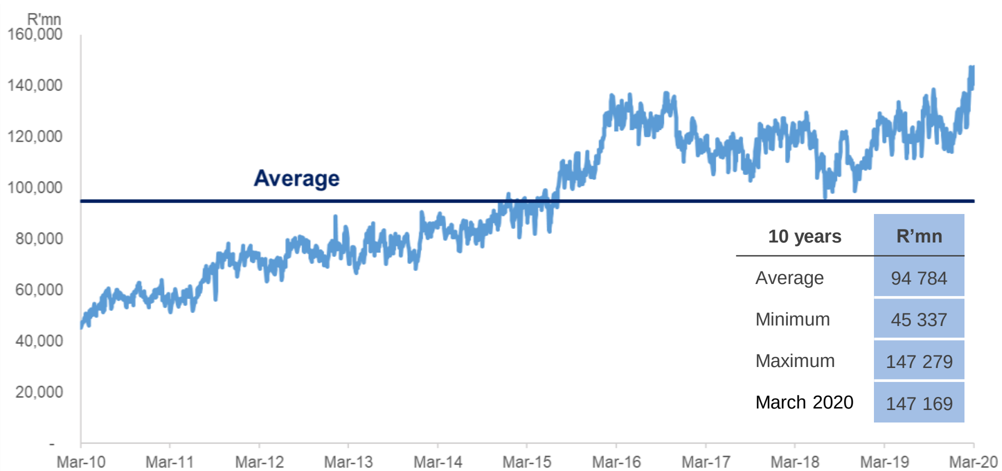
Substantial surplus liquidity

Cash and near cash balances at 31 March 2020



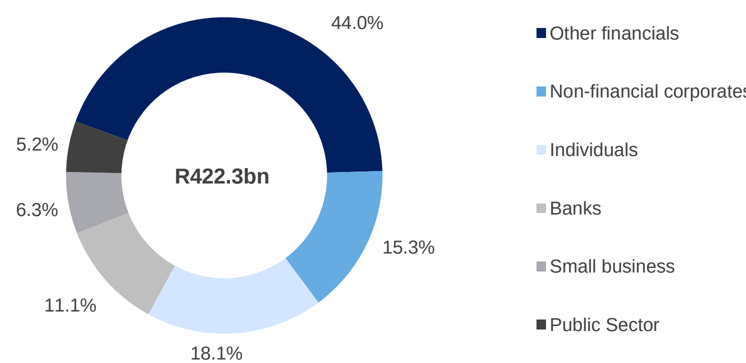
- We maintain a **high level of readily available, high quality liquid assets**, targeting a minimum cash to customer deposit ratio of 25%. Cash and near cash balances have increased significantly since 2010 (12.5% CAGR) to **R147.2bn** at 31 March 2020 (representing **39.1%** of customer deposits).
- We delivered **liquidity ratios well in excess of regulatory requirements**. At 31 March 2020, IBL's (bank solo) three-month average **Liquidity Coverage Ratio (LCR) was 133.2%** and IBL's (bank solo) **Net Stable Funding Ratio (NSFR) was 116.2%** (ahead of minimum requirements of 100% respectively).

Cash and near cash balances



10 years	R'mn
Average	94 784
Minimum	45 337
Maximum	147 279
March 2020	147 169

Depositor concentration at 31 March 2020



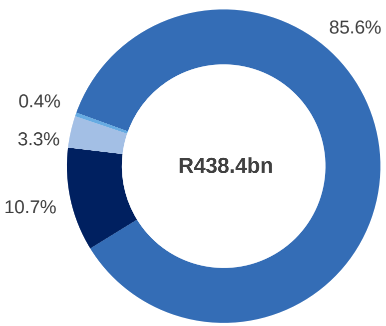
Diversified funding strategy

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

Conservative and prudent funding strategy

- Maintaining a high base of high-quality liquid assets
- Diversifying funding sources
- Minimum cash of at least 25% of customer deposits on an on-going basis
- Limiting concentration risk
- Maintaining a stable retail deposit franchise
- Low reliance on wholesale funding
- Each geographic entity must be self-sufficient from a funding and liquidity stand point

Selected funding sources at 31 March 2020



R'mn	31 March 2020
Customer deposits	375 456
Interbank liabilities (dollar funding)	46 833
Subordinated liabilities	14 383
Securitisation liabilities	1 699
Total	**438 371**

- **Customer deposits account for 85.6% of selected funding sources** as at 31 March 2020.
- Customer deposits are supplemented by deposits from banks (10.7%), subordinated liabilities (3.3%) and securitisation liabilities (0.4%).
- We have **no reliance on any one deposit channel** and no reliance on interbank funding.
- **Core loans are funded from customer deposits** and interbank (dollar) funding supplements cash and near cash balances.

