

# Investec Group overview

NOVEMBER 2021




Overview  
of Investec

Financial  
performance

Appendix



A photograph of an older man with a grey beard and hair, wearing a light blue suit, white shirt, and yellow tie. He is standing with his arms crossed, looking out of a large window. The window has white frames and brass-colored handles. The lighting is soft, coming from the window, creating a contemplative mood.

# Overview of Investec

# One Investec

*Our purpose is to create enduring worth – living in, not off, society*

## Our values

**Investec exists to create enduring worth for all of our stakeholders:**

Our clients, our people and the communities in which we operate. This purpose is expressed in five key values that shape the way that we work and live within society.

1

### Cast-iron Integrity

We believe in longterm relationships built on mutual trust, open and honest dialogue and cast-iron integrity.

2

### Distinctive Performance

We thrive on energy, ambition and outstanding talent. We are open to fresh thinking. We believe in diversity and respect for others

3

### Client focus

We are committed to genuine collaboration and unwavering dedication to our clients' needs and goals.

4

### Dedicated partnership

We collaborate unselfishly in pursuit of group performance, through open and honest dialogue – using process to test decisions, seek challenge and accept responsibility.

40+ years of heritage.

Two core geographies.

One Investec.

Whether you are an individual, a business, or an intermediary acting for clients, our aim is to create and manage your wealth and fuel your business growth



# A distinctive banking and wealth management business creating sustainable, long-term value for our stakeholders

2 Principal geographies	c.8,200 Total Employees	£28.3bn Core loans	£36.4bn Customer deposits	£63.4bn Funds under management
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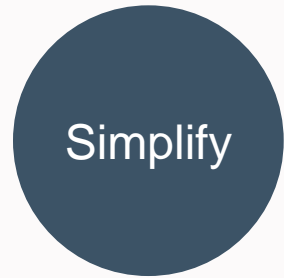
## Key client groups and our offering

 Corporate / Institutional / Government / Intermediary	 Private Clients (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 client franchises	
We provide a high level of client service enabled by leading digital platforms	
We are a people business backed by our out of the ordinary culture, entrepreneurial spirit and freedom to operate	

## Our stakeholders

Our clients	Our people	Our communities	Our planet	Our shareholders
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# Journey to simplify, focus and grow the business



- Demerged Investec Asset Management (now separately listed as Ninety One) in March 2020
- Exited businesses which were subscale, non-core businesses or fall outside our refined risk appetite
- **The Board has approved the distribution of 15% holding in Ninety One\***
  - **Cumulative value of Ninety One distribution to shareholders of £1 679mn<sup>^</sup> (c.R34bn) since March 2020**



- Strong franchise performance supported by our deep client relationships and connected eco-system
- Focus on continued cost discipline and driving improved operational leverage
- Building deeper product and operational capability within the organisation to drive competitiveness
- Committed to optimisation of capital through right sizing the Group Investments portfolio



- Heightened focus on growth and competitive positioning in our chosen markets, underpinned by a disciplined approach to capital allocation and risk management

\*Subject to regulatory, shareholder and other approvals. <sup>^</sup>Calculated using closing share price of 260p as at 16 November 2021

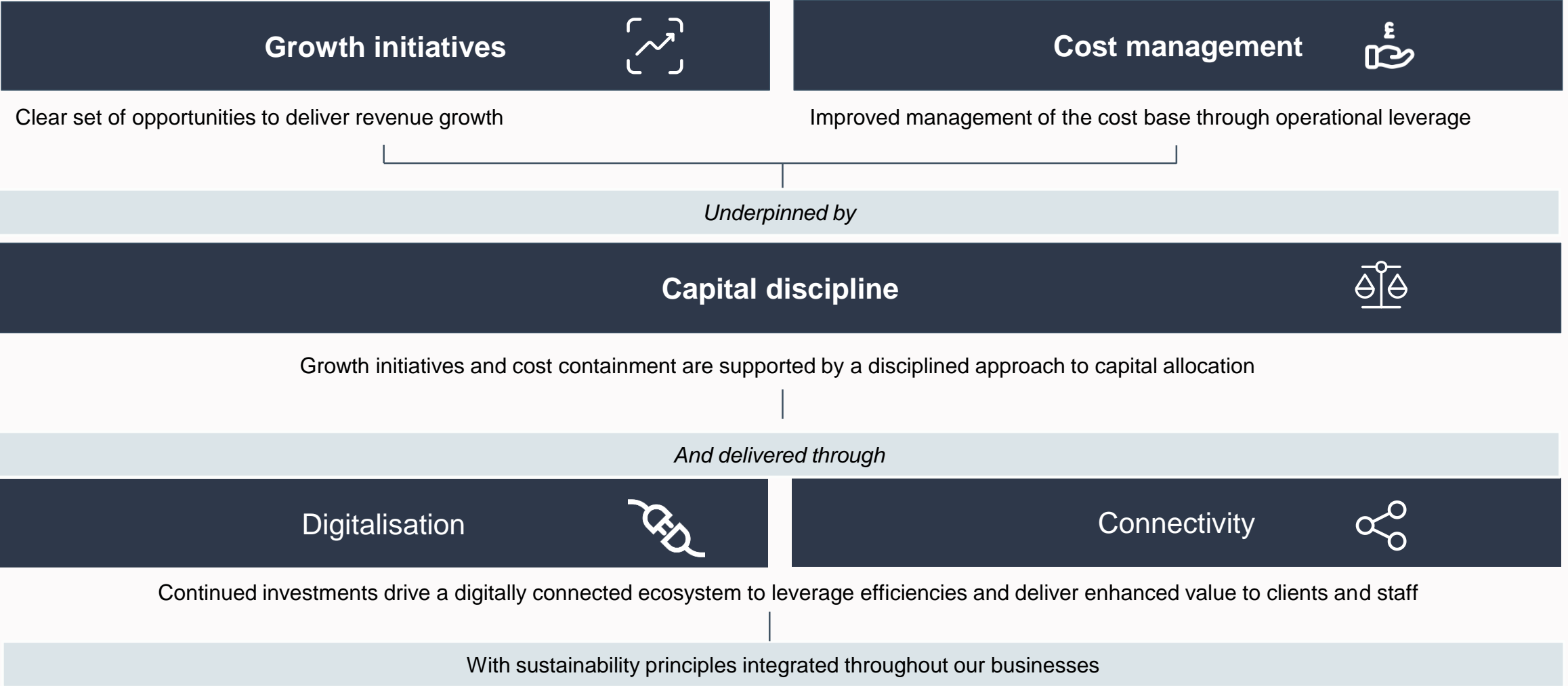


# Investment proposition

*Well-positioned to pursue long-term growth*

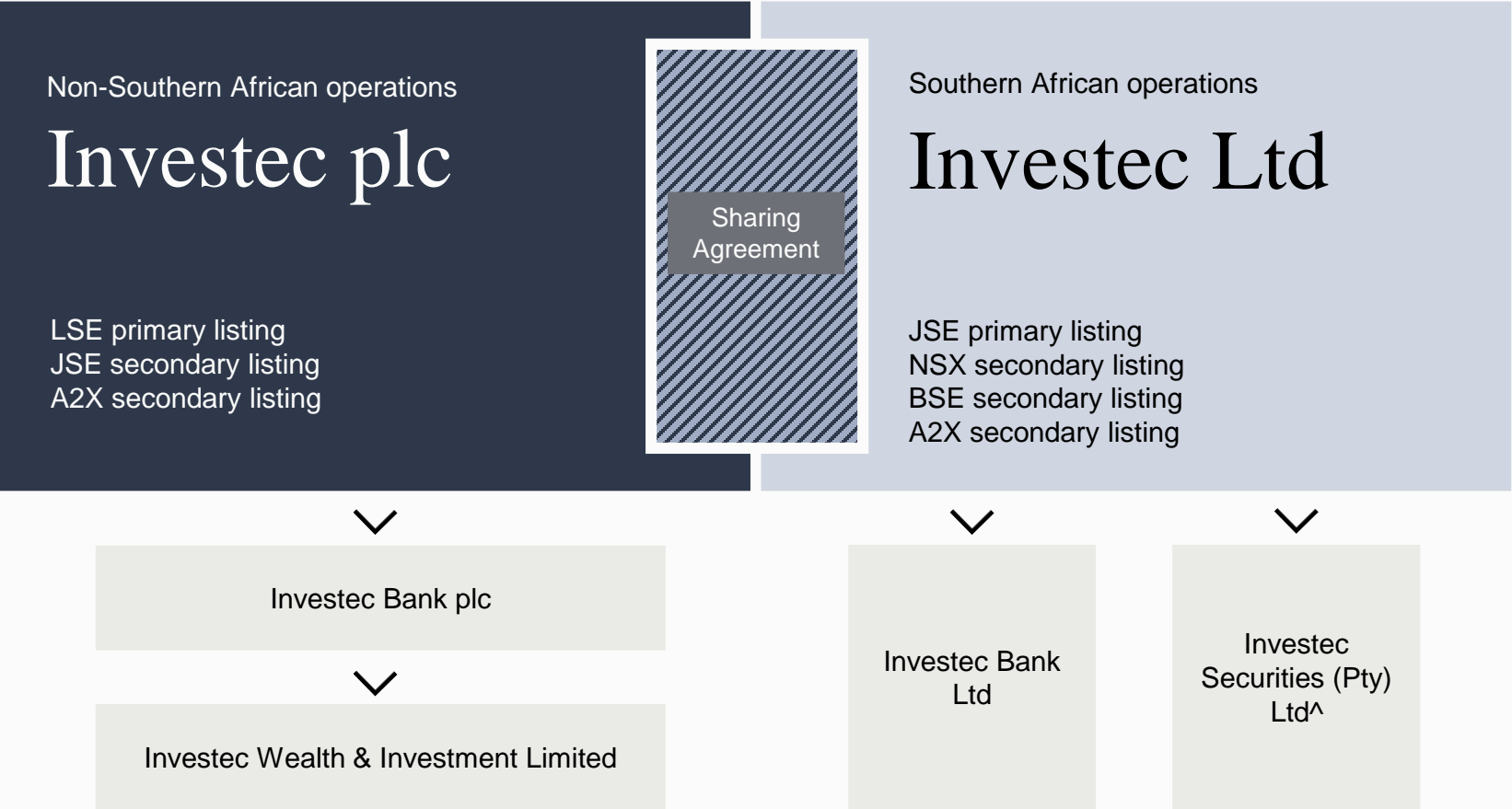
- 1 Well capitalised and highly liquid balance sheet
- 2 Diversified mix of business by geography, income and business
- 3 Rightsized the cost structure of the business
- 4 Improved capital allocation – anticipate excess capital
- 5 Our clients have historically shown resilience through difficult macro environments

# Framework to drive improve business performance





# Investec Dual-Listed Company structure



- Investec plc and Investec Limited are **separate legal entities and listings**, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a **single unified economic enterprise**
- Shareholders have **common economic and voting interests** as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced** to either Investec plc or Investec Limited as there are **no cross-guarantees** between the companies
- In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly Investec Asset Management). Investec retained a 25% shareholding in the Ninety One group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

# Market-leading specialist client franchises

*We are not all things to all people: we serve select niches where we can compete effectively*



Specialist client franchises span infrastructure, fund finance, aviation...



Specialist Banking

5<sup>th</sup>

Largest bank by assets

1<sup>st</sup>

Top Private Bank



Top tier

Corporate advisory and equity sales



Specialist Banking



Top tier

Corporate advisory and equity sales



Top tier

Small ticket asset finance provider



Top tier

Treasury risk solutions



Wealth & Investment



Top tier

One of the leading wealth managers in SA



Top tier

One of the largest wealth managers in the UK

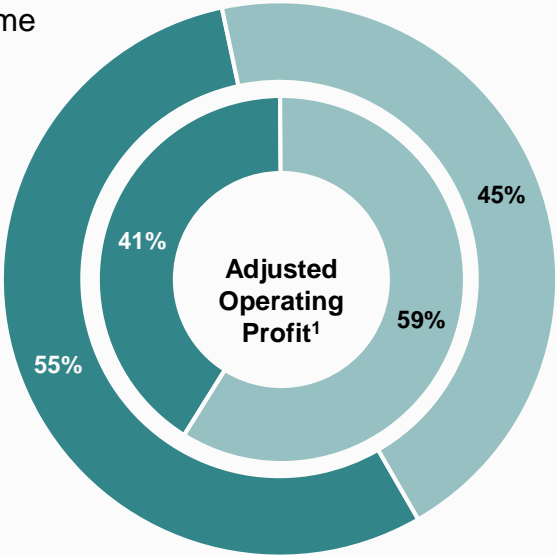
# Diversified mix of businesses

*Diversified geographic business with diverse income streams*

## Geography

Sep 2021

Operating Income

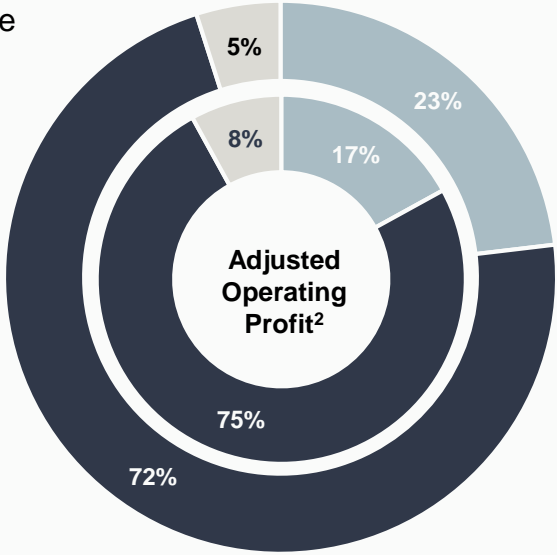


■ UK and Other ■ Southern Africa

## Business

Sep 2021

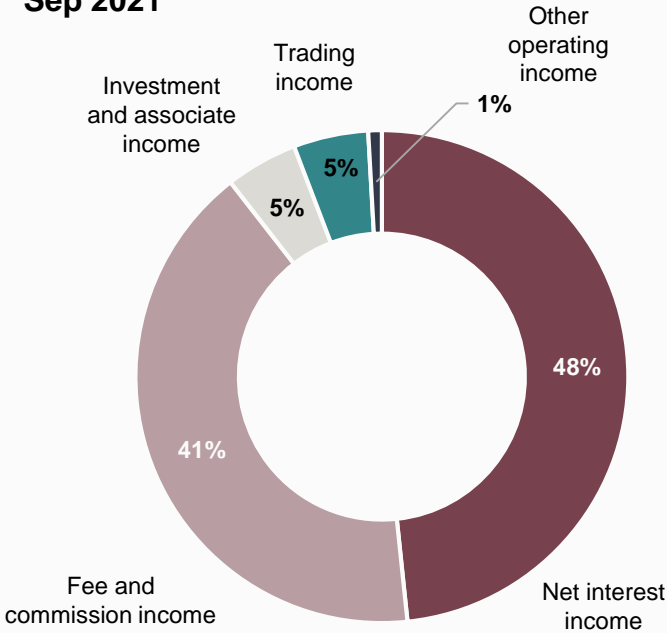
Operating Income



■ Wealth & Investment  
■ Specialist Banking  
■ Group Investments

## Income stream

Sep 2021

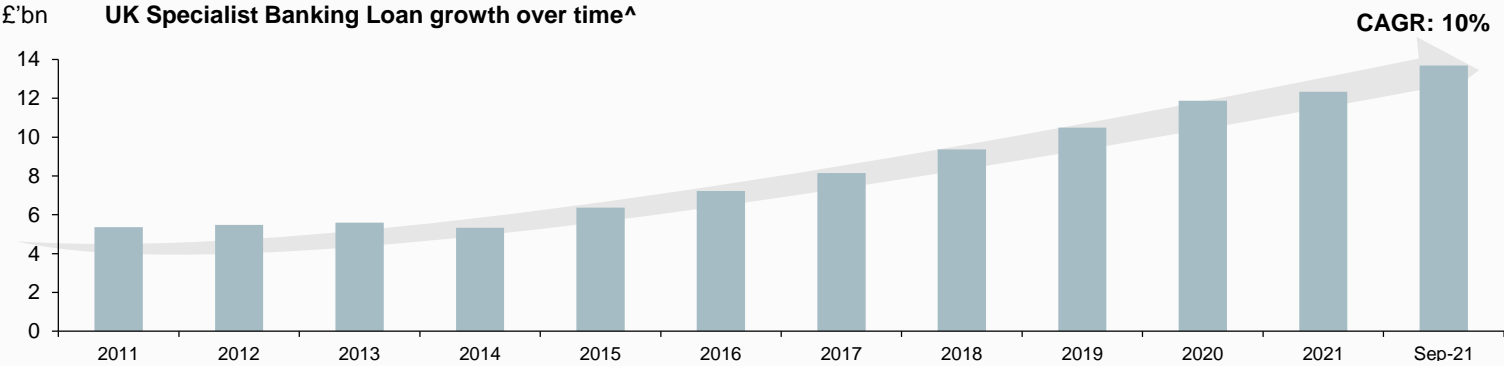


<sup>1</sup> Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.  
<sup>2</sup> Operating profit before group costs, goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

