Investec Bank plc

Overview

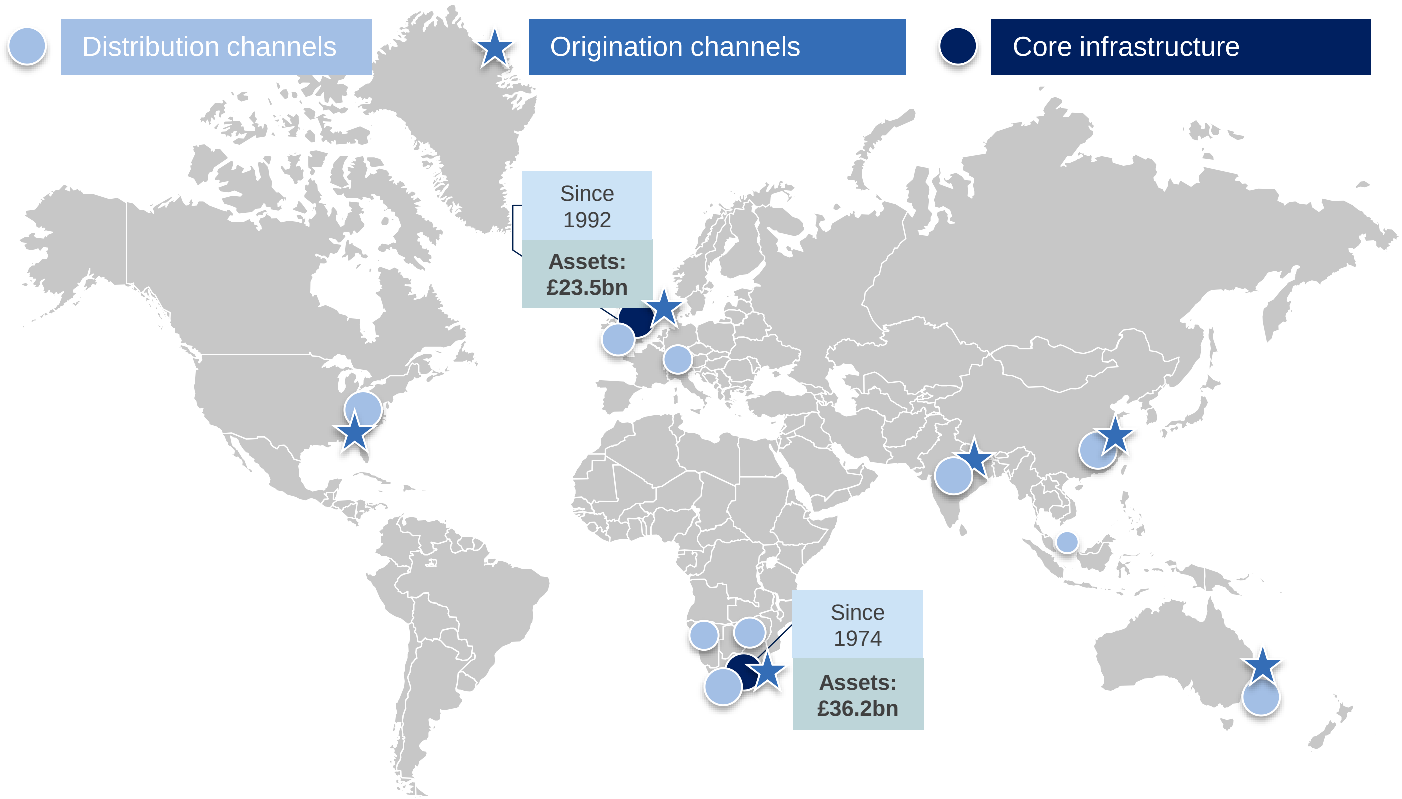
The information in this presentation relates to the six months ended 30 September 2019, unless otherwise indicated.