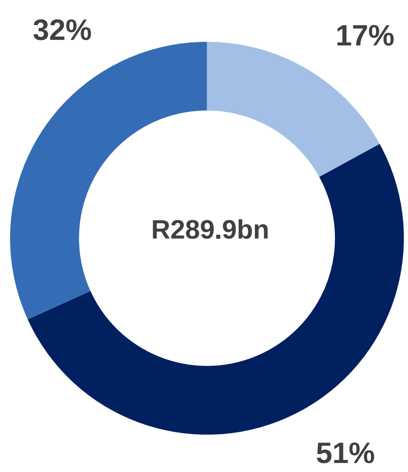
Exposures in a select target market

- **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 by risk category at 31 March 2020

Corporate and other

Other corporate, institutional, govt. loans	18.3%
Acquisition finance	4.1%
Fund finance	2.9%
Asset based lending	2.8%
Project finance	2.4%
Asset finance	1.3%
Resource finance and commodities	0.1%



Lending collateralised against property

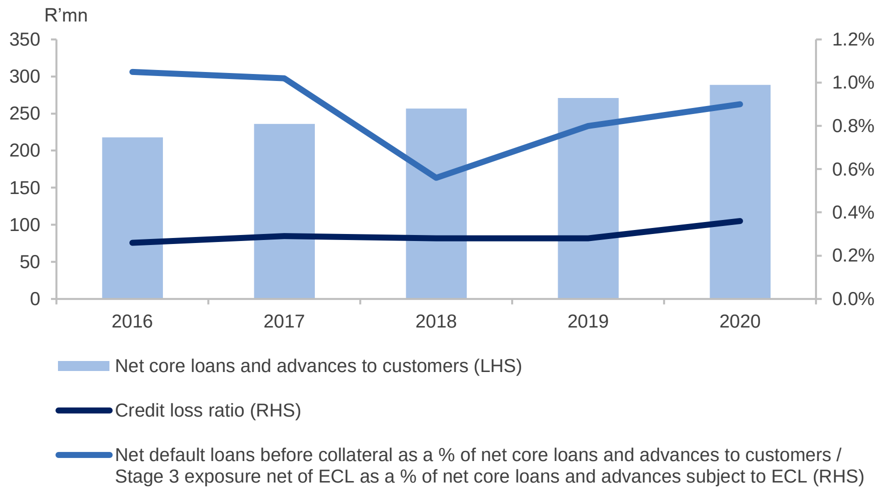
Commercial property investment	13.8%
Commercial property development	1.5%
Residential property development	1.2%
Commercial vacant land and planning	0.3%
Residential vacant land and planning	0.2%

High net worth and other private client

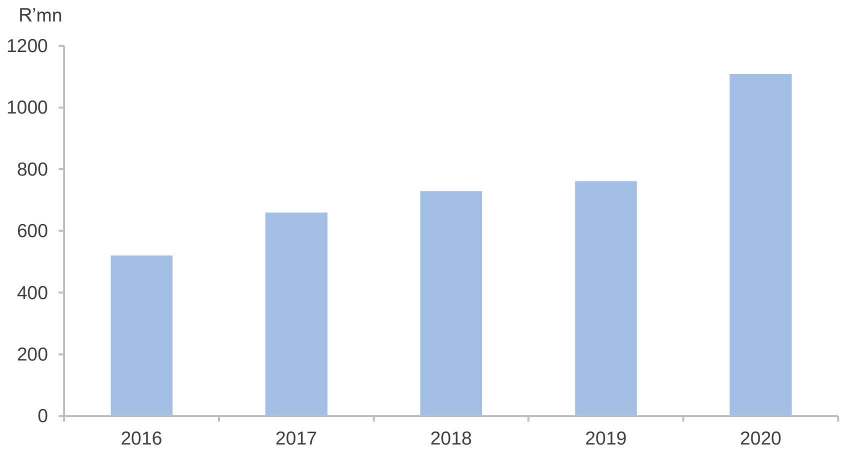
HNW and private client - mortgages	27.6%
HNW and specialised lending	23.5%