# Specialist Banking UK

Winning in under-serviced parts of the market through dynamic, full service offering

Private clients	Private companies	Private equity and sponsor-backed companies	Publically listed companies	Specialist sectors
For <b>high net worth clients</b> that need a banking partner to provide intellectual and financial capital to achieve their vision of success	For <b>UK mid-market founder and entrepreneur-led businesses</b> looking for a banking partner to support their needs, along every stage of their journey	For <b>UK mid-market Private Equity</b> clients looking for boutique service with 'bulge bracket' capability and award-winning franchises	For <b>UK mid-market listed companies</b> looking for top-ranked corporate broking and equity research and strategic advisory	<b>International specialist sector clients</b> looking for a corporate finance and banking partner with deep expertise and an innovative approach
Mortgages & Personal Lending, Cash Management & Foreign Exchange, Private Capital, integrated with Wealth Mgmt.	Growth & Leveraged Finance, Working Capital & Asset Finance, Specialist Lending, M&A Advisory, Equity Capital Markets, Treasury & Risk Solutions			



Permanent employees
% Contribution to adjusted operating profit* of Investec
% Contribution to loan book of Investec

**c.2,100**

**c.26%**

**c.48%**

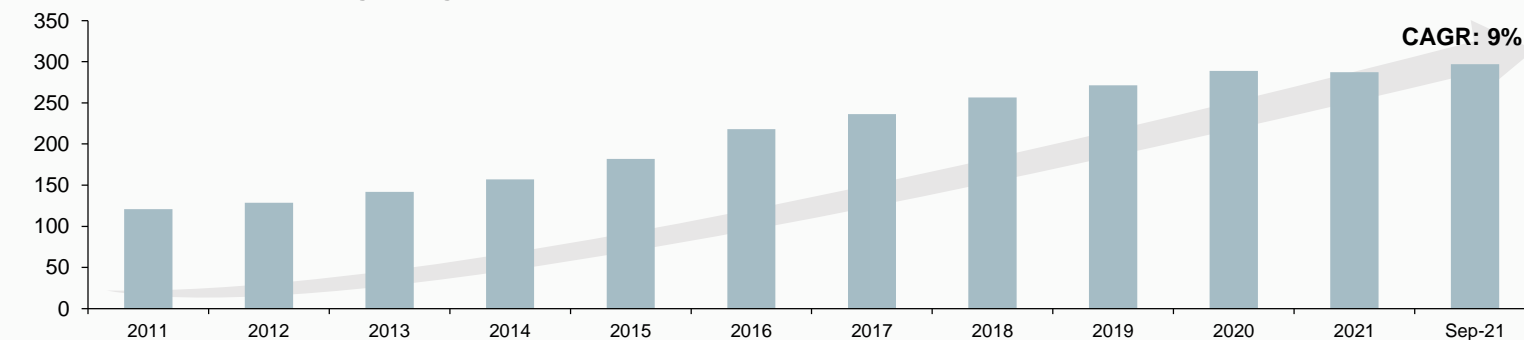
^Loan growth shown above on an ongoing basis (excluding UK Specialist Bank legacy assets and businesses sold), except from the 2019 year onwards which is on a statutory basis.  
\*Operating profit before group costs, goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

# Specialist Banking SA

*High-quality specialist banking solutions with leading positions in selected areas*

Private Banking	Investec for Business	Corporate and Institutional banking	Investment Banking and Principal Investments
For <b>high net worth clients, professionals and emerging entrepreneurs</b> looking for an 'investment banking' style service for private clients	<b>Smaller and mid-tier corporates</b> who require a holistic banking solution	For <b>corporates (mid to large size), intermediaries, institutions, government and SOEs</b> looking for a client-centric, solution driven offering	<b>Corporates, institutions, property partners</b> looking for an innovative investment partner
Lending, transactional banking, property finance and savings	Import and trade finance, working capital finance, asset finance, transactional banking	Global markets, various specialist lending activities and institutional equities	Principal investments, Advisory, Debt and Equity, Capital Markets

R'bn **SA Specialist Banking Loan growth over time**



Permanent employees	<b>c.4,000</b>
% Contribution to adjusted operating profit* of Investec	<b>c.53%</b>
% Contribution to loan book of Investec	<b>c.52%</b>

# Wealth & Investment

*Offering scale, international reach and depth of investment processes*

### UK and SA Wealth & Investment

For **domestic and international private clients** and **clients of professional advisors** looking for a holistic approach to help grow and preserve their money

For **charities and trusts** that require expert and bespoke investment management services

Discretionary and advisory portfolio management, financial planning advice, retirement and succession planning, specialist portfolio management services for international clients

Specialist investment management services, bespoke advice and independent financial reviews

One of the leading private client investment managers in the UK

**£44.7bn in FUM**

One of the largest managers of private wealth in SA

**£18.3bn in FUM**

### Wealth & Investment FUM growth over time

£'bn

CAGR: 7.5%

**£63.0bn**

Year	Discretionary (£'bn)	Non-Discretionary (£'bn)	Total (£'bn)
2011	12	18	30
2012	16	19	35
2013	20	21	41
2014	22	20	42
2015	27	20	47
2016	27	19	46
2017	33	22	55
2018	36	20	56
2019	38	17	55
2020	34	11	45
2021	44	14	58
Sep-21	48	15	63

■ Discretionary ■ Non-Discretionary

14 Investec 2021

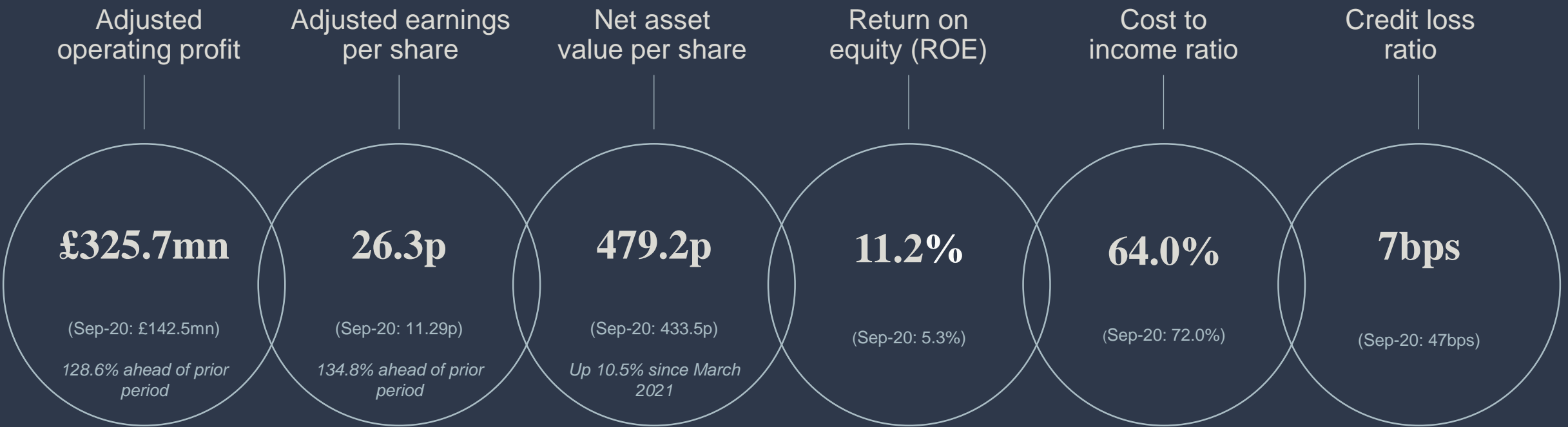
# Financial performance





# Financial performance

Financial highlights for the six month period ended 30 Sep 2021 (1H 2022)



Interim dividend 11p (Sep-20: 5.5p), resulting in xx% pay out ratio

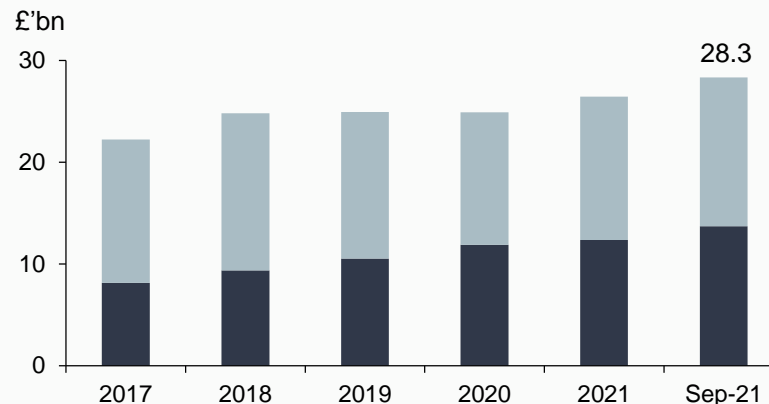
Note: Adjusted operating profit is operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

# Earnings drivers and financial position

Strong momentum across our businesses, underpinned by our high-quality client franchises