An overview of the Investec Group

Investec: a distinctive specialist bank and asset manager

Facilitating the creation of wealth and management of wealth

- Established in 1974
- Today, efficient integrated international business platform employing approximately **10 500*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £59.7bn; total equity £5.4bn; total FUM £177.9bn

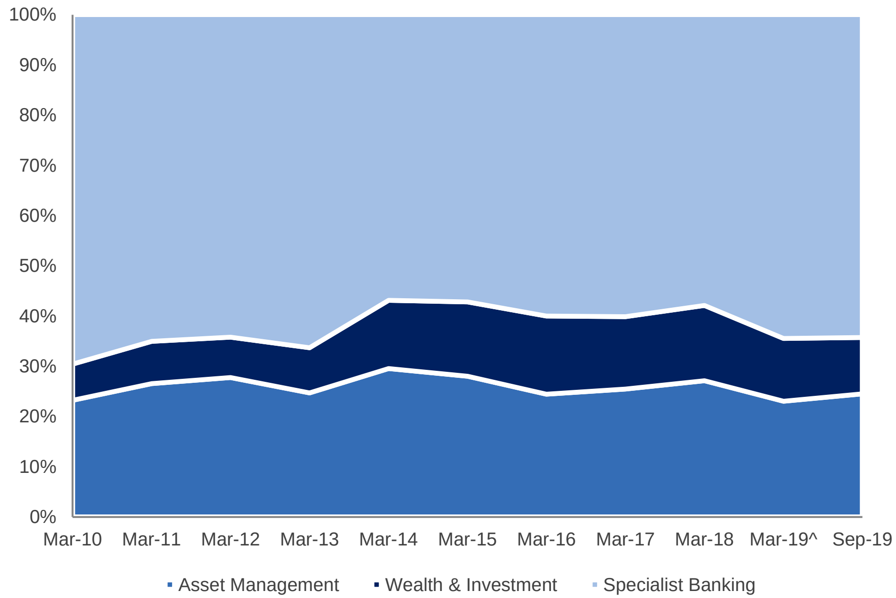


*Including temporary employees and contractors

Solid recurring income base supported by a diversified portfolio

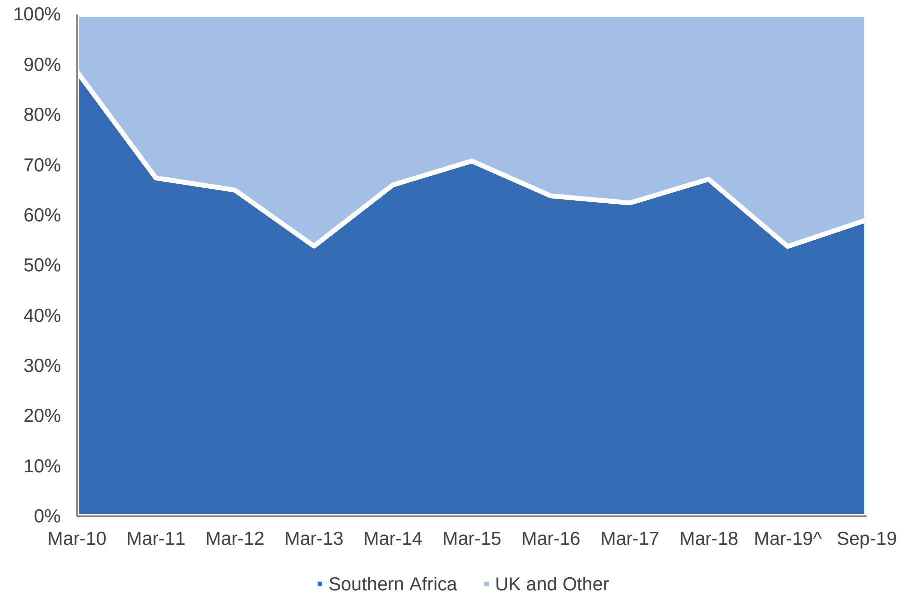
Across businesses

% contribution to adjusted operating profit*



Across geographies

% contribution to adjusted operating profit*



*Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. 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. ^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 on slide 41. All other prior year numbers have not been restated.

Strategic focus

Our strategic goals and objectives are based on our aspiration to be recognised as a **distinctive specialist bank and asset manager**

The Investec distinction

Client focused approach

- Clients are 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 revenue earned from capital light activities and capital intensive activities
- 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.