Solid asset quality despite COVID-19 related impairment charges

Core loans and asset quality



Trend in expected credit loss impairment charges



- Credit quality metrics on core loans and advances for the year ended 31 March 2020 are as follows:
  - **Expected credit loss (ECL) impairment charges** for the year increased to R1 109 million (2019 : R761 million).
  - The **credit loss ratio increased to 0.36%** (2019: 0.28%) due to deterioration of the macroeconomic scenarios applied (which were adjusted for COVID-19 and the South African sovereign downgrades). Pre COVID-19, the credit loss ratio was calculated at 0.21% for 31 March 2020.
  - Since 31 March 2019, **gross core loan Stage 3 assets** have increased by R666 million to R4 460 million. **Net Stage 3 exposures** as a percentage of net core loans subject to ECL was 0.9% (2019: 0.8%).

Credit ratings

Current credit ratings of Investec Limited

Fitch	Rating
Viability rating	bb
Support rating	5
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

Historical credit ratings of Investec Limited

Long-Term Foreign Currency Issuer Default Rating	Current	Apr-17*	Jan-13*
Fitch	BB	BB+	BBB-

Historical credit ratings of Investec Bank Limited (IBL)

Long-Term Foreign Currency Deposit Rating	Current	Apr-20*	Nov-19*	Aug-17*
Moody’s	Ba1	Ba1	Baa3	Baa3
Fitch	BB	BB	BB+	BB+
S&P	BB-	BB	BB	BB+

- 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

*Changes reflect downgrades of the sovereign of South Africa.

Investec Limited peer analysis

Peer group companies

Long-Term Deposit Rating	S&P		Fitch				Moody's			Global Credit Ratings	
	Foreign currency*	National scale	Foreign currency*	National scale	Viability ratings	Support rating	Global	National scale	Baseline credit assessment	International	National
Absa Bank Limited	n/a	za.AA	BB	AA(zaf)	bb	3	Ba1	Aa1.za	ba1	BB	AA(za)
FirstRand Bank Limited	BB-	za.AA	BB	AA(zaf)	bb	3	Ba1	Aa1.za	ba1	BB+	AA+(za)
Nedbank Limited	BB-	za.AA	BB	AA(zaf)	bb	3	Ba1	Aa1.za	ba1	BB	AA(za)
Standard Bank of South Africa Limited	n/a	n/a	BB	AA(zaf)	bb	3	Ba1	Aa1.za	ba1	BB+	AA+(za)
Investec Limited			**BB**	**AA(zaf)**							
Investec Bank Limited	**BB-**	**za.AA**	**BB**	**AA(zaf)**	**bb**	**3**	**Ba1**	**Aa1.za**	**ba1**	**BB**	**AA(za)**

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

Rating definitions:

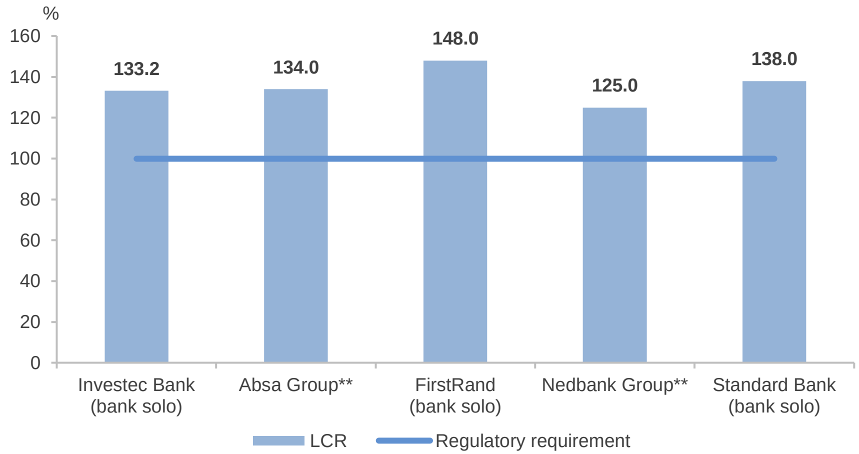
Short-term ratings should be used for investments less than a one-year time horizon and long-term ratings for periods greater than a year. Foreign currency ratings should be used when one is considering foreign denominated investments. Investments in Rand should be assessed against local currency and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

Comparative ratings have been sourced from the respective company websites and recent press releases as at 20 May 2020 and may be subject to changes for which we cannot be held accountable. It is advisable to discuss the ratings of the various companies with the companies themselves as this information merely reflects our interpretation thereof. *Impacted by the rating downgrades of the South African Sovereign.