## Stable key earnings drivers...

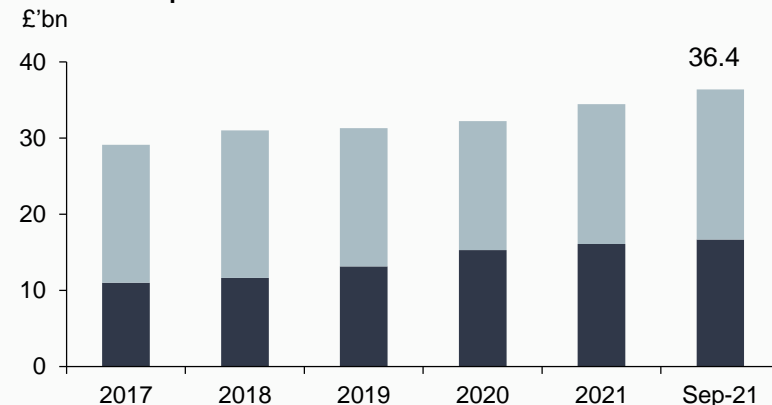
### Net core loans



Net core loans have grown from **£22.2bn** in 2017 to **£28.3bn** in Sep 2021

## ...supported by robust balance sheet

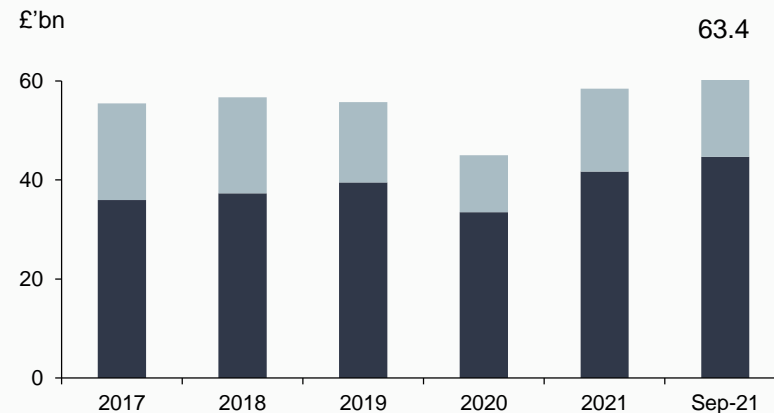
### Customer deposits



Customer deposits have grown from **£29.1bn** in 2017 to **£36.4bn** in Sep 2021

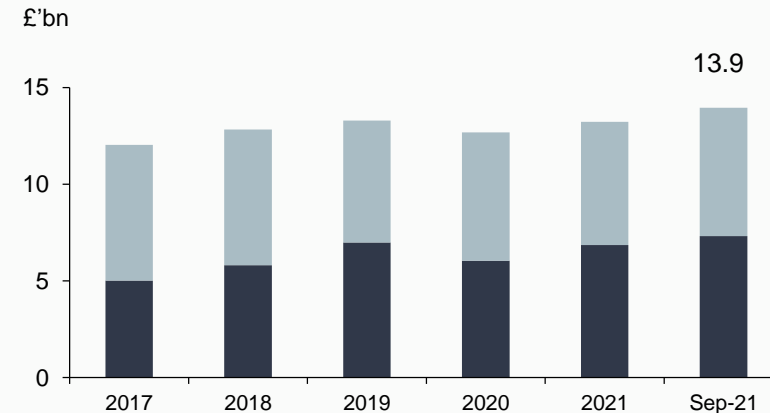
■ UK and Other ■ Southern Africa

### FUM



Funds under management totaled **£63.4bn** at 30 Sep 2021

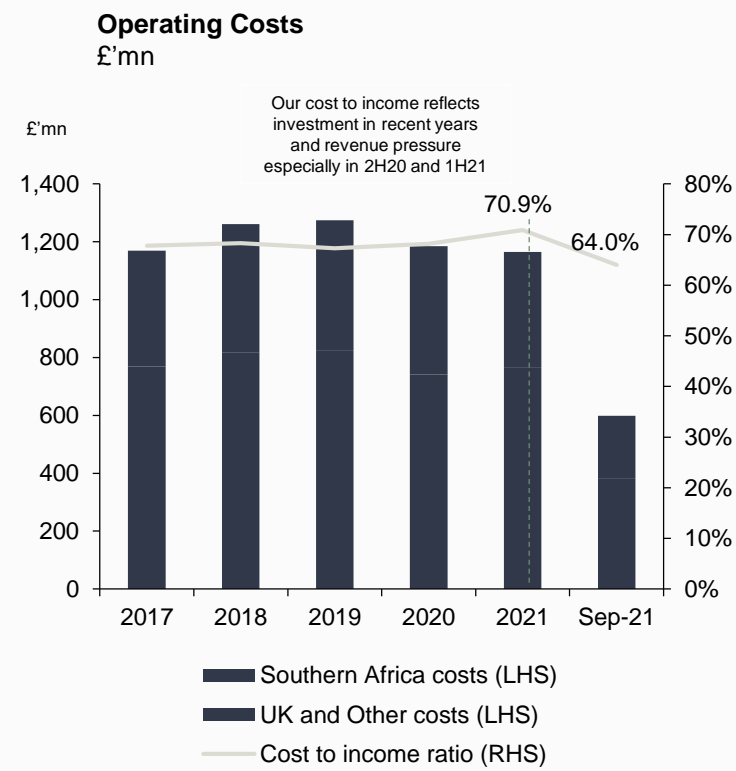
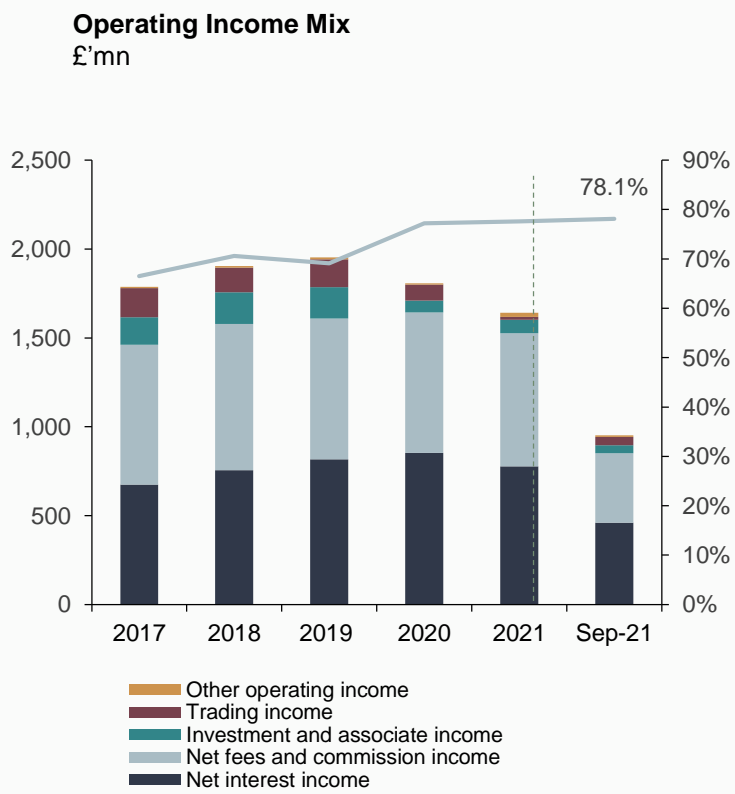
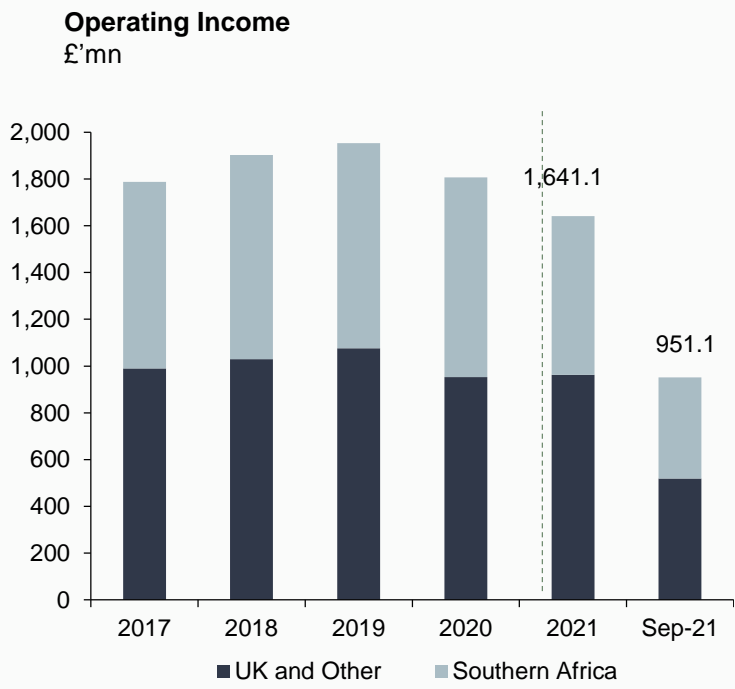
### Cash and near cash balances



**Robust balance sheet**, with significant portion of cash and near cash balances

# Operating income and costs

*Growing revenue base and improving cost to income ratio*



We have **delivered resilient revenue growth** in our client franchises despite revenue headwinds due the macroeconomic environment, with over **50% generated in the UK**

We have a **diversified business model** anchored by **stable recurring income base** and earnings through varying market conditions

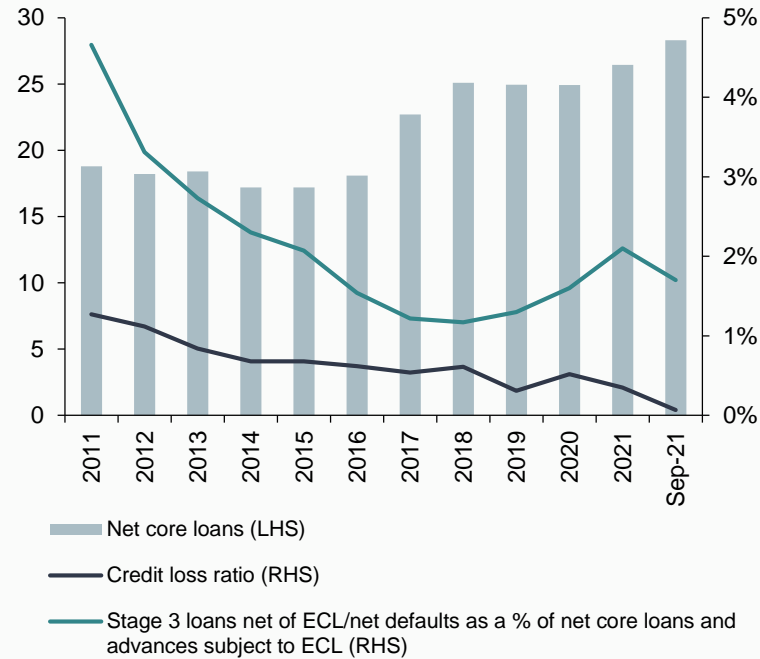
We have made **strategic investments** to build a highly **scalable platform** – **focus is now on leveraging this investment**

Information on this slide is based on the results of the ongoing business (excluding UK Specialist Banking legacy assets and businesses sold) and excluding IAM, unless otherwise specified. Information from March 2019 onwards is based on statutory results.  
\* Where annuity income comprises net interest income and annuity fees.

# Asset quality

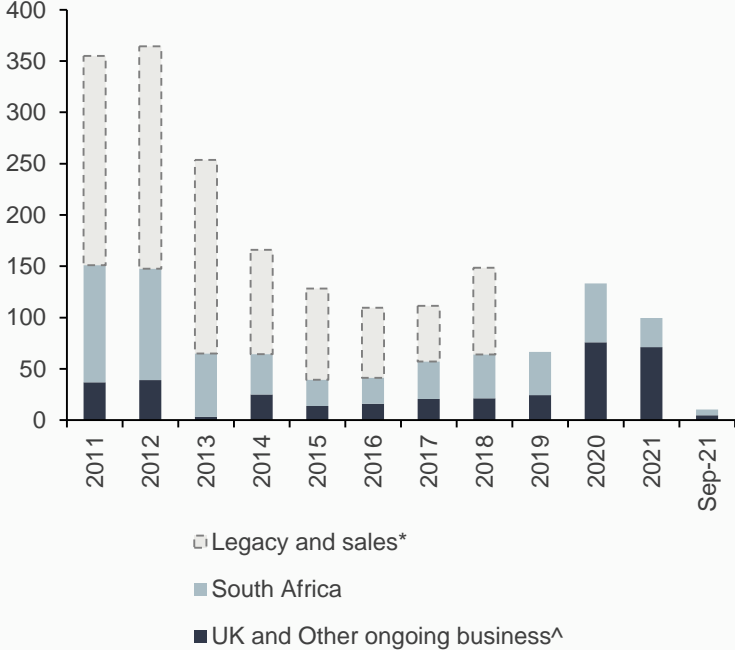
Strong asset quality; significant improvement in recent years as the legacy portfolio has been managed down

Core loans and credit loss ratio  
£'bn



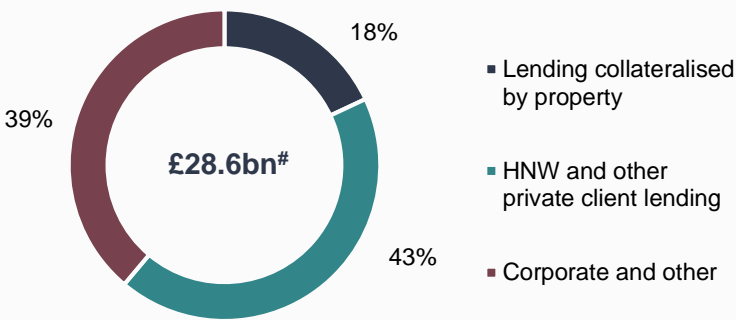
Credit loss ratio was **0.07%** in Sep 2021 (Sep 2020: 0.47%) and **Stage 3 net of ECL as a percentage of net core loans was 1.7%** in Sep 2021 (Mar 2021: 2.1%)

Expected credit loss (ECL) impairment charges  
£'mn



Ongoing portfolio continues to have significantly **lower levels of impairments and defaults reflecting strong asset quality and recoveries**. 2021 impacted by tough economic backdrop exacerbated by COVID-19

Core loan analysis  
Sep 2021



Core loan analysis by sector	
Commercial real estate	14%
Residential real estate	4%
HNW and private client mortgages	28%
HNW and specialised lending	16%
Corporate and acquisition finance	16%
Asset Finance	9%
Fund Finance	6%
Power and infrastructure finance	3%
Other corporate and financial institutions and governments	3%
Asset based lending	1%

<sup>^</sup>Where the ongoing business excludes the UK Specialist Banking legacy assets and businesses sold for financial years 2012 to 2018. Information from March 2019 onwards is based on statutory results.  
<sup>\*</sup>Refers to the remaining UK legacy business and Group assets that were sold in the 2015 financial year.  
<sup>#</sup>Gross core loans subject to ECL

# ROE and ROTE

Group

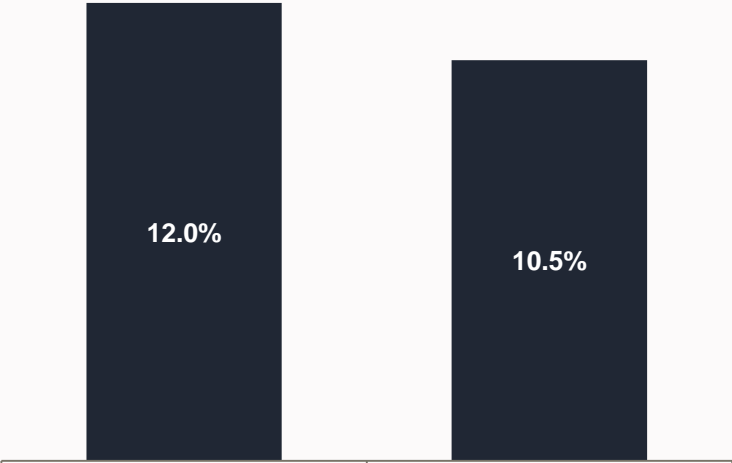


11.2%



12.1%

Geographic



Investec Ltd      Investec plc

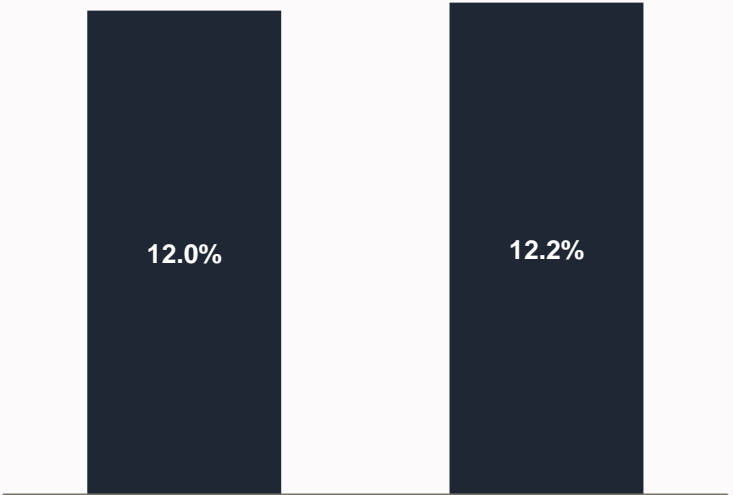
*Average allocated equity*

50.1%

49.9%

£2 163mn

£2 151mn



Investec Ltd      Investec plc

*Average allocated tangible equity*

53.7%

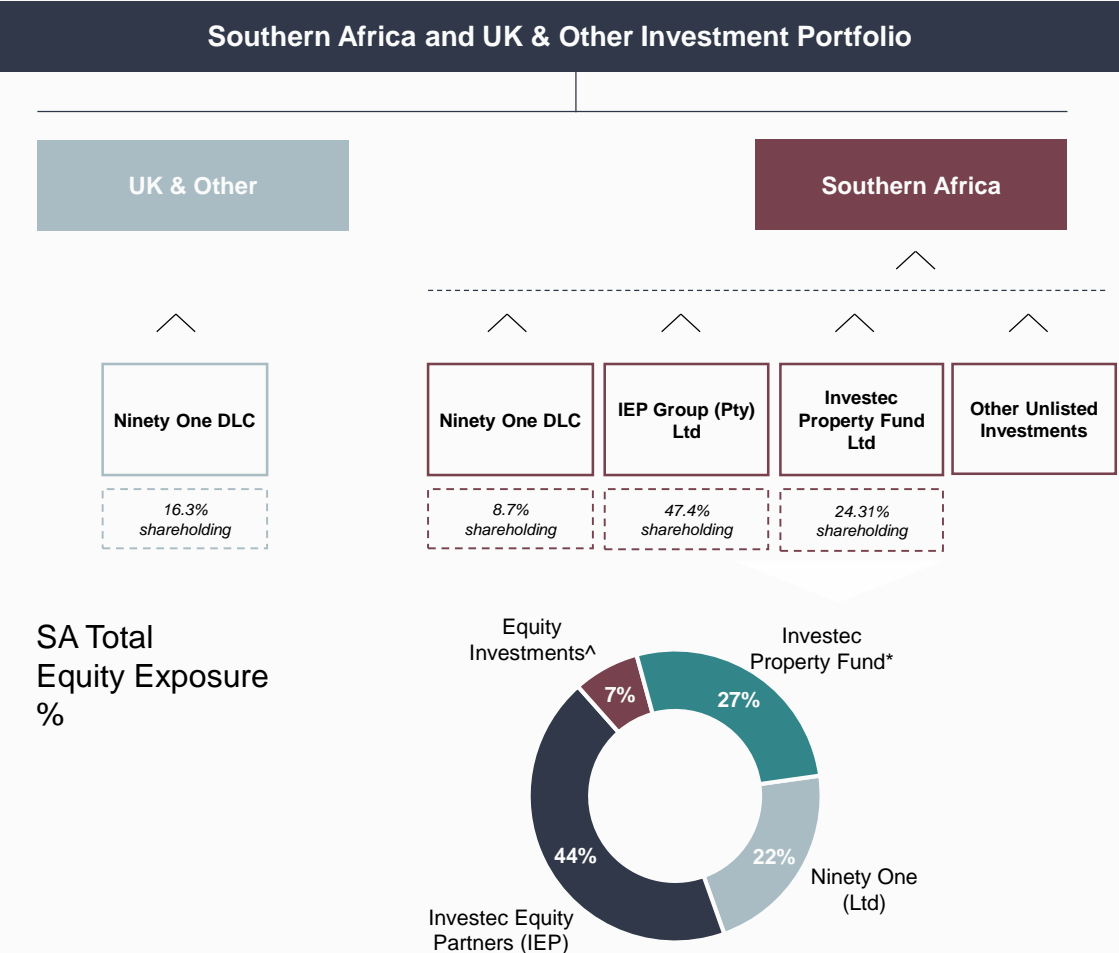
46.3%

£2 148mn

£1 851mn

# Group Investments overview

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



## Ninety One DLC

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

## IEP Group (Pty) Ltd

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

## Investec Property Fund Limited (IPF)

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

## Investec Australia Property Fund (IAPF)

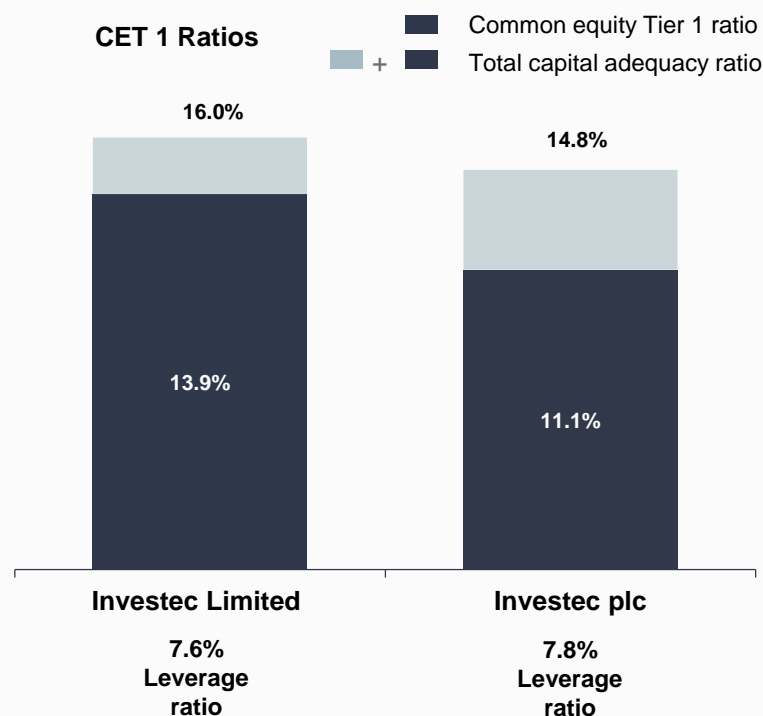
- Investec disposed of its 9.1% holding in IAPF in the second half of FY21