Our strategy

Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Group strategic focus

- Simplify, focus and grow with discipline
- Leverage our unique client profile and provide our clients with an integrated holistic offering
- Support our high-touch client approach with a comprehensive digital offering
- Ensure domestic relevance and critical mass in our chosen geographies
- Facilitate our clients with cross-border transactions and flow across our chosen geographies

Divisional strategic focus

Asset Management

- Continue to invest across our investment platform
- Grow Advisor and Institutional business
- Embrace and enhance the Sustainability trend
- Achieve a successful demerger and listing

Bank and Wealth

- Focused on enhancing effectiveness of operating platform to better serve clients and deliver long-term shareholder returns
- Increase discipline in capital allocation
- Manage the cost base for greater efficiencies
- Accelerate revenue growth
- Expanding connectivity across the organization to more fully serve client needs
- Bolster digital capabilities

Balanced business model supporting our long-term strategy

Three distinct business activities focused on well **defined target clients**

Corporate / institutional / government		Private client (high net worth / high income) / charities / trusts
Asset Management *(operating completely independently)* Investment management services to external clients	**Specialist Banking** • Lending • Transactional banking • Treasury solutions • Advisory • Investment activities • Deposit raising activities	**Wealth & Investment** • Investment management services • Independent financial planning advice

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management business. The demerger and the listing of the asset management business is subject to shareholder and other customary approvals, and is expected to be completed during the first quarter of calendar year 2020.

We aim to maintain an **appropriate balance** between revenue earned from capital light activities and revenue earned from balance sheet activities.

Capital light activities

55%

Contributed to group income

- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property funds

Balance sheet activities

45%

Contributed to group income

- Lending portfolios
- Investment portfolios
- Trading income
  - client flows
  - balance sheet management

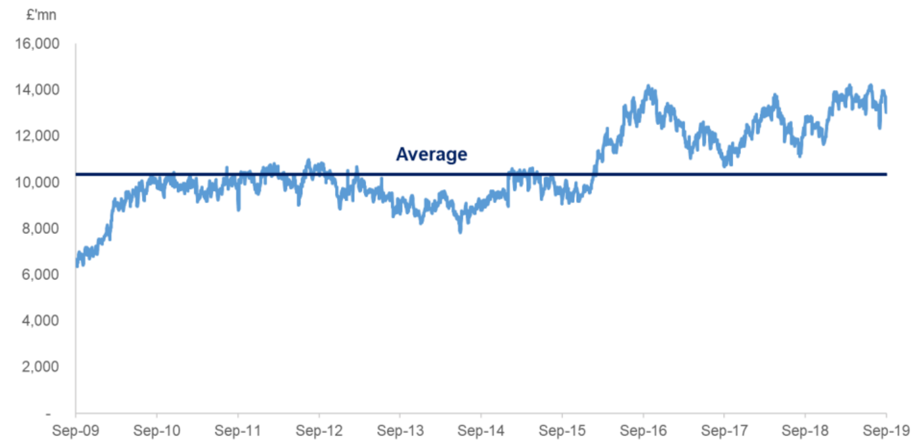
Fee and commission income ← Types of income → Net interest, investment, associate and trading income

We continue to have a sound balance sheet

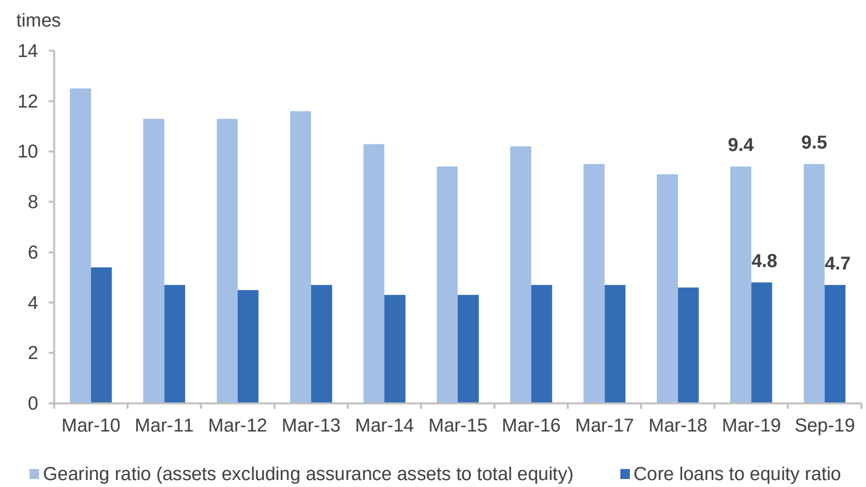
Key operating fundamentals

- 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 £13.0 billion at year end, representing 40.7% 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**: 9.5x with leverage ratios in excess of 7%
- Geographical and operational diversity with a **high level of recurring income** continues to support sustainability of operating profit

