

# Parliament representations to the Portfolio committee on Trade, Industry and Competition

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Engagement on access to development finance in support  
of industrialisation and economic transformation

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INVESTEC LIMITED

Date Tuesday 4 February 2025



# Key messages

- Investec stands as a distinctive international bank and wealth manager, dual listed on the Johannesburg Stock Exchange and London Stock Exchange
- We are driven by our unwavering commitment to our purpose, values, core philosophies, and culture
- We acknowledge our legal, moral, and social responsibilities to promote inclusive economic growth and transformation within South Africa
- Our obligations are, inter alia, enshrined in the Financial Sector Charter, which ensures our contributions to a stable financial sector and minimises losses arising from financial crises and bank failures
- The banking industry operates under stringent regulations designed to ensure financial stability (including safeguarding deposits) and prevent disproportionate impacts on society from financial losses
- Investec's credit practices are characterised by fairness, transparency, and strict adherence to regulatory requirements, ensuring compliance with laws that mandate non-discriminatory lending practices.

# Development finance



# Development finance

The NCA refers to development finance as developmental credit agreements, aimed at:

- Promoting access to credit
- Developing people and communities economically

Examples of developmental credit include:

1. Educational loans
2. Small business development loans
3. Low-income housing loans



# Our role in development finance

- Investec's business model as a distinctive international bank and wealth manager, dedicated to serving niche market segments where we can effectively compete and deliver substantial value. Our vision to create enduring worth is intrinsically linked to the sustainability of the economy
- Development finance products, as defined by the National Credit Act, fall outside the scope of our target market and business model
- Notwithstanding the definition, our strategy revolves around harnessing the expertise across our diverse business units to identify opportunities that maximise impact. We view medium and larger businesses as critical drivers of inclusive economic growth, representing key opportunities for South Africa
- Our approach to sustainable community investment is focused on
  - Education,
  - Learnerships,
  - Entrepreneurship, and
  - Job creation

Through these initiatives, we aim to contribute meaningfully to the broader economic landscape.

# Investec's Business Model



# Strategic positioning



**Our purpose is to  
create enduring worth**

- ✓ Partner for the long term, guided by our purpose
- ✓ Invested in transformational growth for our people, clients, shareholders, communities and planet



**Investec is a leading international  
bank and wealth manager, operating in two  
core geographies**

- ✓ Rich heritage in Private Banking, Corporate and Investment Banking, Property activities and Wealth & Investment
- ✓ We have relevance and scale in the markets we operate in and ability to generate profit to advance our purpose
- ✓ We serve select niches where we can compete effectively through market-leading specialist client franchises



**We are a people-backed business, our  
distinction is embodied in our  
entrepreneurial culture**

- ✓ Supported by a highly differentiated and client-centric 'Out of the Ordinary' approach
- ✓ And our ability to be nimble, flexible and innovative

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

Total SA employees\*

c.5 400+

Net core loans\*

R346.2bn

Customer deposits\*

R434.7bn

Funds under management\*

R479.1bn

## Key client groups and our offering



Corporate / Institutional / Government / Intermediary



Private Clients (HNW / high income) / Charities / Trusts



Specialist Banking



Wealth & Investment

Lending

Transactional  
banking

Treasury  
solutions

Advisory

Investment  
activities

Deposit  
raising  
activities

Discretionary  
wealth  
management

Investment  
advisory  
services

Financial  
planning

Stockbroking /  
execution only

**We have market-leading client franchises**

We provide a high level of client service supported by digital platforms

We are a people business backed by our Out of the Ordinary culture which embodies entrepreneurial spirit and freedom to operate