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

# Capital generation

*Well capitalised, lowly leveraged balance sheet with improving capital generation*

## Healthy capital position



Existing capital generation supports growth and dividends

## Positive capital generation across businesses

- Capital and leverage ratios remain ahead of both internal board-approved minimum targets and regulatory requirements
- The group targets a minimum CET1 ratio above 10%, a tier 1 ratio above 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited, respectively.
- Investec has a stated dividend policy of 30% to 50% pay out ratio
- Capacity to support RWA growth of c.8-10% p.a. (c.7%-8% UK Bank, c.8-10% SA Bank)
- Maintain appropriate capital adequacy / buffer across Investec plc and Investec Limited
- Dividends from the Wealth & Investment business will continue to be passed through to shareholders
- Managing down our non-core equity investments portfolio, releasing material capital and offering optionality

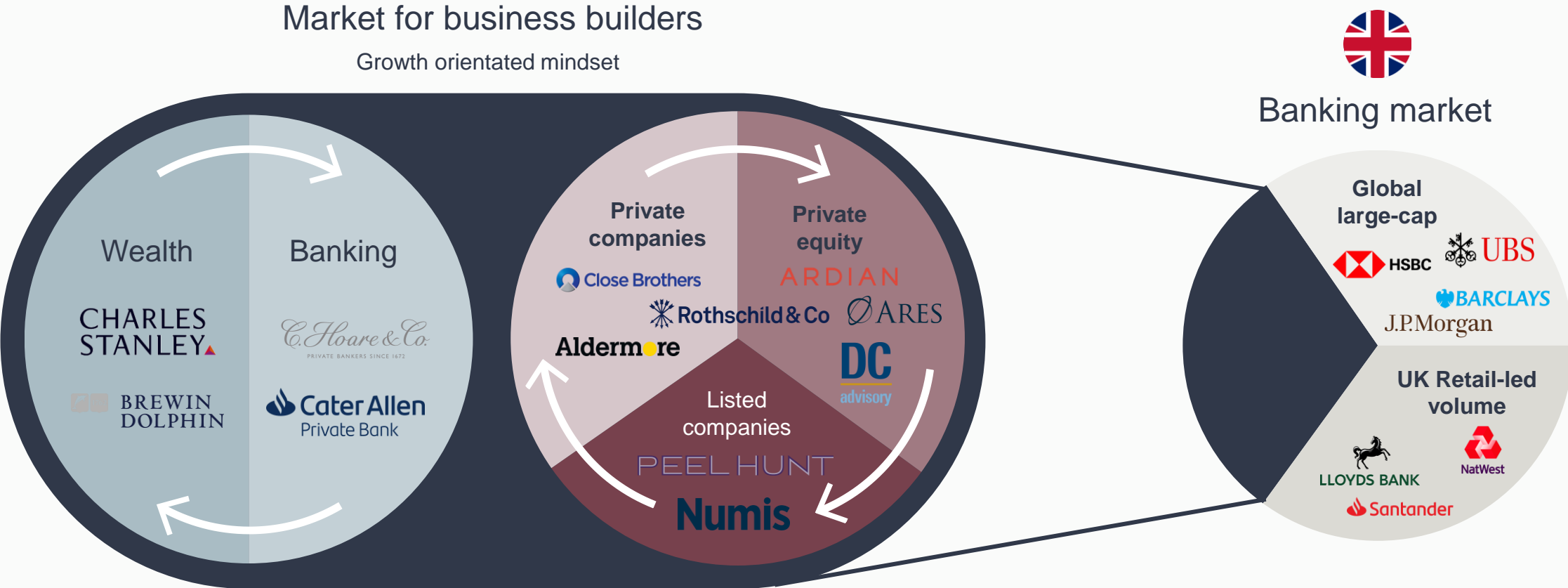


# Appendix

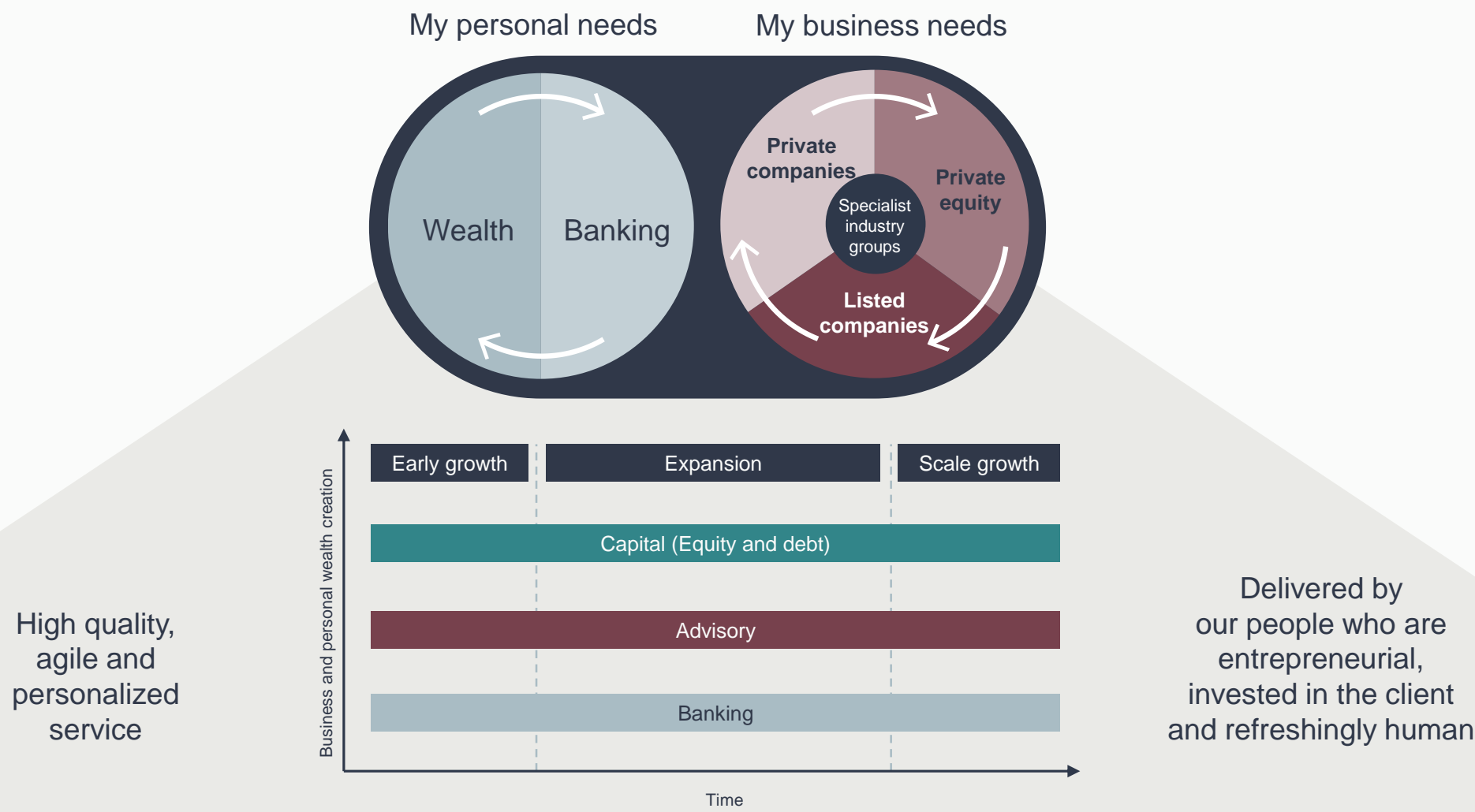
- **Investec organisational structure**
- **Specialist Banking**
  - UK Specialist Banking overview
  - SA Specialist Banking overview
- **Wealth & Investment**
  - UK Wealth & Investment overview
  - SA Wealth & Investment overview
- **Capital**
- **Asset Quality**
- **Credit Ratings**
- **Sustainability**
- **Restatements**



# UK Specialist Banking: Strong market position; uniquely positioned




# UK Specialist Banking: Delivering a breadth of capabilities



# UK Specialist Banking: private clients

Now positioned for accelerated growth

Franchise

Large addressable market

90,000 UK individuals meet the target criteria\*

Fully invested


Invested in talent, platforms, marketing and digital


Growing to plan

Book growth | 35.2% 4yr CAGR to 31 March 2021

Private client growth | 26.9% 4yr CAGR to 31 March 2021

Award winning products





2019  
Private bank of the year



Note: \* Entrepreneurially minded, active wealth creators, who are time poor and have at least £300k per annum in income and £3 million in NAV

# UK Specialist Banking: private companies

Scale of this underserved market represents significant opportunity for growth

 Franchise

### Scale of UK private companies market

20,000 UK private companies identified as potential new corporate clients

### Breadth of solutions

Full suite of banking products for this significant underserved community

### Growing to plan

Book growth | 20.7% 4yr CAGR to 31 March 2021  
Asset Finance client growth | 9.8% 4yr CAGR to 31 March 2021

### Award winning products



Winner - Best Leasing & Asset Finance Provider ('19 - '21)




Winner - Best Business FX Provider ('21)



# UK Specialist Banking: private equity

*Low capital, low cost intensity model for growth*

 Franchise

Large addressable market

c. 200 Funds active across the UK, Benelux and DACH regions

Fully integrated


Scale & diversified client proposition – capital & advice

Growing to plan

Book growth | 4.9% 4yr CAGR to 31 Mar 2021

Average revenue per client & average # products per client growing

Award winning products




Investec named 'Bank of the Year' at the 2020 & 2019 Real Deals Private Equity Awards.



# UK Specialist Banking: listed companies

*Market leading broker poised for further growth*

 Franchise

### Top ranked UK Broker

Raised £3.5bn in equity fundraisings across 30 corporate clients in FY21

### Breadth of capabilities

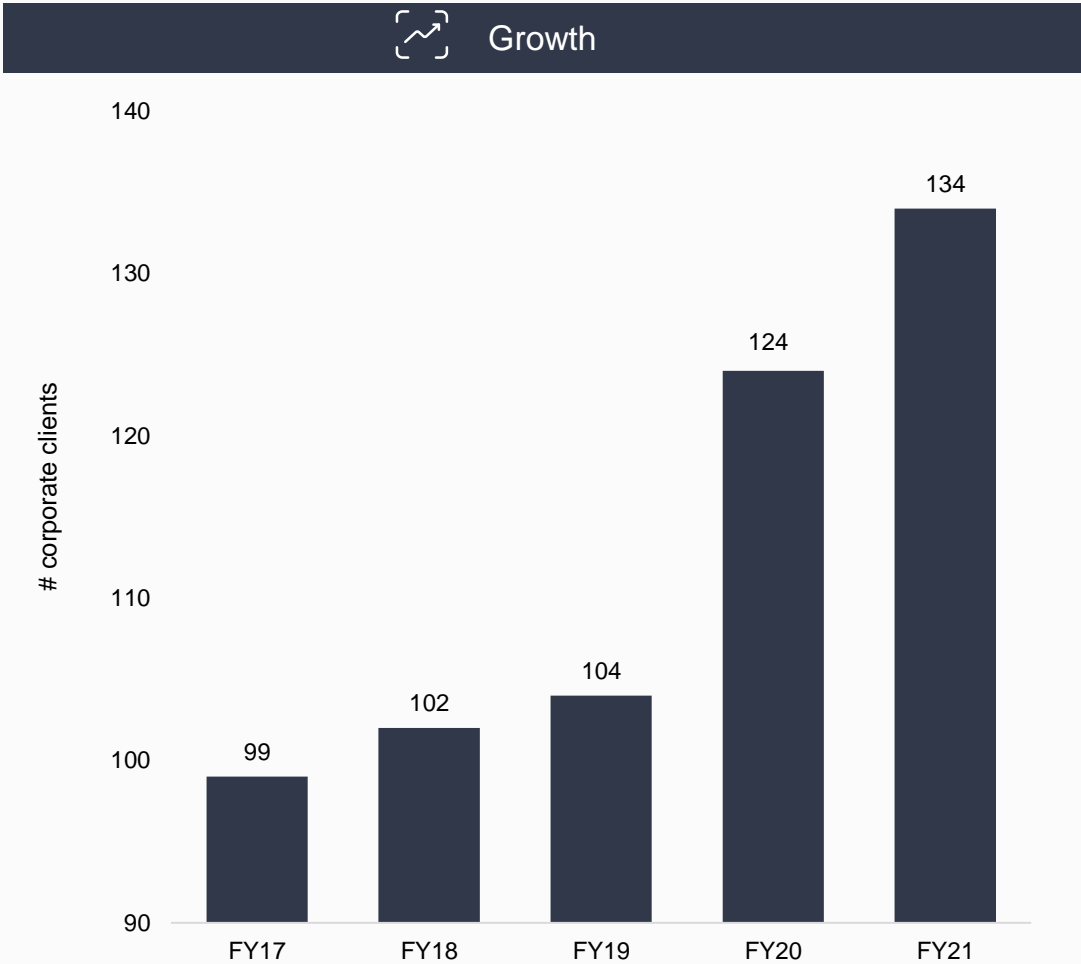
‘Not just a broker’ – 39% multi-product clients

### Growing to plan

Corporate client growth | 7.9% 4yr CAGR to 31 Mar 2021

Institutional Investor 2020

1 <sup>st</sup>	Corporate Broking team (2019: 4 <sup>th</sup> )	1 <sup>st</sup>	6 top-ranked analysts More than any other Broker
1 <sup>st</sup>	Research team in 7 sectors (2019: 1 <sup>st</sup> in 2 sectors)	2 <sup>nd</sup>	Equity Sales team (2019: 3 <sup>rd</sup> )





# UK Specialist Banking: specialist industry groups

*Deep sector expertise in our award-winning specialist areas*



Aviation

Recognised international leader

Market recovery opportunity

Global airlines & lessors



Power & Infrastructure Finance

US & UK strength

Strong thematic growth

Corporates & funds



Real Estate

UK-focused

Resilient target market

Individuals, corporates & funds

As at 31 Mar 2021

Book size	>	£390mn
Debt Fund AUM	>	£417mn
Equity Fund AUM	>	£108mn
Client numbers	>	31

Book size*	>	£759mn
Client numbers*	>	100

Book size**	>	£2.1bn
Client numbers**	>	93



# SA Specialist Banking

*We have a specialised niche offering to a select target market*



- **Invested in our business**, sustainably growing our client base and franchise



- Strong technology and digital platforms underpin our **high-tech and high-touch offering**
- Continuous investment to maintain leading position (One Place, Investec Life, Transactional Banking)



- **Deepening** our existing **client relationships** and **client acquisition** through the collaboration of product offerings
- We have a number of **growth initiatives**