Cash and near cash

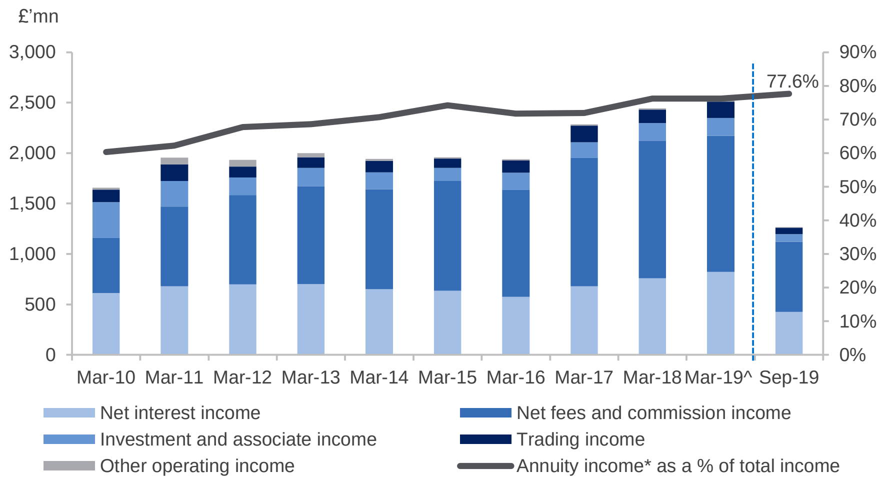


Low gearing ratios

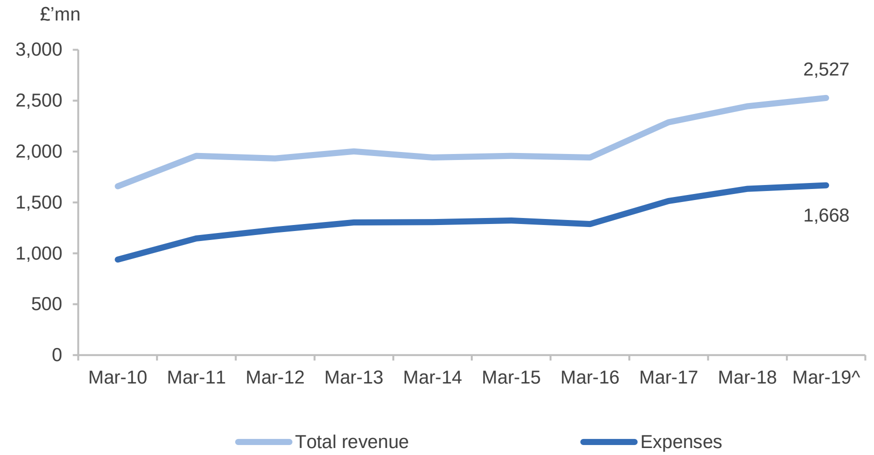


We have a sound track record

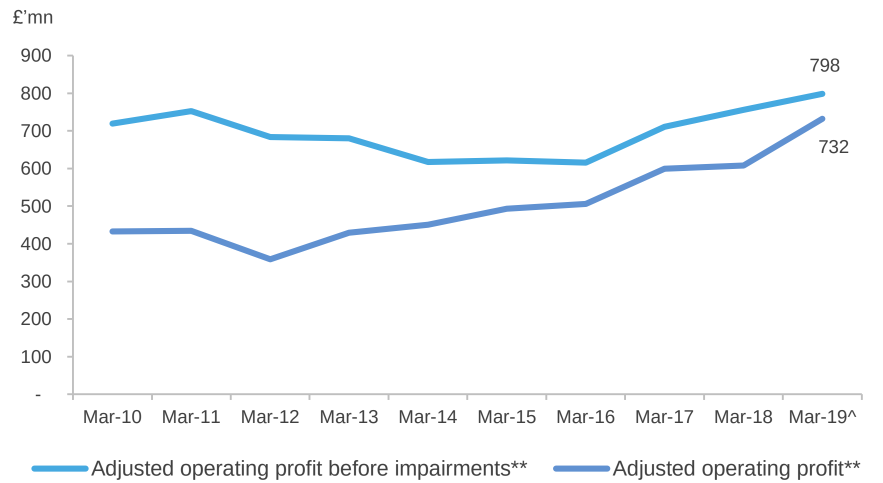
Recurring income



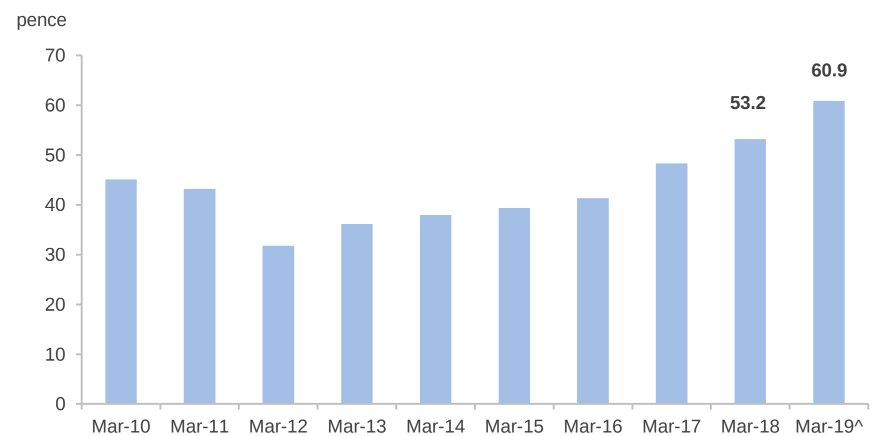
Revenue versus expenses



Adjusted operating profit** before impairments



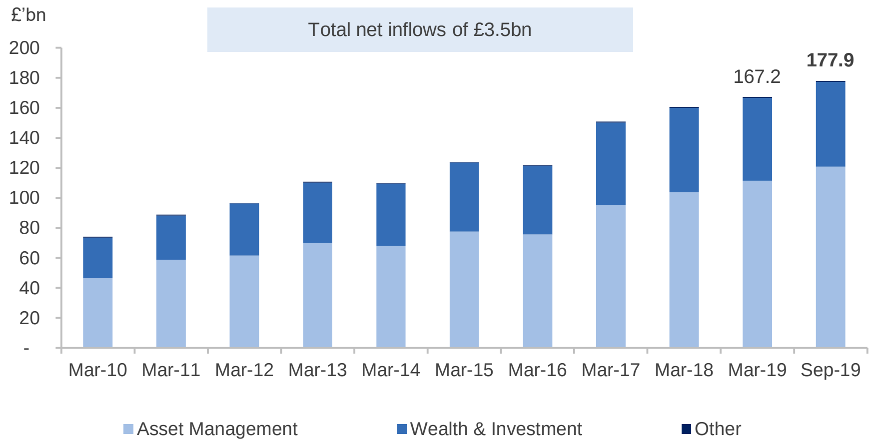
Adjusted EPS^^