**Our  
stakeholders**



**Our clients**



**Our people**



**Our communities**



**Our suppliers**



**Our planet**



**Our investors**

\* Information as at 30 September 2024



# Our sector expertise



Retail and  
wholesalers



Energy and  
infrastructure



Financial  
institutions



Telecommunication,  
media and  
technology sector



Commerce



Property  
Development



Public sector



Real estate



Manufacturing



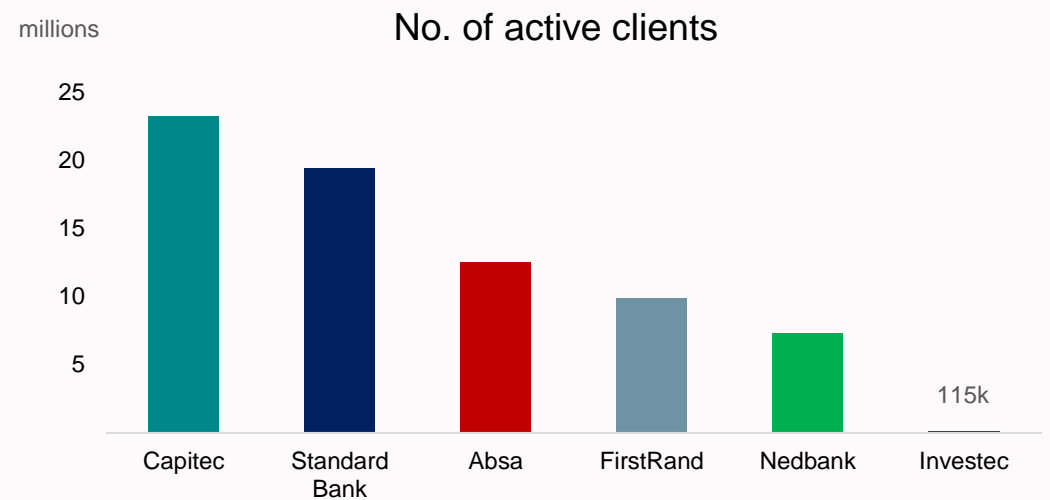
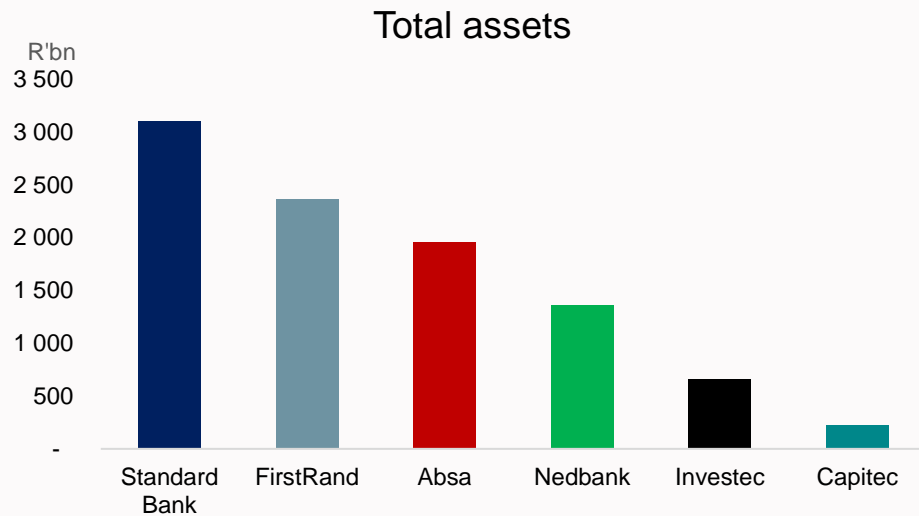
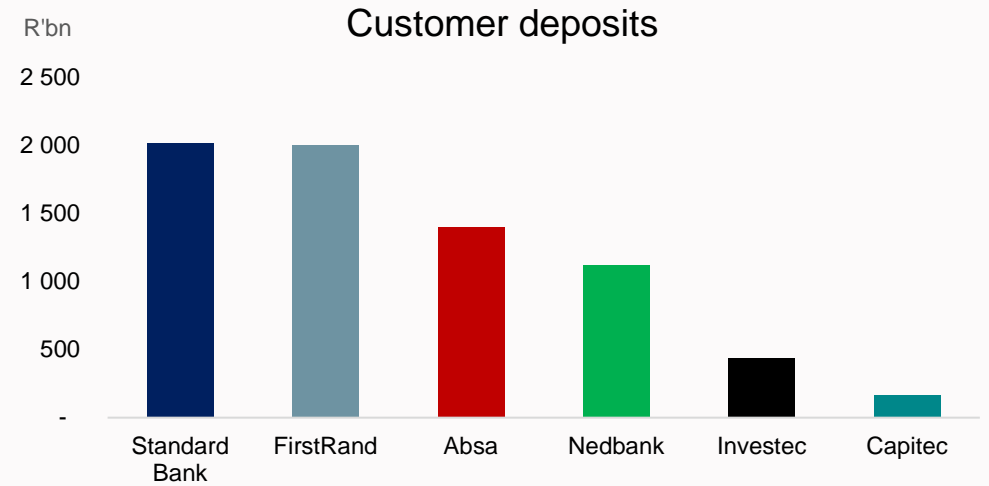
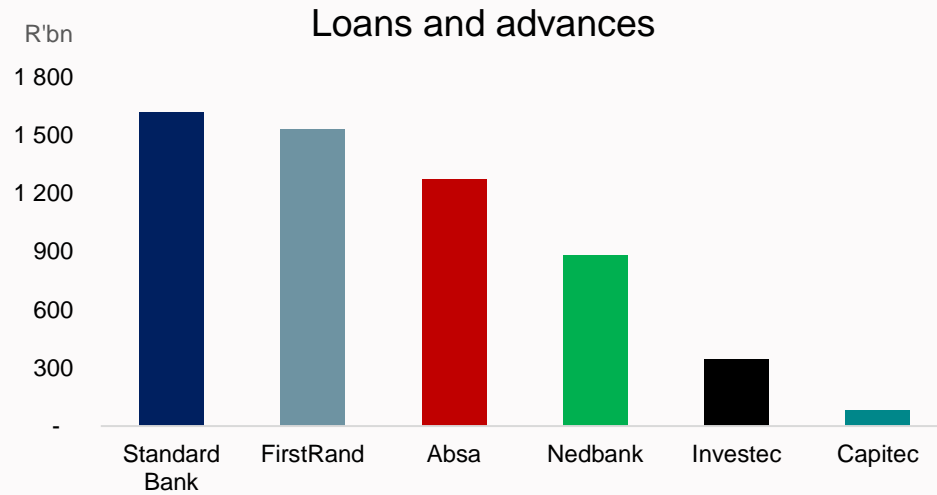
Transport