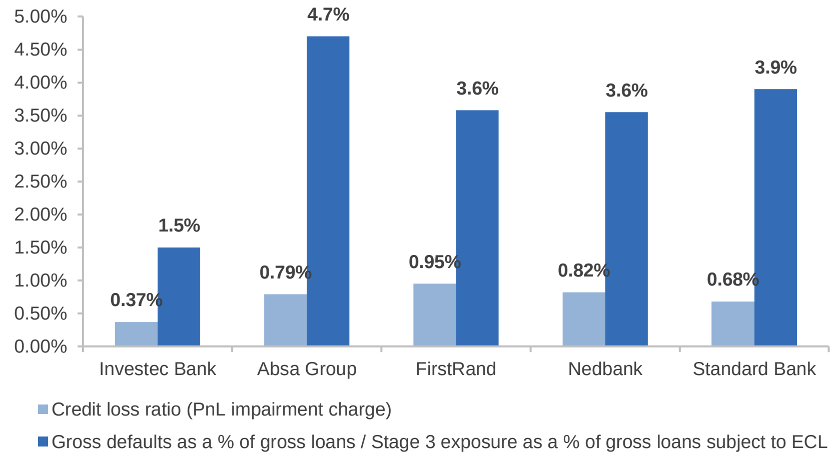
Peer group companies* *(contd.)*

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

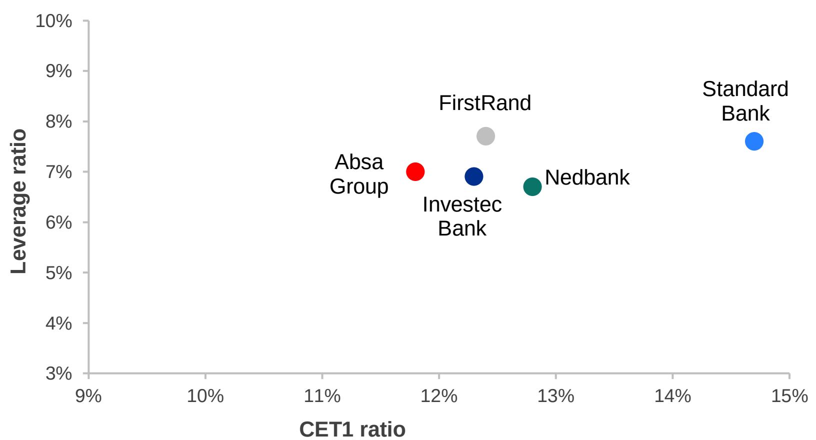
Liquidity: regulatory liquidity coverage ratio



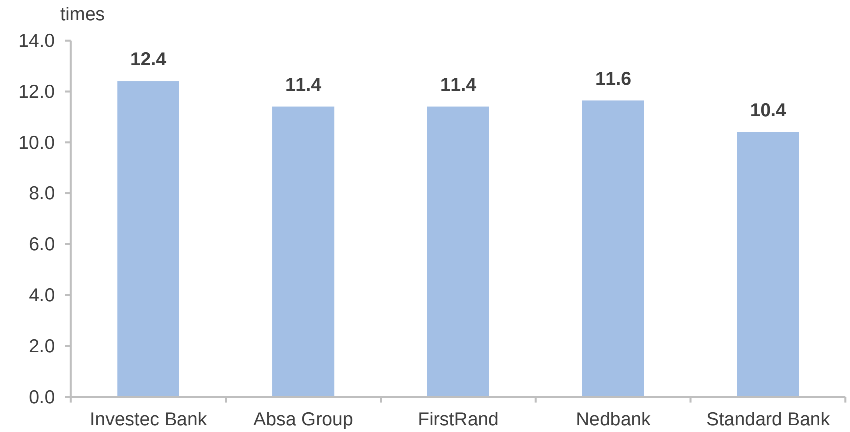
Asset quality ratios#



Capital ratios



Gearing ratio



*Source: Latest company interim / annual and quarterly results available at 20 May 2020. **LCR not disclosed on a bank solo level. #The COVID-19 pandemic emerged in the first quarter of 2020. As a result Investec's results for the period ended 31 March 2020 were materially impacted. Investors should note this impact when comparing to peers who may have reported results for the period ending December 2019 prior to the emergence of the pandemic.