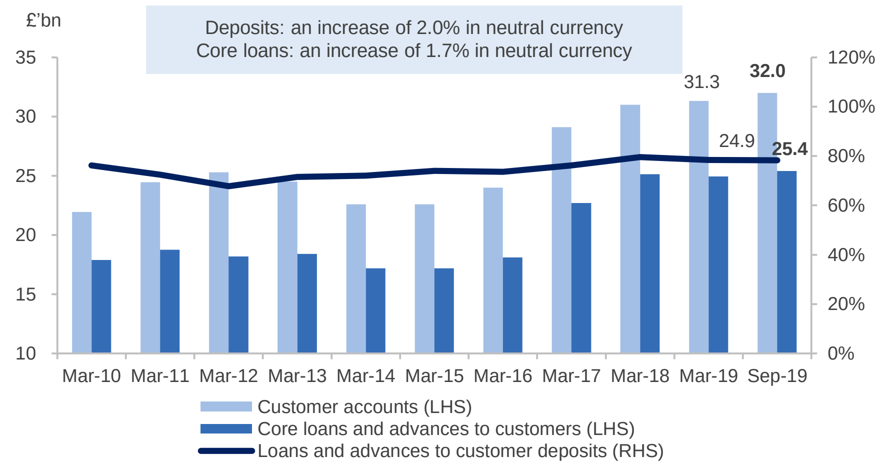
*Where annuity income is net interest income and annuity fees. **Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown on the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41. All other prior year numbers have not been restated. ^^Where adjusted EPS is earnings per share before goodwill, acquired intangibles and strategic actions and the deduction of preference shares.