# Our distinction

Investec's business model differs from retail banks in that:

- We aim to build well defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.
- Our 'high touch and high tech' approach means we do not operate a traditional retail branch network. Clients have access to a 24/7 global Client Support Centre, specialist Private Banker and respective digital channels
- We provide South African businesses with unparalleled opportunities to connect with global players through our international footprint and expertise
  - Investec CEO Conference | Investec IMF breakfast | London Investment Week.

# Investec in context\*



\*Last reported financial information (30 Sept 2024 for Investec; 31 Aug 2024 for Capitec; 30 Jun 2024 for Absa, FirstRand, Nedbank and Standard Bank)

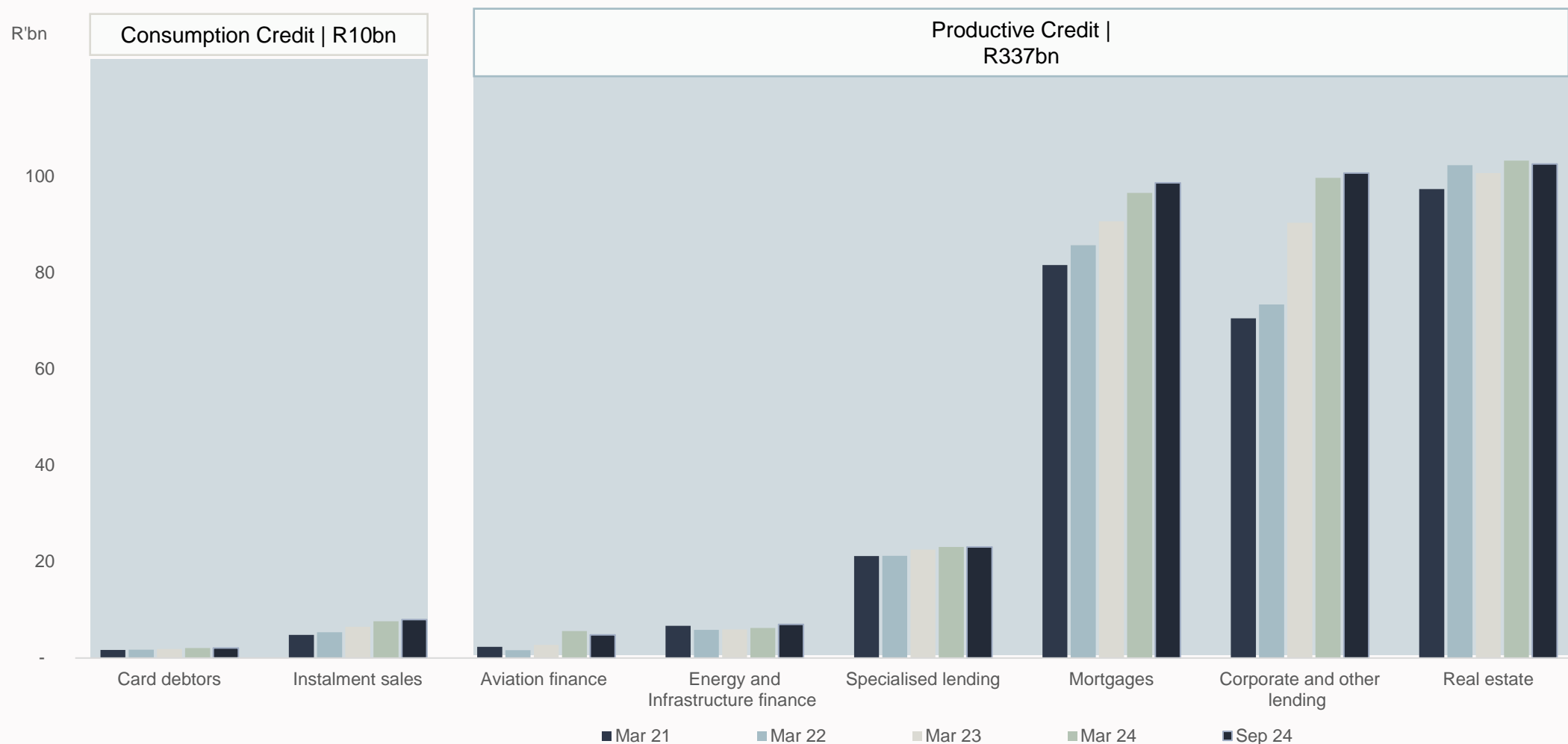
The availability of credit for productive purchases  
relative to credit for consumption purposes.



# Productive credit vs consumption credit

c.97% of our loan book is for productive purposes.

In addition, we hold c. R62bn of SA government bonds on our balance sheet.



The relationship with development finance institutions such as the Industrial Development Corporation and the National Empowerment Fund to support industrialisation and small business development, particularly in rural areas.