- Our growth initiatives and strong franchise support our **solid revenue base**



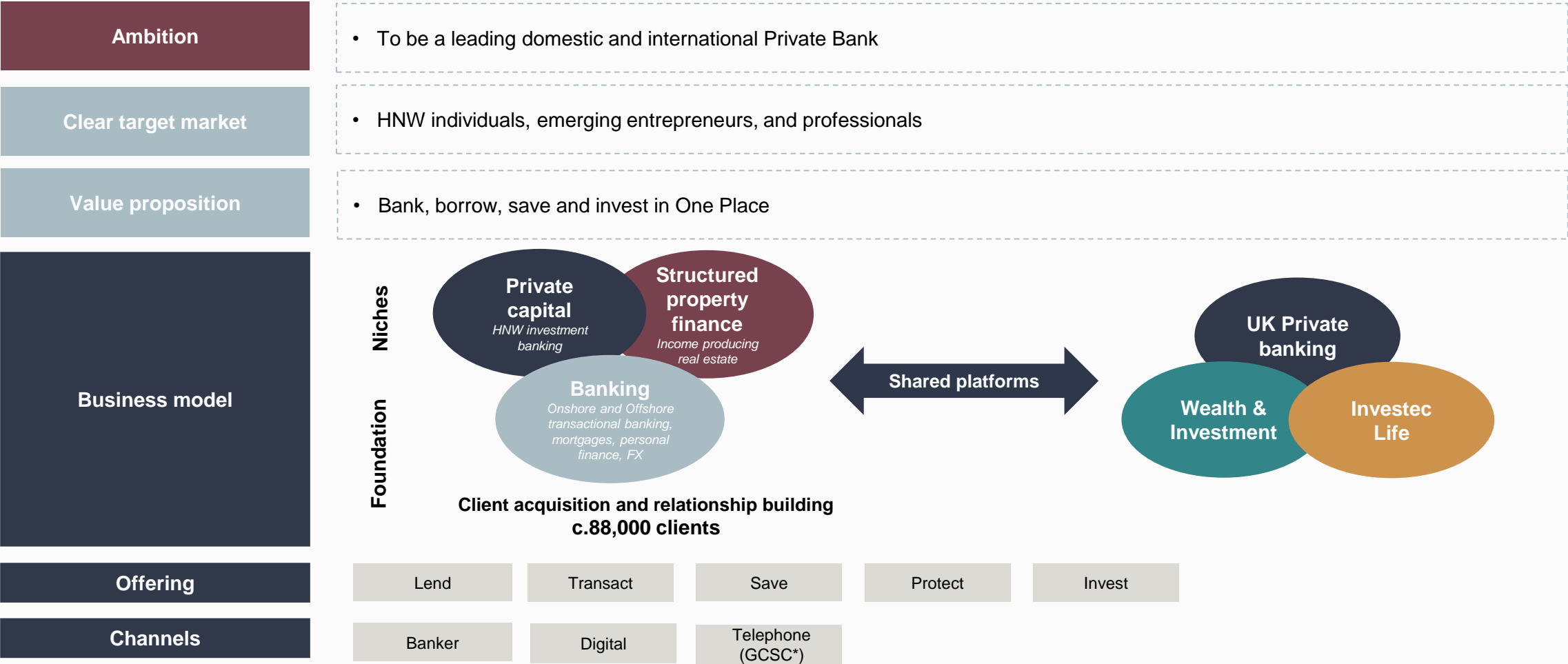
- **Maintaining cost efficiency** with low cost to income ratios



- Maintaining sound capital ratios and low credit loss ratios through varying market conditions
- Enhancing our capital light revenue base
- Disciplined capital allocation
- **We remain focused on improving ROE**

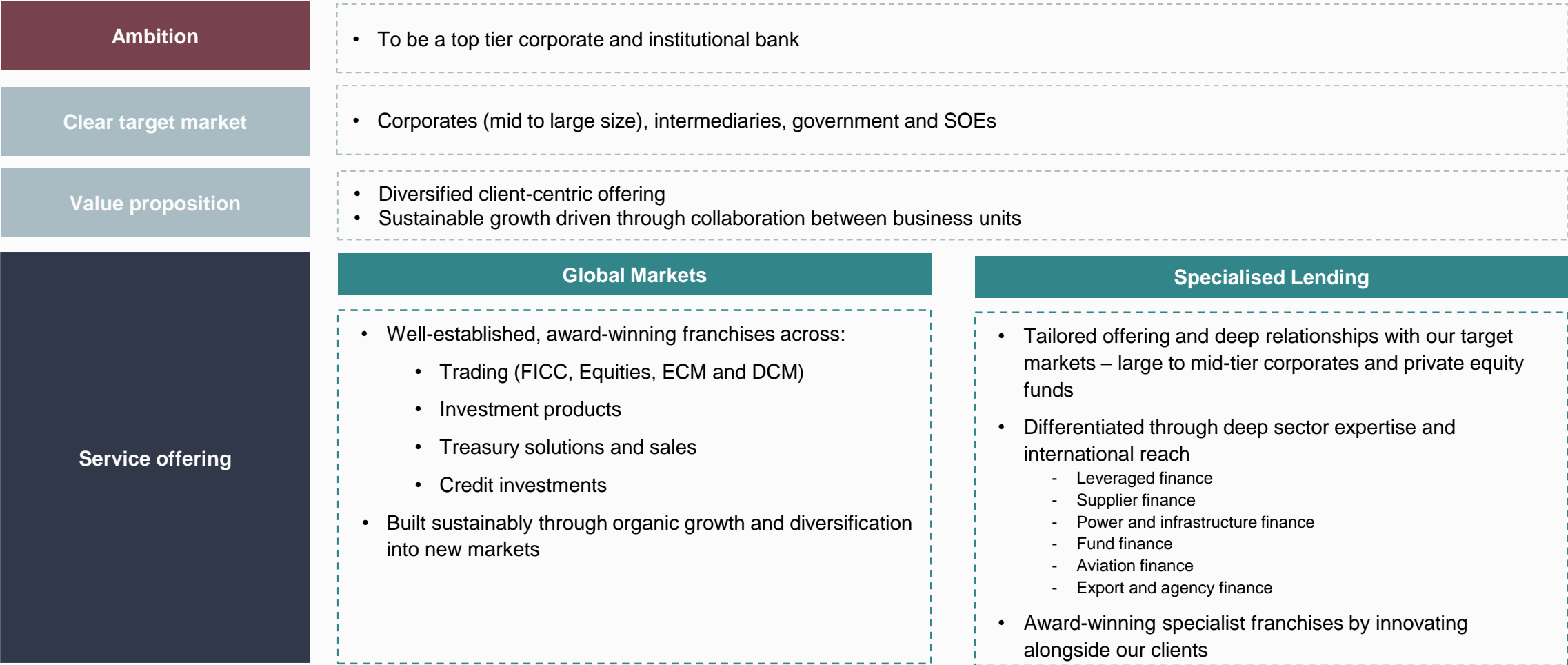
# SA Specialist Banking: Private Banking

A full-service Private Banking offering integrated into One Place



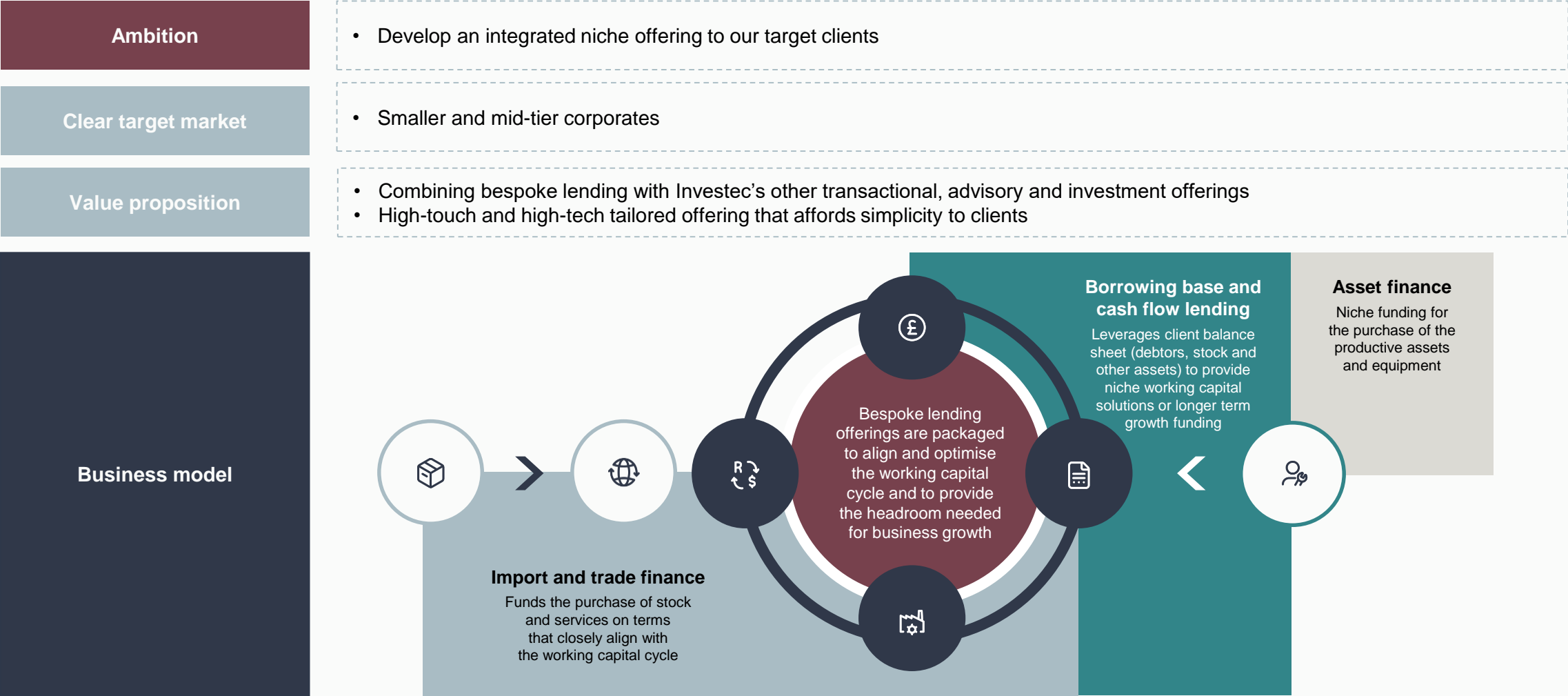
# SA Specialist Banking: Corporate and Institutional Banking

*Strong franchise value and leading market position in our niche markets*



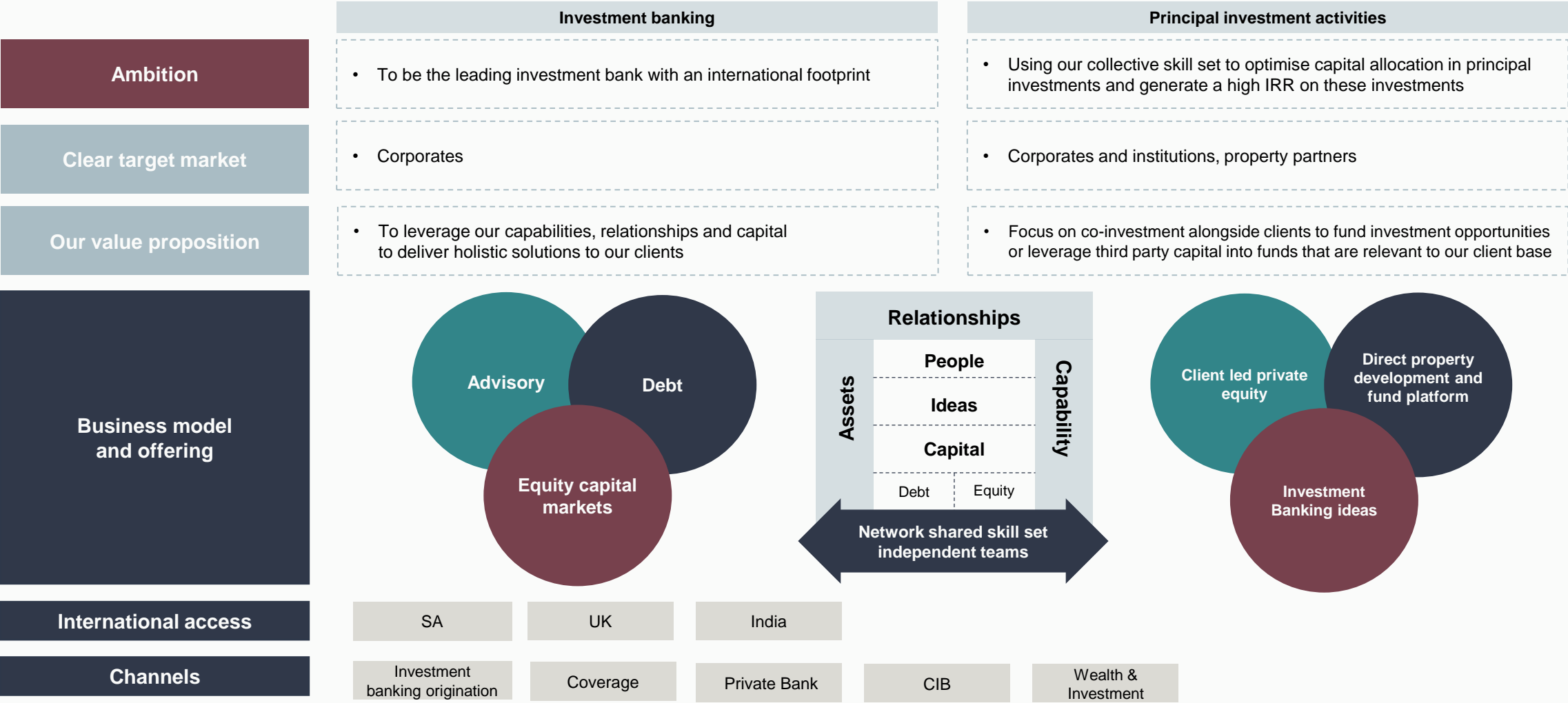
# SA Specialist Banking: Investec for Business

*Bespoke lending offerings for working capital optimisation and business growth*



# SA Specialist Banking: Investment Banking and Principal Investments

*Delivering holistic investment solutions to clients*

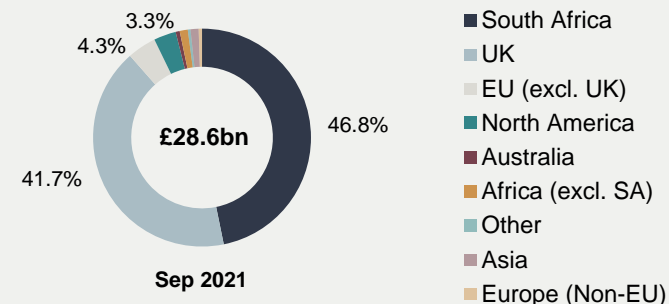


# UK and SA Specialist Banking: exposures in a select target market

Credit and counterparty exposures are to a select target market: HNW and high income clients, mid to large corporates and public sector bodies and institutions

## Gross core loans\* by country of exposure

- The majority of exposures reside in the **UK and South Africa**
- 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



## Gross core loans\* by risk category

### South Africa

#### Corporate and other

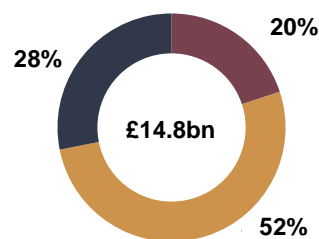
Acquisition finance	20.0%
Fund finance	2.7%
Asset finance	2.3%
Power & Infrastructure Finance	2.0%
Financial institutions and governments	1.1%

#### Lending collateralised by property

Commercial real estate	17.3%
Residential real estate	2.7%

#### High net worth and other private client

HNW and private client - mortgages	28.1%
HNW and specialised lending	23.8%



### UK and other

#### Corporate and other

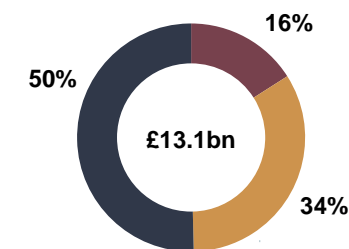
Acquisition finance	12.1%
Fund finance	10.3%
Other corporate, institutional, govt. loans	5.1%
Power & Infrastructure Finance	4.9%
Asset based lending	2.6%
Asset finance	15.3%