We have a sound track record

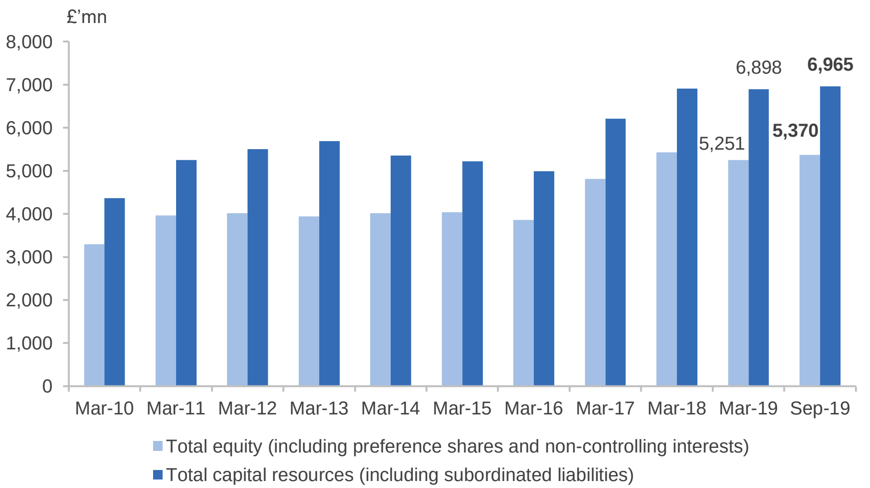
Third party assets under management



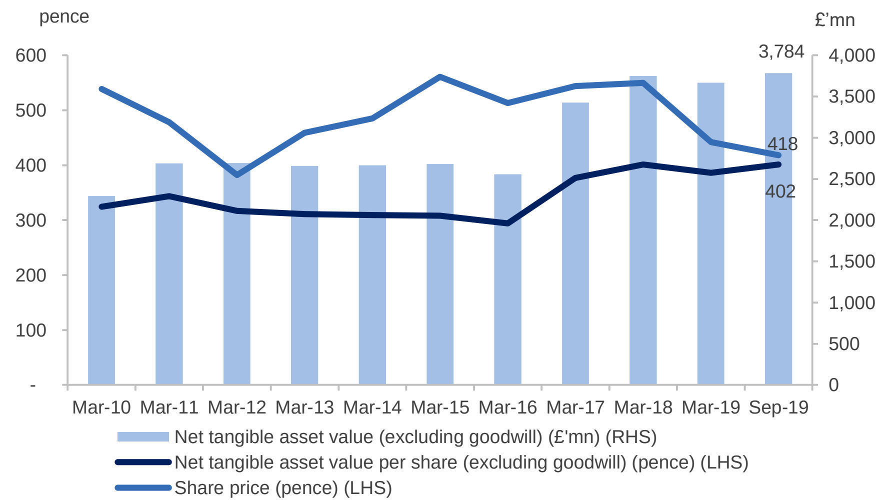
Core loans and advances and deposits



Total equity and capital resources



Net tangible asset value



We have invested in our Brand

…our Communities

…our People

… and the Planet

An overview of Investec Bank plc (IBP)

Investec Bank plc

Investec Bank plc is a growing **specialist bank** and private client **wealth manager** with **primary business in the UK**

Total assets	Net core loans	Total equity	Customer deposits	Third Party FUM	Employees (approx.)
£23.0bn	£10.8bn	£2.3bn	£13.7bn	£41.5bn	3,800

