

Out of the Ordinary



INVESTEC LIMITED

Q & A fact sheet

December 2020



OVERVIEW OF INVESTEC AND INVESTEC 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.

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

Investec Limited (housing the Southern African operations) and Investec plc (housing the non-Southern African operations) form a single economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies.

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)	6 221	8 214	(24.3%)	15 939
Operating costs (R'million)	3 917	4 090	(4.2%)	8 307
Operating profit before goodwill and acquired intangibles (R'million)	1 731	3 852	(55.1%)	6 523
Headline earnings attributable to ordinary shareholders (R'million)	1 622	2 914	(44.3%)	4 309
Cost to income ratio	59.9%	53.2%		56.6%
Total capital resources (including subordinated liabilities) (R'million)	73 190	71 501	2.4%	71 058
Total equity (R'million)	59 001	56 862	3.8%	56 675
Total assets (R'million)	569 013	678 341	(16.1%)	575 387
Net core loans (R'million)	284 392	273 720	3.9%	288 878
Customer accounts (deposits) (R'million)	365 003	349 172	4.5%	375 456
Loans and advances to customers as a % of customer accounts (deposits)	76.1%	76.4%		75.0%
Cash and near cash balances (R'million)	143 248	119 979	19.4%	147 169
Funds under management (R'million)*	301 431	291 278	3.5%	255 938
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	9.6x	9.1x		10.1x
Total capital adequacy ratio	15.5%	15.9%		15.0%
Tier 1 ratio	12.2%	12.4%		11.5%
Common equity tier 1 ratio	11.6%	11.6%		10.9%
Leverage ratio – current	7.0%	7.3%		6.4%
Leverage ratio – ‘fully loaded’	6.9%	7.1%		6.3%
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	1.7%	0.8%		0.9%
Credit loss ratio	0.35%**	0.18%**		0.36%

[^] Restated to reflect Continuing operations

* In order to be comparable, the 30 September 2019 funds under management figure above reflects that of Continuing operations only (i.e. excludes funds under management related to the asset management business)

** Annualised

FINANCIAL INFORMATION

Unless the context indicates otherwise, all comparatives referred to below relate to the six months ended 30 September 2019 (1H2020).

For the six months ended 30 September 2020, Investec Limited reported a decrease in headline earnings attributable to ordinary shareholders of 44.3% to R1 622 million (1H2020: R2 914 million). Investec Limited has sound capital and liquidity buffers.

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

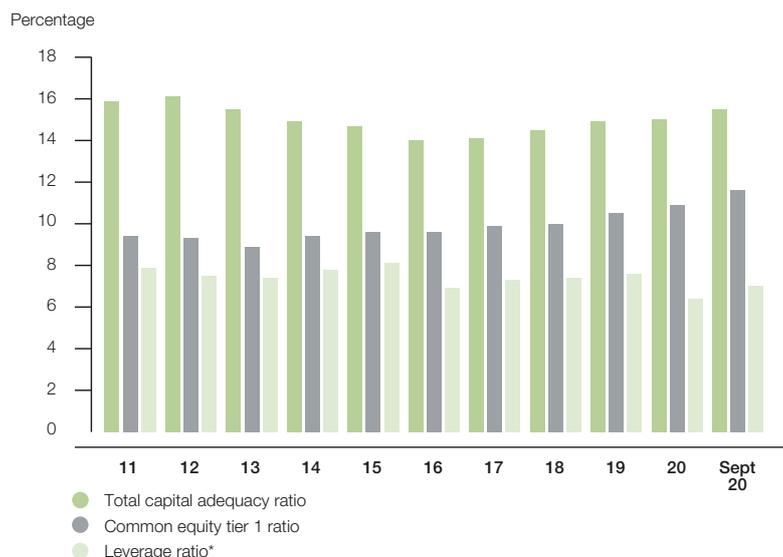
CAPITAL ADEQUACY

15.5% *total capital adequacy ratio*

Investec Limited 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 Investec Limited was 15.5% and the common equity tier 1 (CET1) ratio was 11.6%.