# Partnering with Development Finance Institutions

## **Partnership with Industrial Development Corporation (IDC):**

- Investec has a long-standing history of funding the IDC via our Treasury
- We fund alongside the IDC in numerous energy and infrastructure projects
- We refer deals to the IDC across the capital stack
- Our collaboration spans various industries that align with our strategic appetite, facilitating broad economic participation

## **National Empowerment Fund (NEF):**

- Investec does not maintain a relationship with the NEF due to limited strategic overlap.

In addition, we have longstanding relationships with the Public Investment Corporation, our largest shareholder, and the Development Bank of South Africa

Measures that the bank is implementing to contribute to transformation within the economy.





# Business that drives economic transformation

## ● B-BBEE

- Investec is a Level 1 B-BBEE contributor

## ● Funding black business

Over the last five years:

- We have advanced an average of c.R7bn in loans each year to black owned businesses
- We have invested c.R200mn in small black owned businesses

## ● Procurement spend

- 40% of our procurement spend is to black owned and black women owned businesses

## ● Partnerships advancing financial inclusion

- Investec partnered with a large ICT group to introduce PayShap to their mobile payment solution
- The partnership aimed at providing a cost-effective mobile payment system, addressing financial inclusion for the underbanked, and bridging the gap between traditional banking and mobile solutions
- The partnership seeks to reshape the digital payments landscape in South Africa, enhance financial inclusivity, and connect more people to mobile payment solutions.



# Sustainable finance

Our approach involves leveraging the expertise within our diverse businesses to identify opportunities for maximising impact. We achieve this by collaborating with our clients, investors and stakeholders to support the ambitious implementation of the SDGs.

In May 2025, Investec will announce its 2030 sustainable and transition finance target, aiming to catalyse a shift in commercial strategies to do more sustainable and transition finance transactions to support our clients.

## Energy | SDG 7

Investec acted as joint mandated lead arranger in raising R2bn in debt funding for a renewable energy project. Investec's involvement demonstrates the group's commitment to projects that drive the transition to sustainable and renewable energy to enhance economic growth.

## Water and sanitation | SDG 6

Investec has provided funding for a state-owned enterprise in South Africa, a R1.65bn term-facility over 15 years to support water infrastructure. The continued development of the water project is expected to create 545 000 direct and indirect job opportunities in South Africa and Lesotho.

## Communication | SDG 9

Investec played a leading role as joint mandated lead arranger and lender in the R3.5bn facility for a client's acquisition of 5 700 towers from a leading player in the telecoms sector, which closed mid-2022. This was the first tower-sharing transaction in South Africa done by one of the two larger mobile network operators, and hence demonstrates Investec's sector expertise in the digital infrastructure space.

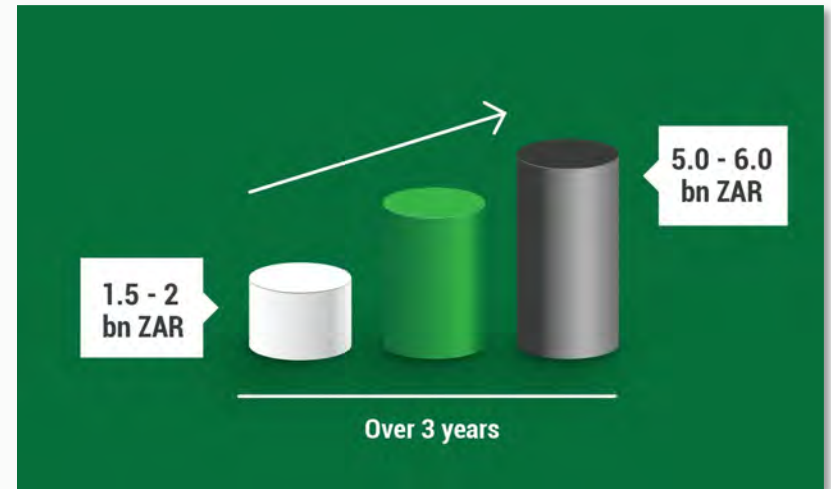
## Education | SDG 4

Investec participated in a debt raise for a leading independent school provider in southern Africa in the form of a sustainability overlay. Investec's participation was R250mn in a R3.3bn term debt package.