Investec Bank plc

- Operating in the UK since 1992
- **Wholly owned subsidiary of Investec plc** (**UK FTSE 250 listed entity** since 2002)
  - Investec Bank plc is the main banking subsidiary of Investec plc
  - Structured into two distinct businesses: Specialist Banking and Wealth & Investment
  - Asset Management is housed in a fellow subsidiary under Investec plc
- PRA and FCA regulated and a member of the London Stock Exchange
- Long-term rating of A1 stable outlook (Moody's) and BBB+ Rating Watch Negative^ (Fitch)
- **Balanced and defensive business model** comprising Specialist Banking and Wealth & Investment – c.27% of adjusted operating profit* from non-banking activities
- **Creditors ring-fenced** from Investec Bank Limited (Southern African banking subsidiary)
- **Capital and liquidity are not fungible** between Investec Bank plc and Investec Bank Limited – each entity required to be self-funded and self-capitalised in adherence with the regulations in their respective jurisdictions

^On 1 March 2019, Fitch placed the Long Term Issuer Default Ratings (IDR) of 19 UK banking groups (including IBP) on Rating Watch Negative (RWN). This follows Fitch placing the UK sovereign's AA IDR on RWN as a result of Brexit uncertainty. On 14 August 2019, Fitch confirmed that it was maintaining IBP's rating of BBB+ on RWN. *At 30 September 2019, where adjusted operating profit is Operating profit before acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Investec Bank plc (IBP)

Diversified revenue streams with high annuity base

- Balanced business model comprising two distinct business activities: **Specialist Banking and Wealth & Investment**
- Continued focus on growing our **capital light businesses**, now 50% of IBP's revenue#
- High level of **annuity revenue**^ accounting for 67% of total operating income
- **Strong growth in third party FUM**
- Simplification of banking business resulting in a **reduction in legacy portfolio and impairments**

Sound balance sheet

- **Never required shareholder or government support**
- **Robust capital base: 11.6% CET1 ratio** and **strong leverage ratio of 8.0**% (7.8% on a fully loaded basis) as of 30 September 2019*
- IBP benefits from a substantial unlevered asset, being Wealth & Investment (FUM: £41.0bn)
- **Low gearing:** 10.2x
- **Strong liquidity ratios** with high level of readily available, high quality liquid assets representing 47% of customer deposits (cash and near cash: £6.5bn)
- **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding

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

#For the six months ended 30 September 2019. ^Where annuity income is net interest income and annuity fees.
*CET1 ratios shown on a consolidated basis as at 30 September 2019; after the deduction of foreseeable charges and dividends as required by the CRR and EBA technical standards.
Where FUM is third party funds under management.

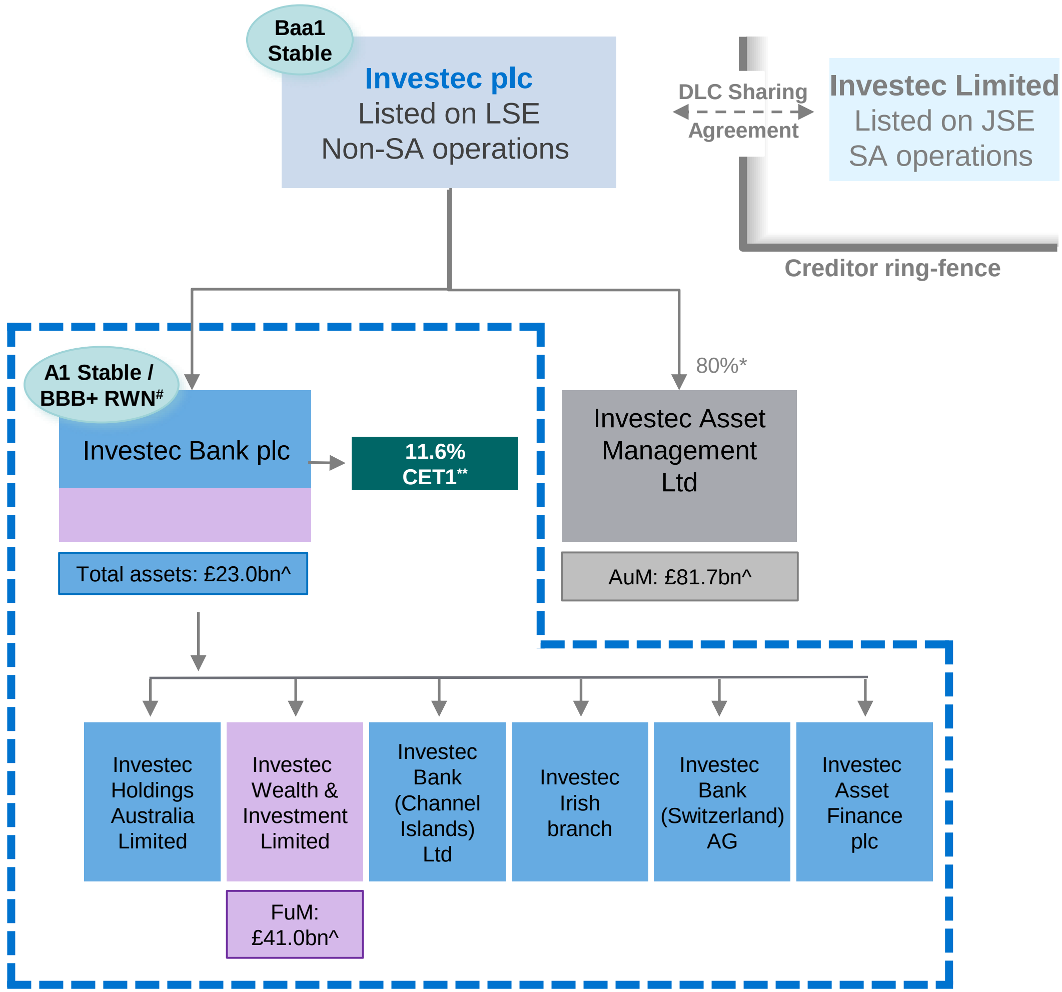
Investec and IBP: structure and main operating subsidiaries