Peer group companies *(contd.)*

Definitions and/or explanations of certain ratios:

- Customer deposits do not include deposits from banks.
- The customer advances to customer deposits ratio reflects how much of a bank's advances to customers are funded from the "retail and corporate" market as opposed to the "wholesale funding and banking market". A ratio higher than one indicates that advances to customers are not fully funded from the retail and corporate market, with the balance been funded from the wholesale market.
- A capital adequacy ratio is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted assets. It is based on regulatory qualifying capital (including common equity tier 1, additional tier 1 and tier 2 capital) as a percentage of risk-weighted assets. Assets are risk-weighted either according to the Standardised Approach in terms of Basel, the Foundation Approach or the Advanced Approach.
- The leverage ratio is calculated as total tier 1 capital (according to regulatory definitions) divided by total assets (exposure measure). This ratio effectively assumes all assets are 100% risk weighted and is a more conservative measure than the capital adequacy ratio. Regulators are expecting that this ratio should exceed 5%.
- The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).
- The credit loss ratio is calculated as the income statement impairment/charge on advances as a percentage of average gross advances to customers.
- Default loans largely comprise loans that are impaired and/or over 90 days in arrears.

Investec Limited Appendices

Demerger of the asset management business

Following the group's management succession announcement in February 2018, the Investec Board, together with the executive team, conducted a comprehensive strategic review to ensure that the **group is well positioned to serve the long-term interests of its stakeholders**.

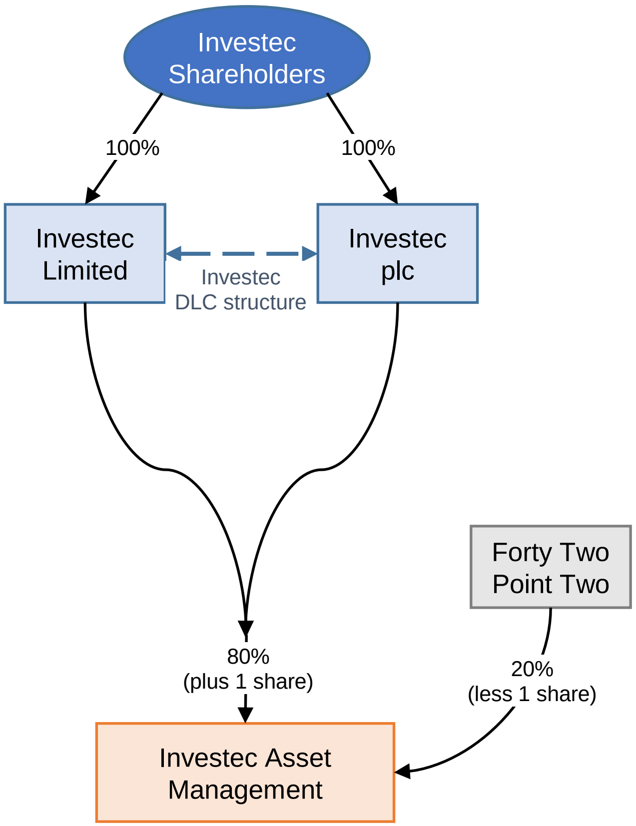
On 13 March 2020, Investec **successfully completed the demerger of its asset management business (Investec Asset Management)**, which became separately listed as *Ninety One* on 16 March 2020.

Conclusions from the strategic review	Demerger benefits for Investec
• Investec group comprises a number of successful businesses operating across two core geographies, with different capital requirements and growth trajectories • Compelling current and potential linkages between the Specialist Banking and Wealth & Investment businesses (clear geographic and client overlap) • Limited synergies between these businesses and Investec Asset Management The Board concluded that a demerger and separate listing of Investec Asset Management would **simplify the group** and allow both businesses to **focus on their respective growth trajectories**; resulting in **improved resource allocation, better operational performance and higher long-term growth.**	**Simplification and focus to improve returns** • **Capital discipline**: A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy • **Driving growth**: Clear set of opportunities to deliver growth. We are focused on growing our client base and building new sources of revenue across our existing client base • **Improved cost management**: Heightened focus on efficiencies to be gained through optimising operational platforms and technology initiatives • **Greater connectivity**: Building on compelling linkages between the Specialist Banking and Wealth & Investment businesses and across geographies • **Digitalisation**: Further developing digital capabilities to continue delivering an advanced high-tech, high-touch proposition, to enable business transformation and greater efficiencies.