# Partnering with a renewable energy fund to drive development



- Revego Fund Managers is an innovative solution creating liquidity in the market
- The fund manager is majority black-owned, enabling black industrialists in the renewable energy sector to realise their investments
- The structure of Revego ensures that assets remain compliant with Broad-Based Black Economic Empowerment (BEE) regulations post-sale, reinforcing its commitment to empowerment.
- Investec is a shareholder in RFM and a significant investor in the Revego Africa Energy Fund.



# Commitment to our communities

## R1.4bn

Total CSI spend over 10 years

## >1% Group operating profit

Our community spend target

We believe that...

**We live in, not off society**

Since the launch of the programme, Investec has committed over **R300 million** to our flagship Promaths initiative, **supporting c. 20 000 students**. This investment has yielded significant results, contributing an average of 6% of South Africa's national distinctions in mathematics and 7% in science from 2014 to 2024.

Investec has invested **over R200million** into our bursary programme, supporting **565 bursary recipients** (2005 -2025)

**Investec has invested over R31 million into Startup School** launched in 2017. **Over 15,000 applications** have been received, with more than **2,500 bursaries awarded**, primarily to individuals from **disadvantaged backgrounds (88%) and women (65%)**.

Investec has incubated and invested over **R230 million** in the YES job creation initiatives. Collectively, YES has achieved remarkable milestones, **including 166,062 jobs to date and over R9.3 billion injected into the economy through YES youth salaries**.

To date, **we have successfully placed 4,126 YES interns** with seven host partners, demonstrating our commitment to fostering employment opportunities.

Over the past seven years, we have invested **R70.8 million in learnerships**. Investec currently operates four external learnership programmes, **sponsoring a total of 510 learnerships (2020 -2025)**.

# Founded Entrepreneurship Development Trust (EDT)

Focusing on a range of community development and anti-poverty initiatives

**21 year** track record, after being **founded in 2003** as a beneficiary of Investec's BEE transaction

**Based on the pillars of Education and Entrepreneurship** EDT has spent a total of **R164 million** impacting more than **65,000** beneficiaries since inception: **52% or R85 million** on **education** and **48% or R79 million** on **entrepreneurship**



**R32 million** on bursaries for over **288** black South Africans.



**R54 million** in funding STEM educational support for over **8,300** students.



**R18 million** in establishing, maintaining and upgrading 13 water projects impacting more than **55,900** people in rural communities. **Original sponsor** for Innovation Africa in South Africa.



**R52 million** to support more than **1,045** micro entrepreneurs with skills training, entrepreneurship courses and seed capital.



**R8 million** to support the set-up of YES (Youth Employment Services). **Original sponsor** for the YES programme.



# United for Progress: Investec & SA Government Partnership

## Investec hosts annual South Africa IMF Breakfast – Washington DC



*For **the past three decades**, Investec has proudly hosted an annual South African breakfast at the IMF Summer meetings. This prestigious event brings together the international banking community to highlight South Africa's economic growth prospects.*

*Investec hosted the SA Deputy President, the Hon. Paul Mashatile on his UK investor roadshow, facilitating meaningful meetings with equity investors.*

## Investec hosts first G20 Sherpa - Finance & Central Banks Deputies Meetings: 9-12 December 2024



# In closing

- Investec is committed to promoting inclusive economic growth and transformation within South Africa, guided by our purpose and values
- Our contributions are aligned with the Financial Sector Charter, reinforcing our responsibility to support a stable financial sector and mitigate societal impacts from financial crises
- We adhere to stringent regulations that ensure financial stability, safe guard depositors and ensure fairness in our credit practices
- By leveraging our expertise and collaborating across sectors, we aim to drive meaningful change that benefits all stakeholders.

We are dedicated to our purpose of **creating enduring worth**



Thank you