#### Lending collateralised by property

Commercial real estate	10.8%
Residential real estate	5.2%

#### High net worth and other private client

HNW and private client - mortgages	27.0%
HNW and specialised lending	6.7%



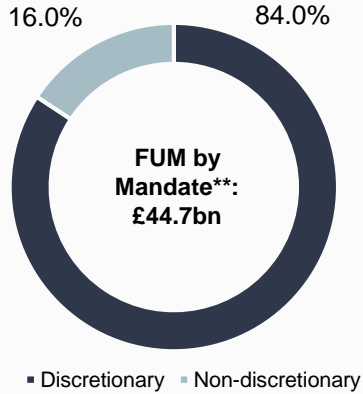


# UK Wealth & Investment

A leading UK private client manager targeting mass affluent and increasingly high net worth client base

## Key facts\*

Total FUM	£44.7bn <sup>^</sup>
% UK discretionary	84% <sup>^^</sup>
% UK direct	c.83%
Target client	> £250k
# of UK client relationships	c.40,000
# of UK offices	15
# of UK IMs	316
# of UK FPs	40

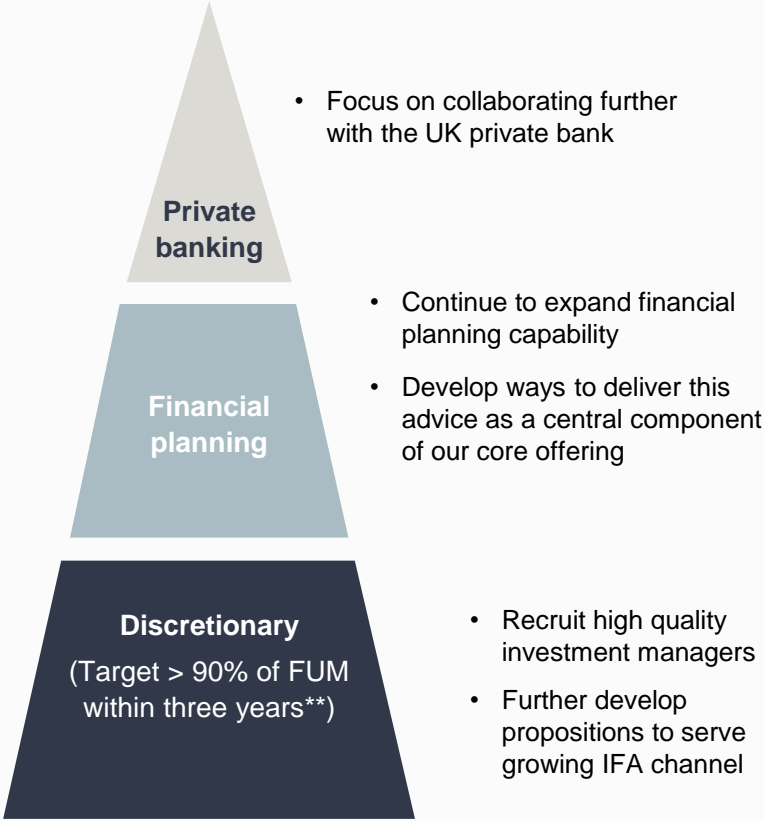


The UK operation is conducted through Investec Wealth & Investment Limited. The other Wealth & Investment operations are conducted through Investec Bank Switzerland and Investec Wealth & Investment Channel Islands.

## Market factors

- Well placed to benefit from evolving UK market
- Supportive demographic factors with continued growth in household wealth
- “Advice gap” post Retail Distribution Review (RDR) and Pension Freedoms underpinning strong demand for financial advice and long-term savings solutions
- Competitive market remains relatively fragmented, providing opportunities for potential consolidation

## Future growth drivers

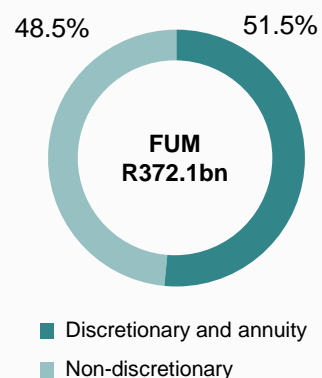


# SA Wealth & Investment

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

## Key facts\*

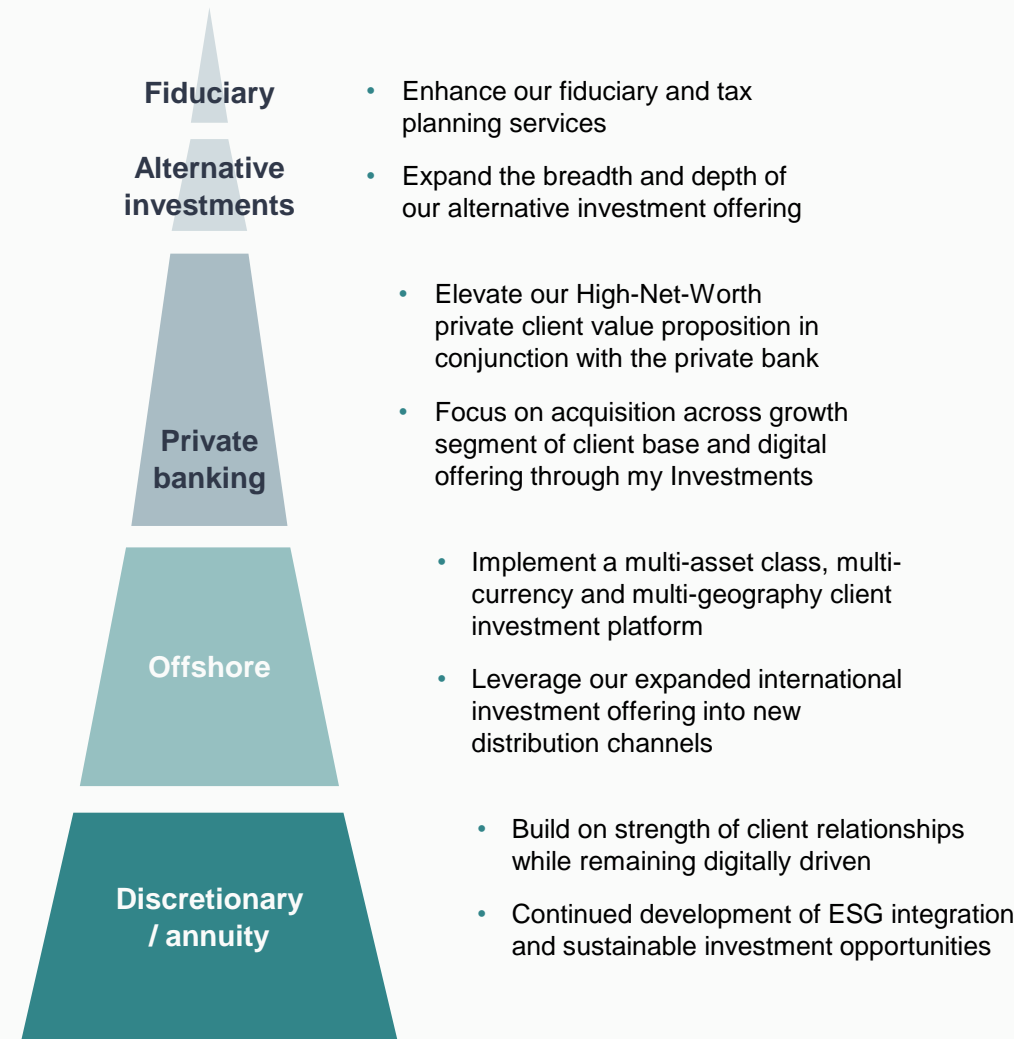
<b>Total FUM</b>	R372.1bn
<b>% discretionary and annuity</b>	51.5%
<b>% of disc. and annuity offshore</b>	67%
<b>Operating margin</b>	31.5%
<b>Average yield disc. and annuity</b>	90 bps
<b>Target client</b>	> R5mn
<b># of clients</b>	c.45,100
<b># of offices</b>	10
<b># of investment managers</b>	113



## Market factors

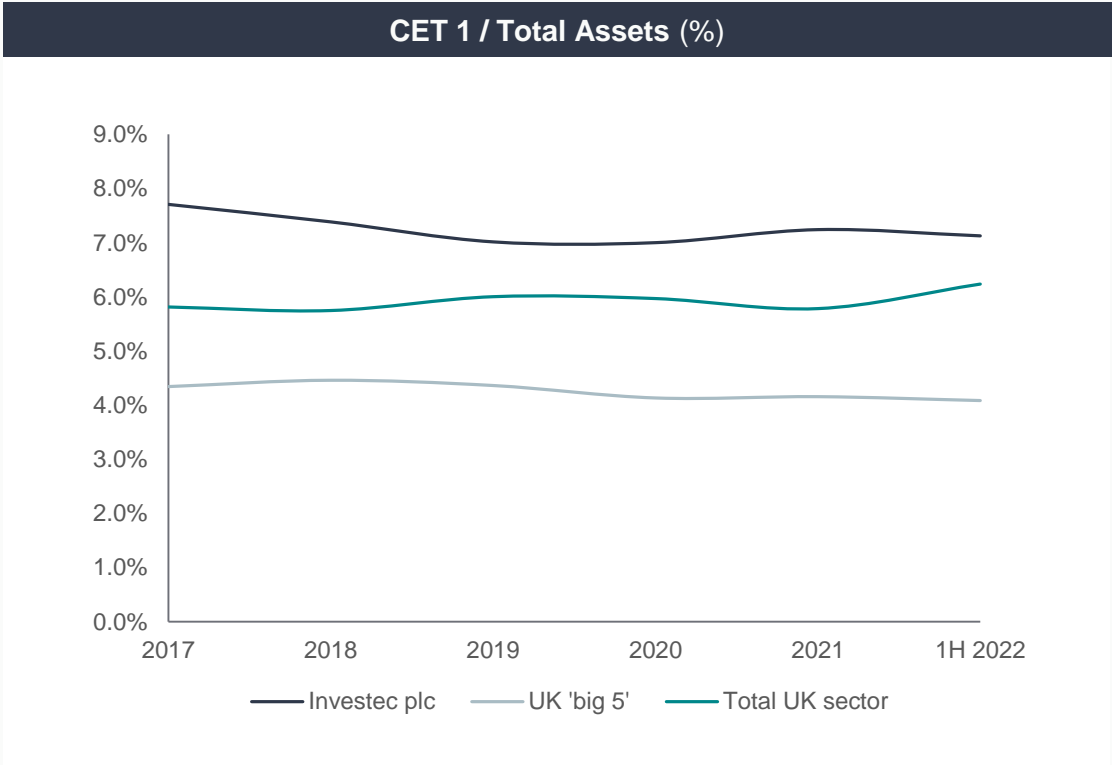
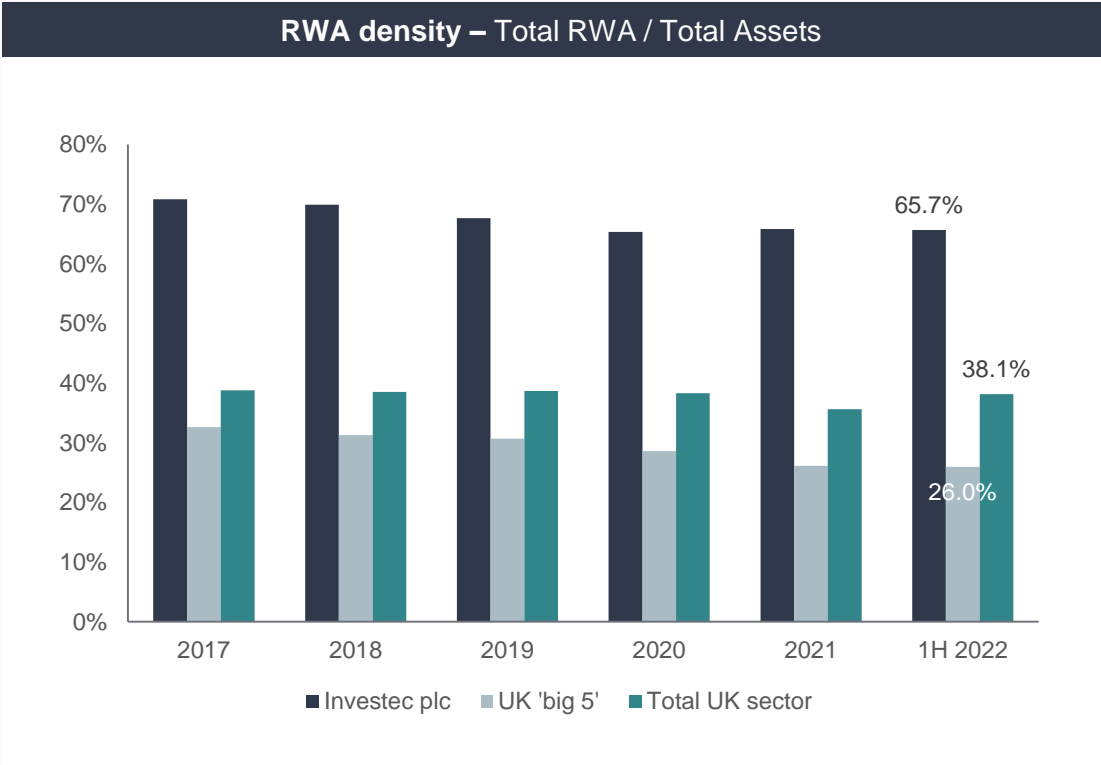
- A unique proposition for an ever-changing market
- Growing appetite for ESG considerations and sustainable investment opportunities
- Consistent demand for offshore investments and global opportunities, in traditional and alternative investments
- Increasing demand for holistic advisory wealth management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

## Future growth drivers



# Investec plc: we inherently hold more capital per unit of risk

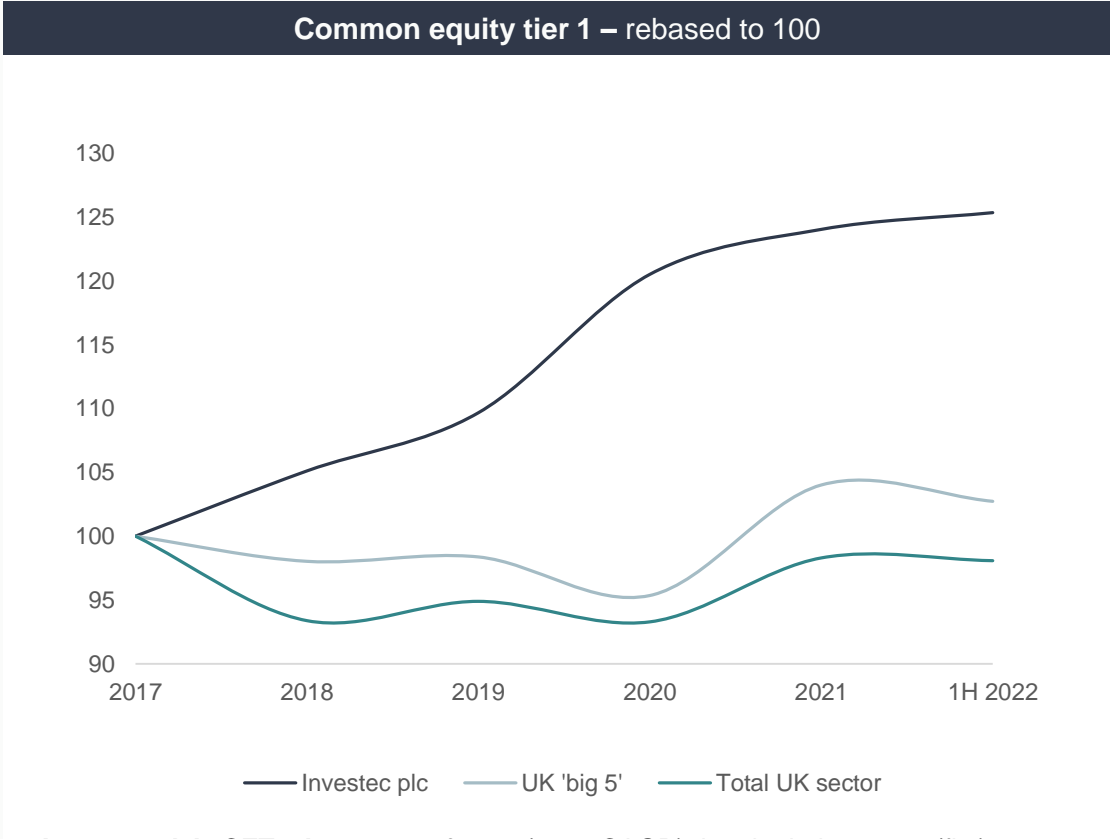
*As we use the standardised approach for RWA calculations, our capital ratios are not directly comparable with peers*



- We use the **standardised approach** for our RWA calculations – while peers are largely on the advanced approach
- The result is that our **RWA density at 65.7% is above** the sector average of 38.1%
- Our **RWA density is more than 2x higher** than the 'big 5' UK peers
- We **hold more CET 1 to our total assets than our peer group does** – primarily as a result of higher RWA density from using the standardised approach
- Our **CET 1 / Total assets is 7.1%** - which is 90bps higher than the UK sector on a similar measure

Where the UK 'big 5' banks include HSBC, RBS, Lloyds, Barclays and Standard Chartered (source: Thomson Reuters - All adjusted to GBP) and the Total UK sector is per the Bank of England (source: <https://www.bankofengland.co.uk/statistics/banking-sector-regulatory-capital/2020/2020-q2>). Peers are shown at the June 2021 period as this is the closest match to the period under review (Investec plc's 30 September half year-end).