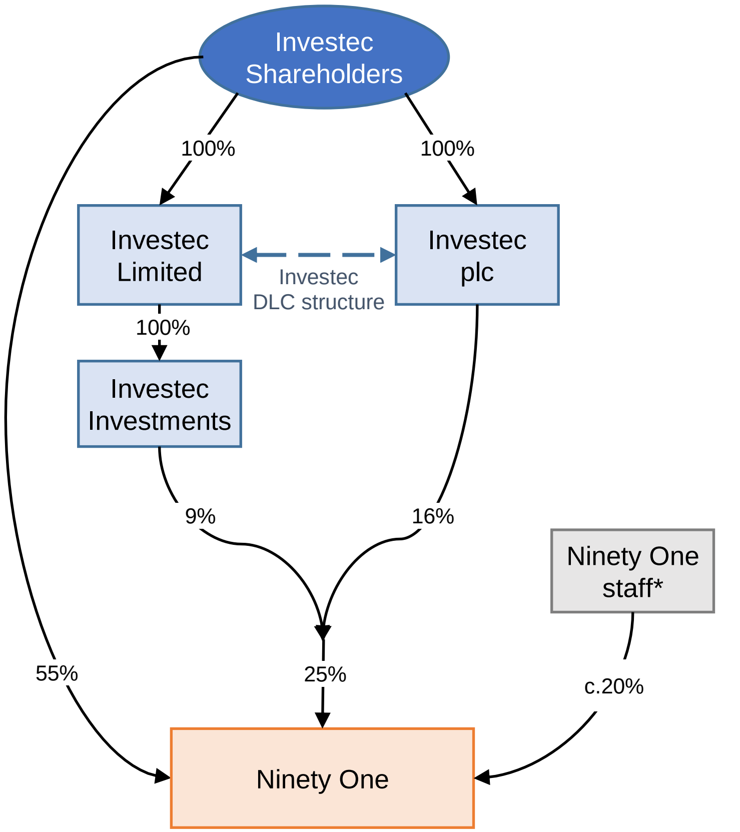
The effect of the demerger is to unbundle the asset management business from the Investec group and have **two separately listed entities**.

Change in Investec's shareholding in the asset management business

Pre demerger structure:



Post demerger structure:



**Consisting of Forty Two Point Two and Ninety One's employee benefit trusts.*

Pursuant to the demerger transaction, Investec distributed 55% of Ninety One to existing Investec shareholders who **received one Ninety One share for every two Investec shares held.**

As a founding shareholder of Ninety One, the Boards of both Investec and Ninety One believe that it is appropriate for Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One.

Investec Limited: salient financial features

Key financial statistics	31 March 2020	31 March 2019	% change
Total operating income before expected credit loss impairment charges (R'million)	15 939	15 739	1.3%
Operating costs (R'million)	8 307	8 136	2.1%
Operating profit before goodwill and acquired intangibles (R'million)	6 523	6 842	(4.7%)
Headline earnings attributable to ordinary shareholders (R'million)	3 934	4 955	(20.6%)
Cost to income ratio	56.6%	55.4%	
Total capital resources (including subordinated liabilities) (R'million)	71 058	71 472	(0.6%)
Total equity (R'million)	56 675	55 615	1.9%
Total assets (R'million)	575 387	661 669	(13.0%)
Net core loans and advances (R'million)	288 878	271 204	6.5%
Customer accounts (deposits) (R'million)	375 456	341 578	9.9%
Loans and advances to customers as a % of customer accounts (deposits)	75.0%	77.2%	
Cash and near cash balances (R'million)	147 169	118 365	24.3%
Funds under management* (R'million)	255 938	305 880	(16.3%)
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.1x	9.1x	

	FIRB	Pro forma FIRB**	Standardised
Key asset quality and capital ratios	**31 March 2020**	**31 March 2019**	**31 March 2019**
Total capital adequacy ratio	15.0%	16.0%	14.9%
Tier 1 ratio	11.5%	12.4%	11.2%
Common equity tier 1 ratio	10.9%	11.6%	10.5%
Leverage ratio*** – current	6.4%	7.4%	7.6%
Leverage ratio*** – 'fully loaded'^	6.3%	7.2%	7.3%
Stage 3 as a % of gross core loans and advances subject to ECL	1.5%	1.4%	1.4%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	0.9%	0.8%	0.8%
Credit loss ratio	0.36%	0.28%	0.28%

* In order to be comparable with the 2020 financial year, the 2019 funds under management figure above reflects that of Continuing operations only (i.e. excludes funds under management related to the asset management business as at 31 March 2019).
** We had approval to adopt the Foundation Internal Rating (FIRB) approach, effective 1 April 2019. We therefore also presented numbers on a pro-forma basis for 31 March 2019.
*** 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 2022.