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.

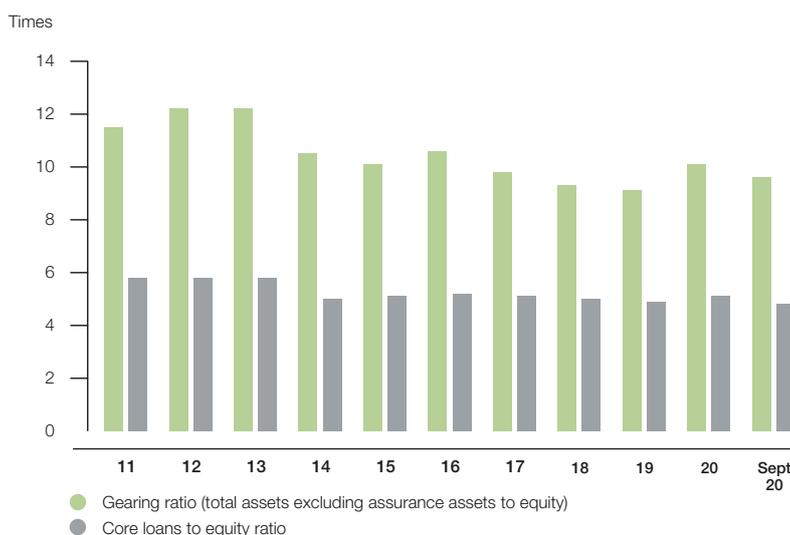
^ On Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019. All prior years presented on the Standardised Approach..

GEARING

9.6x

Investec Limited is not highly geared. A number of bank holding companies that have experienced difficulty in the past were in excess of 40 times geared. Investec Limited's gearing ratio at 30 September 2020 was 9.6x.

Gearing ratio



FINANCIAL INFORMATION

(continued)

ASSET QUALITY AND EXPOSURES

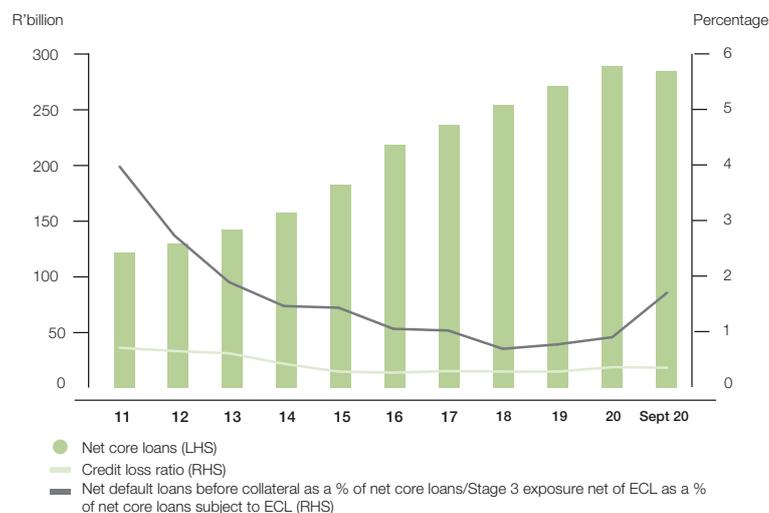
0.35% *annualised credit loss ratio*

The bulk of Investec Limited'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 R573 million for the six months ended 30 September 2020 (1H2020: R272 million). The annualised credit loss ratio was 0.35% at 30 September 2020 (1H2020: 0.18%).

Stage 3 exposures net of ECL at 30 September 2020 amounted to R4 659 million (31 March 2020: R2 580 million). Stage 3 exposure net of ECL as a percentage of net core loans subject to ECL as at 30 September 2020 amounted to 1.7% (31 March 2020: 0.9%).