# Investec plc: strong internal capital generation



- Investec has **strong organic capital generation** and has not required recourse to government or shareholders
- CET 1 and total capital levels have both grown robustly** at c.6% CAGR each since 2017

- Investec plc's CET 1 has grown faster** (c.5% CAGR) than both the sector (flat) and the UK 'big 5' (c.1% CAGR) since 2017

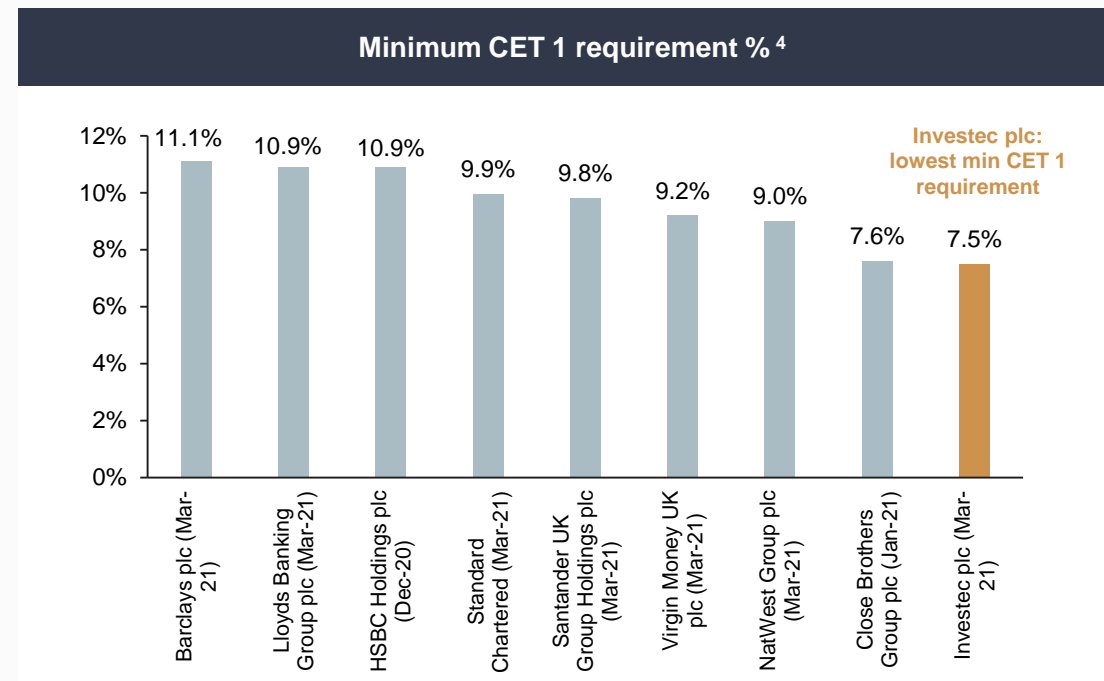
Where the UK 'big 5' banks include HSBC, RBS, Lloyds, Barclays and Standard Chartered (source: Thomson Reuters - All adjusted to GBP) and the Total UK sector is per the Bank of England (source: <https://www.bankofengland.co.uk/statistics/banking-sector-regulatory-capital/2020/2020-q2>). Peers are shown at the June 2021 period as this is the closest match to the period under review (Investec plc's 30 September half year-end).

# Investec plc: sound capital ratios in excess of internal and regulatory minimums

*Robust headroom of 3.5% above the MDA threshold as at 30 September 2021*

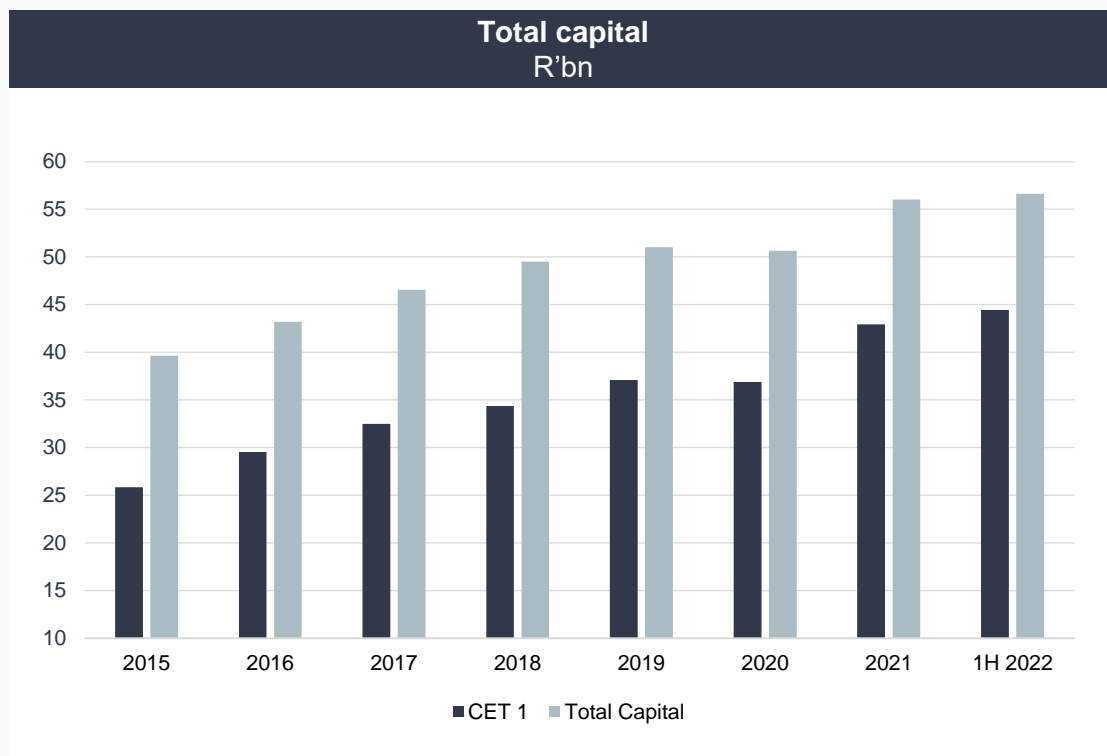
Capital ratios <sup>^</sup>			
	30Sept 2021	31 Mar 2021	Target
Common equity tier 1 (as reported)	10.9%	11.0%	>10%
Common equity tier 1 ('fully loaded') <sup>1</sup>	10.5%	10.5%	
Tier 1 (as reported)	12.2%	12.7%	>11%
Total capital ratio (as reported/ pro-forma <sup>5</sup> )	14.6%/ 16.6%	14.9%	14% to 17%
Leverage ratio <sup>2</sup> – current	7.7%	7.8%	>6%
Leverage ratio <sup>2</sup> – 'fully loaded' <sup>1</sup>	7.3%	7.4%	
Leverage ratio <sup>2</sup> – current UK leverage ratio framework <sup>3</sup>	8.7%	9.0%	

- Investec holds capital in excess of regulatory requirements and internal capital targets and intends to perpetuate this philosophy and ensure that it remains well capitalised
- The bank has never required shareholder or government support and we have never missed a preference share or AT1 instrument coupon payment
- In March 2021, the Bank of England re-confirmed the preferred resolution strategy for Investec Bank plc to be 'modified insolvency'. As a result, the BoE has therefore set Investec Bank plc's MREL requirement as equal to its regulatory capital requirements (Pillar 1 + Pillar 2A)

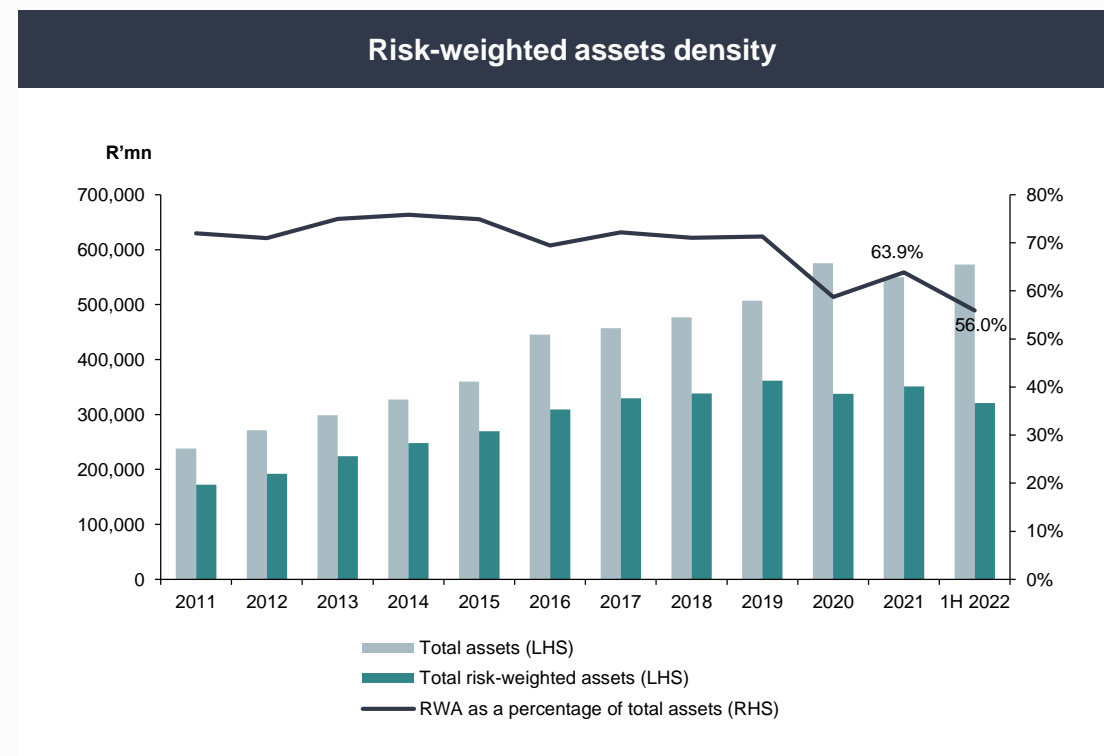


- Under our current capital requirements, Investec plc CET 1 regulatory minimum is 7.5% while Investec plc's reported ratio was 10.9% at 30 September 2021, providing a 3.4% surplus relative to the regulatory minimum before buffers (which are also allowed to be used in times of stress)
- Investec plc's minimum CET1 requirement at 30 September, calculated using the same methodology as at 31 March 2021, is 7.5% comprising a 4.5% Pillar 1 minimum requirement, a 0.46% Pillar 2A requirement, a 2.5% Capital Conservation Buffer (CCB) and a 0.03% Countercyclical Capital Buffer (CCyB)
- Investec plc continues to have the lowest PRA prescribed Pillar 2A capital requirement of all UK holding companies shown above

# Investec Limited: sound capital base



- Investec has **strong organic capital generation** and has not required recourse to government or shareholders
- CET 1 and total capital levels have grown robustly** at 7.2% and 4.5% CAGR respectively since 2017

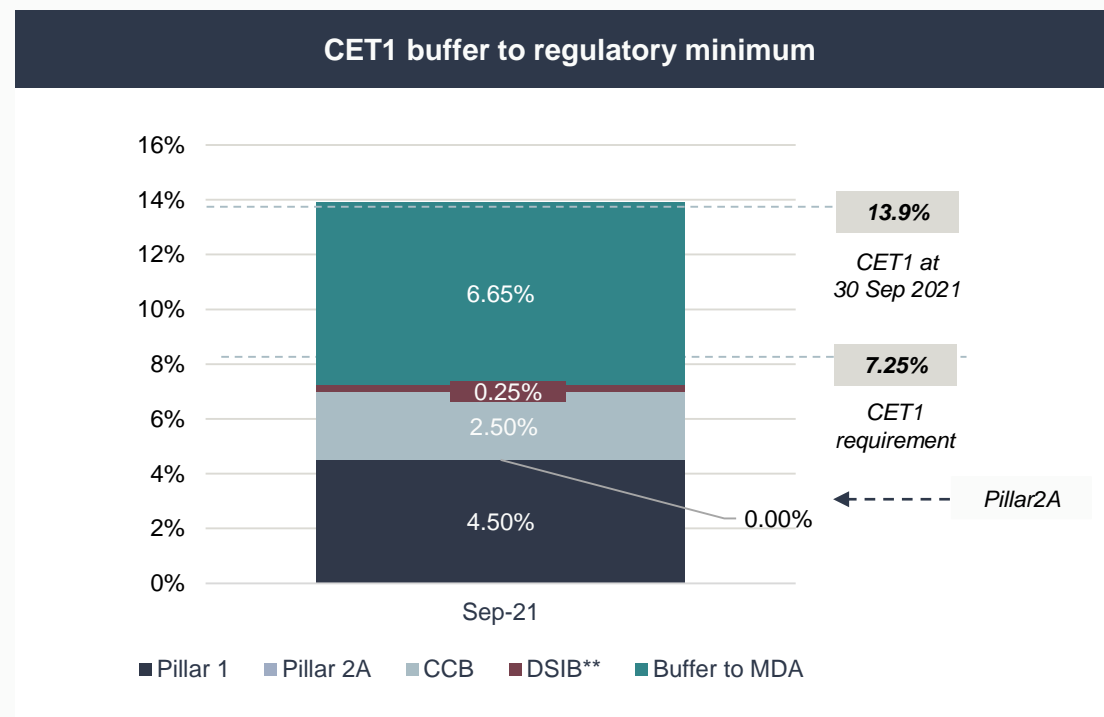


- Effective 1 April 2019, the Foundation Internal Ratings-Based ('**FIRB**') measurement of credit capital was adopted resulting in **lower RWA density and a positive impact on Investec Limited's capital ratios**.
- Effective 1 April 2021 approval was received to adopt the advanced internal ratings based (**AIRB**) approach for the SME and Corporate models (Increased AIRB scope)
- Investec Limited's Total RWAs / Total assets is 56.0% on Increased AIRB scope (Mar 2021: 63.9% on FIRB)

# Investec Limited: sound capital ratios in excess of internal and regulatory minimums

Capital ratios			
	Increased AIRB Scope*		FIRB
	30 Sep 2021	31 Mar 2021	31 Mar 2021
CET1 (as reported)	13.9%	12.8%	12.2%
CET1 (fully loaded) #	13.9%	12.8%	12.2%
Tier 1 (as reported)	14.8%	13.4%	12.8%
Total capital adequacy ratio (as reported)	17.7%	16.6%	16.0%
Leverage ratio* (current)	7.6%	7.6%	7.6%
Leverage ratio* (fully loaded) #	7.5%	7.5%	7.5%