Investec Limited: income statement

R'million	31 March 2020	31 March 2019*	% change
Interest income	35 949	34 007	5.7%
Interest expense	(27 394)	(26 229)	4.4%
Net interest income	**8 555**	**7 778**	10.0%
Fee and commission income	6 460	6 055	6.7%
Fee and commission expense	(645)	(541)	19.2%
Investment income	512	240	>100.0%
Share of post taxation profit of associates and joint venture holdings	311	1 163	(73.3%)
Trading income arising from			
– customer flow	197	613	(67.9%)
– balance sheet management and other trading liabilities	544	420	29.5%
Other operating income	5	11	(54.5%)
Total operating income before expected credit loss impairment charges	**15 939**	**15 739**	1.3%
Expected credit loss impairment charges	(1 109)	(761)	45.7%
Operating income	**14 830**	**14 978**	(1.0%)
Operating costs	(8 307)	(8 136)	2.1%
Operating profit before goodwill and acquired intangibles	**6 523**	**6 842**	(4.7%)
Impairment of goodwill	(3)	(3)	-
Amortisation of acquired intangibles	(51)	(51)	-
Impairment of associates and joint venture holdings	(937)	-	100.0%
Operating profit	**5 532**	**6 788**	(18.5%)
Financial impact of acquisition of subsidiary	-	4	(100.0%)
Profit before taxation from continuing operations	**5 532**	**6 792**	(18.6%)
Taxation on operating profit before acquired intangibles	(1 042)	(337)	>100.0%
Taxation on acquired intangibles	14	18	(22.2%)
Profit after taxation from continuing operations	**4 504**	**6 473**	(30.4%)
Profit after taxation from discontinued operations	6 674	925	>100.0%
Profit after taxation	**11 178**	**7 398**	51.1%
Profit attributable to other non-controlling interests	(1 258)	(1 049)	19.9%
Profit attributable to non-controlling interests of discontinued operations	(210)	(176)	19.3%
Earnings attributable to shareholders	**9 710**	**6 173**	57.3%

* The year to 31 March 2019 has been re-presented to reflect the discontinued operations.

Investec Limited: balance sheet

R'million	31 March 2020	31 March 2019	% change
Assets			
Cash and balances at central banks	36 656	10 290	>100.0%
Loans and advances to banks	19 536	22 125	(11.7%)
Non-sovereign and non-bank cash placements	14 014	12 192	14.9%
Reverse repurchase agreements and cash collateral on securities borrowed	29 626	21 346	38.8%
Sovereign debt securities	64 358	60 893	5.7%
Bank debt securities	12 265	12 502	(1.9%)
Other debt securities	17 337	13 580	27.7%
Derivative financial instruments	17 431	7 736	>100.0%
Securities arising from trading activities	10 366	20 079	(48.4%)
Investment portfolio	16 564	10 070	64.5%
Loans and advances to customers	281 686	263 537	6.9%
Own originated loans and advances to customers securitised	7 192	7 667	(6.2%)
Other loans and advances	242	329	(26.4%)
Other securitised assets	497	294	69.0%
Interests in associated undertakings	6 924	6 284	10.2%
Deferred taxation assets	2 996	1 890	58.5%
Other assets	12 845	14 281	(10.1%)
Property and equipment	3 093	3 043	1.6%
Investment properties	19 137	18 425	3.9%
Goodwill	219	211	3.8%
Intangible assets	318	418	(23.9%)
Non-current assets held for sale	1305	-	100.0%
	574 607	**507 192**	13.3%
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	154 477	(99.5%)
	575 387	**661 669**	(13.0%)