Core loans and asset quality



LIQUIDITY AND FUNDING

R143.2bn *cash and near cash*

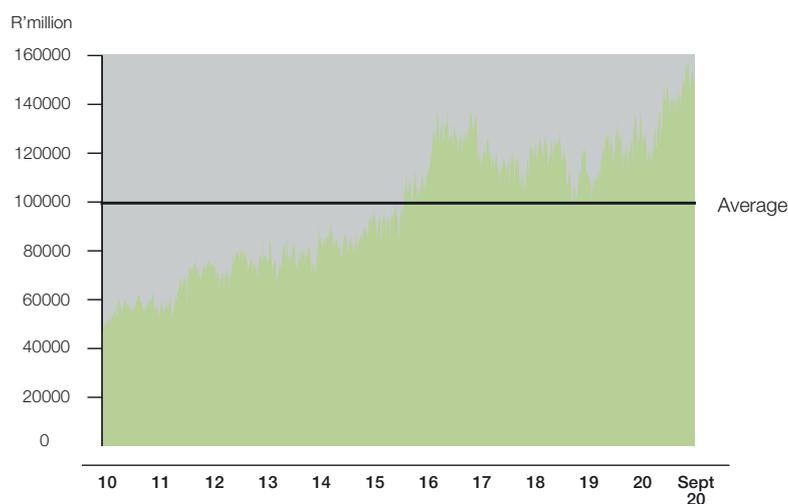
Investec Limited has a liquidity management philosophy that has been in place for many years. The bank holding company continues to focus on maintaining a stock of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%.

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. Investec Limited targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency.

Customer deposits have decreased by 2.8% since 31 March 2020 to R365 billion at 30 September 2020. The bank's loan to customer deposit ratio was 76.1% as at 30 September 2020 (31 March 2020: 75.0%).

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

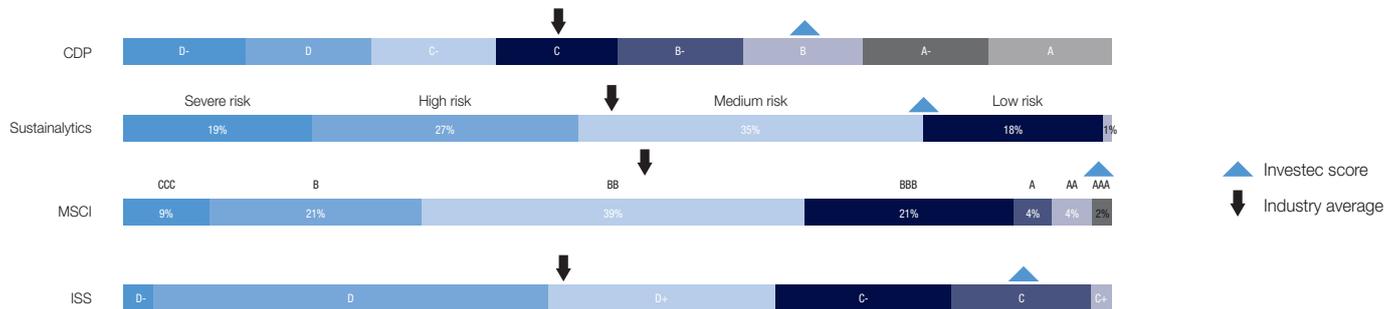
We play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources.

- 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

Investec Limited's and its main banking subsidiary, Investec Bank Limited's long-term and short-term credit ratings from Fitch, Moody's, Standard & Poors and GCR are in line with their larger domestic peers and are listed below:

	Fitch	Moody's	Standard & Poors	Global ratings
Investec Limited				
National long-term rating	AA+(zaf)			
National short-term rating	F1+(zaf)			
Foreign currency long-term rating	BB-			
Foreign currency short-term rating	B			
Investec Bank Limited				
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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