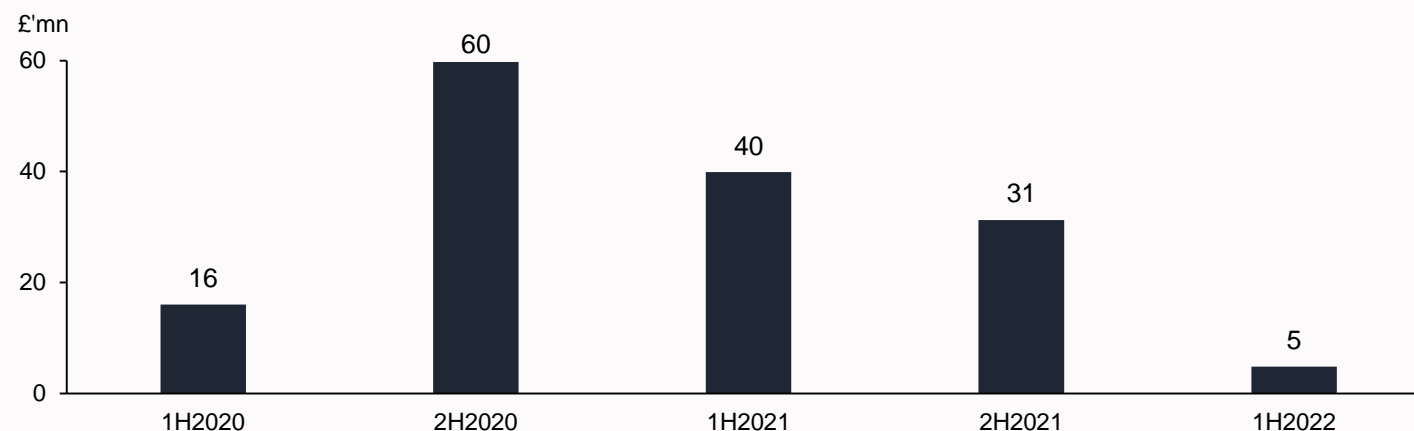
- Investec Limited **maintained a sound capital position** with a CET1 ratio of 13.9% and a total capital adequacy ratio of 17.7% at 30 Sep 2021. **Leverage ratios remain robust** at 7.6% at 30 Sep 2021
- Investec received regulatory permission to adopt the FIRB approach, effective 1 April 2019,
- Approval was received to adopt the Advanced Internal Ratings Based (**AIRB**) approach for the SME and Corporate models effective 1 April 2021. We presented numbers on a pro-forma basis for 31 March 2021



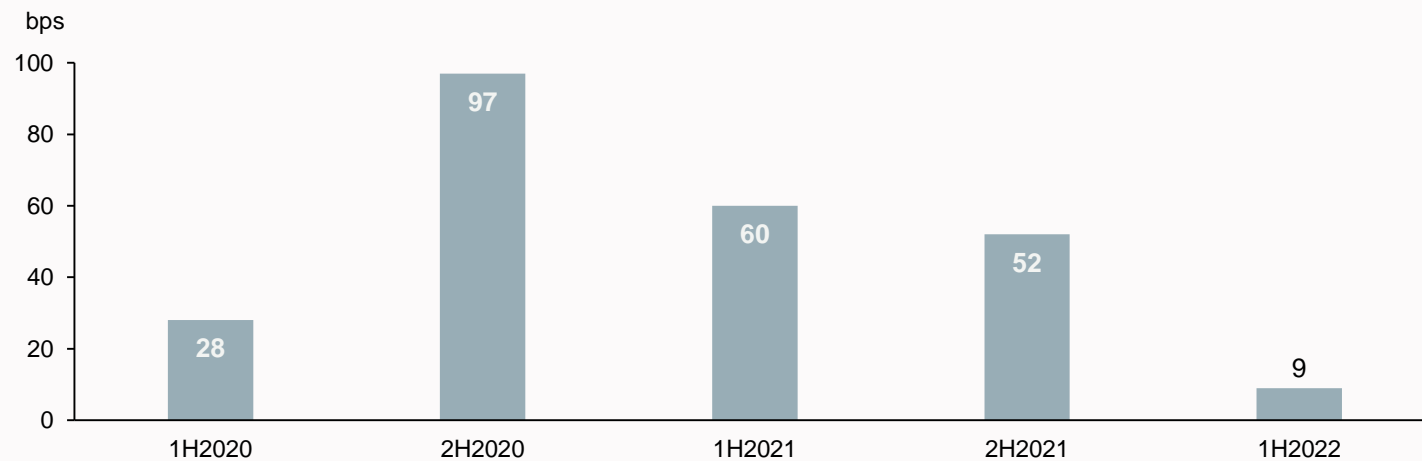
- Under our current capital requirements, Investec Limited's CET 1 regulatory minimum is 7.25% while our reported ratio was 13.9% at 30 Sep 2021, providing a **6.65% surplus relative to the regulatory minimum before buffers**
- On 6 April 2020, the SA Prudential Authority announced that the SA Pillar 2A rate be reduced to 0%. At 30 September 2021 the SA Pillar 2A rate has remained at 0%, however it is expected to be fully reinstated to 1% by 1 January 2022

# Unpacking the credit loss ratio – Investec plc

## Total ECL impairment charges



## Credit loss ratio

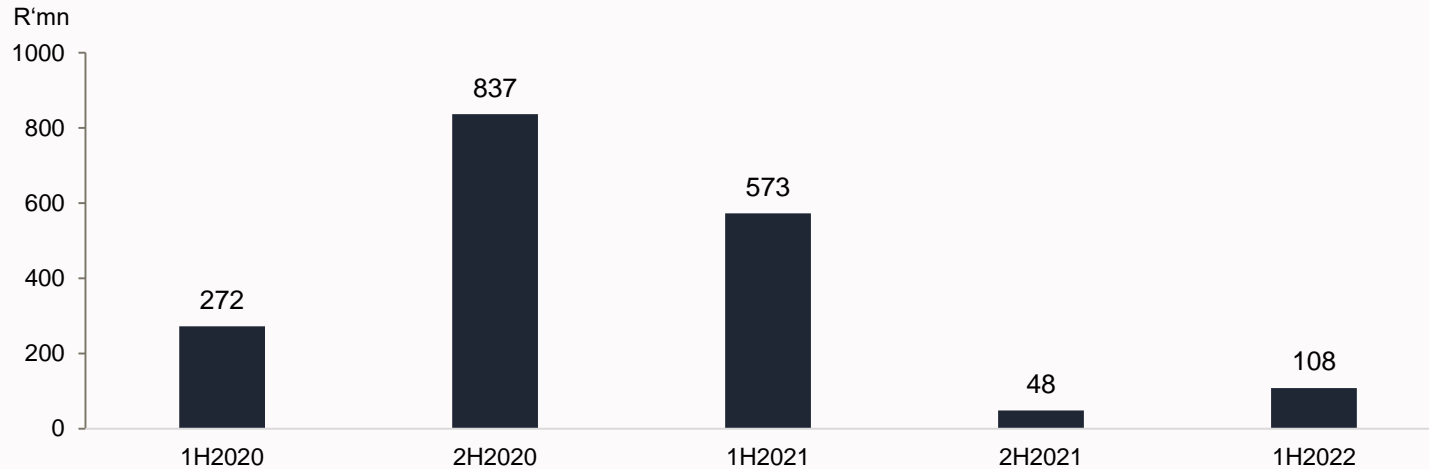


- Annualised CLR reduced to 9 bps from 60 bps at Sep-20 (Mar-21: 56bps)
- Total ECL charges of £4.9mn (Sep-20: £39.9mn) mainly driven by:
  - Lower specific impairments
  - Net model releases due to updated macro-economic scenarios
  - Post model overlays increased to account for continued economic uncertainty

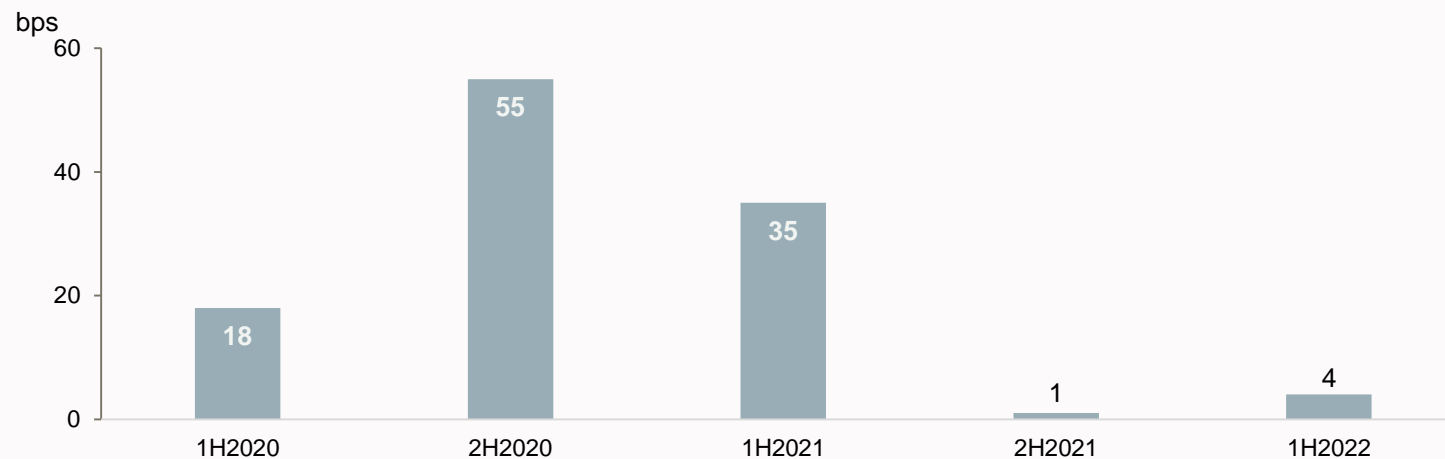


# Unpacking the credit loss ratio – Investec Ltd

## Total ECL impairment charges



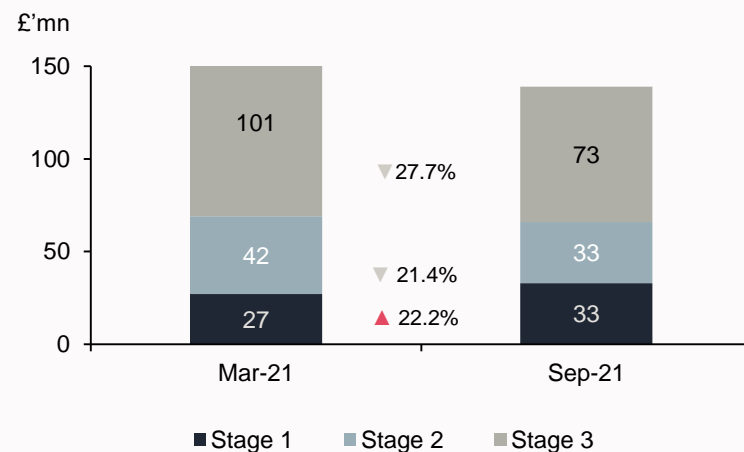
## Credit loss ratio



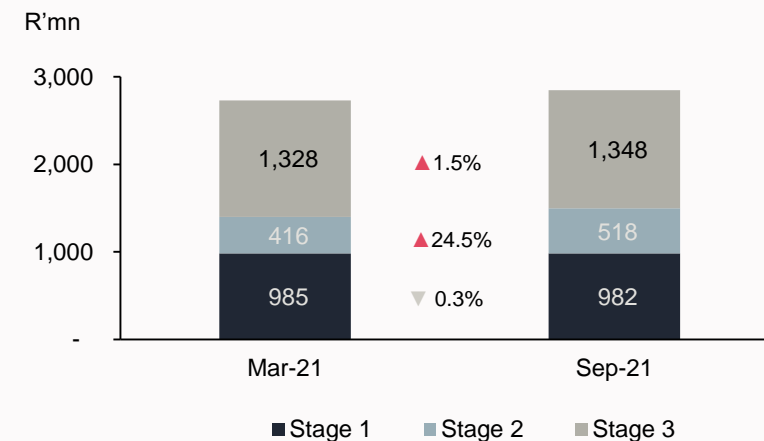
- Annualised CLR reduced to 4 bps from 35 bps at Sep-20 (Mar-21: 18 bps)
- Driven primarily by lower specific impairments including the reversal of certain prior year specific provisions and higher post write off recoveries.
- COVID-19 overlay of R290 million was maintained to account for continued economic uncertainty

# Balance sheet provisions

## Investec plc balance sheet ECL provision



## Investec Ltd balance sheet ECL provision



## Investec plc ECL coverage ratio %

	Mar-21	Sep-21
Stage 1	0.3%	0.3%
Stage 2	3.4%	3.9%
Stage 3	30.4%	26.5%
of which Ongoing Stage 3	26.8%	19.1%

## Investec Ltd ECL coverage ratio %

	Mar-21	Sep-21
Stage 1	0.4%	0.4%
Stage 2	2.8%	3.1%
Stage 3	17.9%	20.6%

# Credit ratings

Investec Bank Limited *				
	Fitch	Moody's	S&P	GCR
<b>Long term ratings</b>				
Foreign currency	BB-	Ba2	BB-	BB
National	AA+(zaf)	Aa1.za	za.AA	AA(za)
<b>Short term ratings</b>				
Foreign currency	B	NP	B	B
National	F1+ (zaf)	P-1.za	za.A-1+	A1+(ZA)
Outlook	Negative	Negative	Stable	Negative

Investec Limited *	
	Fitch
<b>Long term ratings</b>	
Foreign currency	BB-
National	AA+(zaf)
<b>Short term ratings</b>	
Foreign currency	B
National	F1+ (zaf)
Outlook	Negative

Investec Bank plc			
	Fitch	Moody's	GCR
<b>Long term ratings</b>			
Foreign currency	BBB+	A1	BBB+
<b>Short term ratings</b>			
Foreign currency	F2	P-1	A2
Outlook	Stable	Stable	Stable

Investec plc	
	Moody's
<b>Long term ratings</b>	
Foreign currency	Baa1
<b>Short term ratings</b>	
Foreign currency	P-2
Outlook	Stable

# Sustainability highlights

Ensuring that we do no harm, contribute positively, lend and invest responsibly and maintain our competitive ESG position

## PROGRESS MADE ON OUR CORE SDGS



### Net-Zero commitments

99.9%

Shareholders Scope 3 financed emissions resolution

Joined UN-Convened Net-Zero Banking Alliance



### Equality commitments

43%

Ethnic diversity on the board

36%

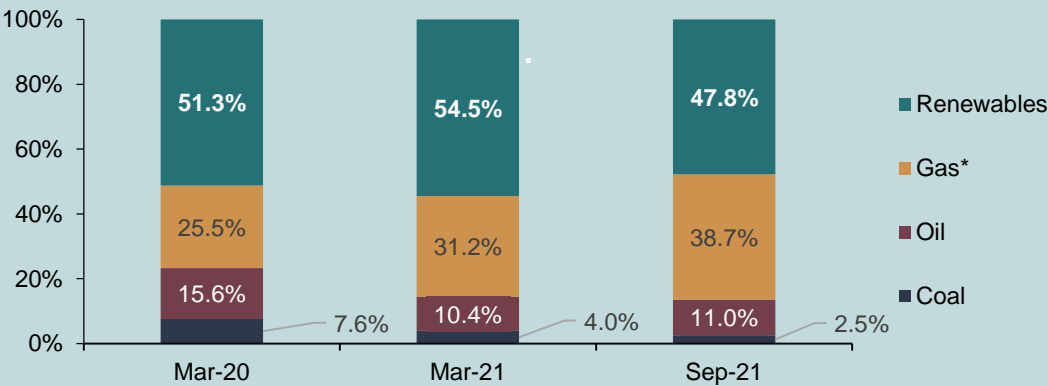
Women on the board

## MINIMAL LENDING TO COAL

0.11%

Coal exposure as a percentage of gross core loans (Mar-21: 0.17%).

### Group energy exposure



## SUSTAINABLE FINANCE AND RATINGS

\$600<sub>mn</sub>

Raised for Investec Bank plc through Sustainability linked Loan. (3x oversubscribed).

\$30.6<sub>mn</sub>

Raised by Investec Wealth & Investment as at 30-Sept 2021 through the launch of a Global Sustainable Equity Fund.

16.6

Low-risk Sustainalytics rating. Placing us in the Top 16% of the banking industry

Providing profitable, impactful and sustainable products and services | Incorporating sustainability in the way we do business and creating innovative solutions

\* Majority is natural gas

# Sustainability highlights