Investec Limited: balance sheet *(contd.)*

R'million	31 March 2020	31 March 2019	% change
Liabilities			
Deposits by banks	46 833	31 735	47.6%
Derivative financial instruments	22 469	11 111	>100.0%
Other trading liabilities	8 660	11 132	(22.2%)
Repurchase agreements and cash collateral on securities lent	26 626	15 234	74.8%
Customer accounts (deposits)	375 456	341 578	9.9%
Debt securities in issue	7 634	12 328	(38.1%)
Liabilities arising on securitisation of own originated loans and advances	1 699	1 720	(1.2%)
Current taxation liabilities	541	574	(5.7%)
Deferred taxation liabilities	517	54	>100.0%
Other liabilities	13 114	10 254	27.9%
	503 549	**435 720**	15.6%
Liabilities to customers under investment contracts	727	154 422	(99.5%)
Insurance liabilities, including unit-linked liabilities	53	55	(3.6%)
	504 329	**590 197**	(14.5%)
Subordinated liabilities	14 383	15 857	(9.3%)
	518 712	**606 054**	(14.4%)
Equity			
Ordinary share capital	1	1	-
Share premium	9 296	13 576	(31.5%)
Treasury shares	(2 992)	(1 881)	59.1%
Other reserves	903	2 055	(56.1%)
Retained income	35 878	29 398	22.0%
Shareholders' equity excluding non-controlling interests	**43 086**	**43 149**	(0.1%)
Other Additional Tier 1 securities in issue	1 010	1 010	-
Non-controlling interests	12 579	11 456	9.8%
– Perpetual preferred securities issued by subsidiaries	1 534	1 534	-
– Non-controlling interests in partially held subsidiaries	11 045	9 922	11.3%
Total equity	**56 675**	**55 615**	1.9%
Total liabilities and equity	**575 387**	**661 669**	(13.0%)

Investec Limited: asset quality

R'million	31 March 2020	31 March 2019
Gross core loans and advances subject to ECL	**289 854**	**271 859**
Stage 1	270 105	257 297
Stage 2	15 289	10 768
of which past due greater than 30 days	*1 297*	*354*
Stage 3	4 460	3 794
Gross core loans and advances subject to ECL (%)		
Stage 1	93.2%	94.6%
Stage 2	5.3%	4.0%
Stage 3	1.5%	1.4%
Stage 3 net of ECL	2 580	2 072
Aggregate collateral and other credit enhancements on Stage 3	2 696	3 055
Stage 3 net of ECL and collateral	–	–
Stage 3 as a % gross core loans and advances to customers subject to ECL	1.5%	1.4%
Total ECL as a % of Stage 3 exposure	75.3%	71.2%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	0.9%	0.8%

Investec Limited: capital adequacy

R'million	FIRB 31 March 2020	Pro-forma FIRB* 31 March 2019	Standardised 31 March 2019
Tier 1 capital			
Shareholders' equity per balance sheet	43 086	43 149	43 149
Perpetual preference share capital and share premium	(3 183)	(3 183)	(3 183)
Regulatory adjustments to the accounting basis	1 518	896	1 120
Deductions	(4 554)	(3 790)	(2 936)
Common equity tier 1 capital	**36 867**	**37 072**	**38 150**
Additional tier 1 capital			
Additional tier 1 instruments	5 727	5 727	5 727
Phase out of non-qualifying additional tier 1 instruments	(3 774)	(3 302)	(3 302)
Non-qualifying surplus capital attributable to non-controlling interest	(51)	(136)	(78)
Non-controlling interest in non-banking entities	-	85	85
Tier 1 capital	**38 769**	**39 446**	**40 582**
Tier 2 capital			
Collective impairment allowances	896	483	876
Tier 2 instruments	14 383	15 857	15 857
Non-qualifying surplus capital attributable to non-controlling interests	(2 747)	(4 774)	(3 568)
Investment in capital of financial entities above 10% threshold	(647)	-	-
Tier 2 capital	**11 885**	**11 566**	**13 165**
Total regulatory capital	**50 654**	**51 012**	**53 747**
Risk-weighted assets	**337 755**	**318 533**	**361 750**
Capital ratios			
Common equity tier 1 ratio	10.9%	11.6%	10.5%
Tier 1 ratio	11.5%	12.4%	11.2%
Total capital adequacy ratio	15.0%	16.0%	14.9%
Leverage ratio	6.4%	7.4%	7.6%

*We had approval to adopt the Foundation Internal Ratings-Based (FIRB) approach, effective 1 April 2019. We therefore also presented numbers on a pro-forma basis for 31 March 2019.

Legal disclaimer

IMPORTANT NOTICE

THE INFORMATION, STATEMENTS AND OPINIONS CONTAINED IN THIS DOCUMENT DO NOT CONSTITUTE A PUBLIC OFFER UNDER ANY APPLICABLE LEGISLATION OR AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES OR FINANCIAL INSTRUMENTS OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES OR OTHER FINANCIAL INSTRUMENTS.

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'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.