Features of Investec's structure

- **Investec plc is the holding company** of the Investec group's **UK & Other operations**
- Two main operating subsidiaries:
  - **IBP** (which houses the **Specialist Banking** and **Wealth & Investment** activities)
  - **Investec Asset Management**

Features of the Investec Group's DLC structure

- Investec implemented a **Dual Listed Companies Structure** in July 2002
- **Creditors are 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
- **Shareholders have common economic and voting interests** (equivalent dividends on a per share basis; joint electorate and class right voting) as a result of a Sharing Agreement
- **Investec operates as if it is a single unified economic enterprise** with the same Boards of Directors and management at the holding companies



Assets under Management *UK & Other*	Sep-19	Mar-19	Mar-18
Investec Wealth & Investment	**£41.0bn**	**£39.1bn**	**£36.9bn**
Investec Asset Management	**£81.7bn**	**£76.0bn**	**£69.4bn**
Other	£0.5bn	£0.4bn	£0.3bn
Total third party assets under management	**£123.3bn**	**£115.5bn**	**£106.6bn**

Specialist banking

Asset Management

Wealth & Investment

All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated *Senior management in the company hold 20% minus one share. ^Funds under management (FUM) relating to Wealth & Investment, Assets under management (AUM) relating to Asset Management and Total assets relating to IBP all as at 30 September 2019 **CET1 ratios as at 30 September 2019; after the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation and European Banking Authority technical standards. #Rating Watch Negative.

IBP: balanced business model supporting our long-term strategy

Three distinct business activities focused on well defined target clients and regions

	Specialist Banking	Wealth & Investment
Client	**Corporate / Institutional / Government / Intermediary**	**Private client (high net worth / high income) / charities / trusts**
Business	**Specialist Banking** • Lending • Transactional banking • Treasury solutions • Advisory • Investment activities • Deposit raising activities	**Wealth & Investment** • Discretionary wealth management • Investment advisory services • Financial planning
Region	UK and Europe, Australia, Hong Kong, India, USA	UK, Channel Islands (Guernsey), Switzerland
Value Proposition	• High-quality specialist banking solution to corporate and private clients with leading positions in select areas • Provide high touch personalised service – ability to execute quickly • Ability to leverage international, cross-border platforms • Well positioned to capture opportunities between the developed and the emerging world – internationally mobile • Strong ability to originate, manufacture and distribute • Balanced business model with good business depth and breadth. • Generated 73% of adjusted operating profit* in H1 2020	• Built via the acquisition and integration of businesses and organic growth over a long period of time • Well-established platforms in the UK, South Africa, Switzerland and Guernsey • The business has four distinct channels: direct, intermediaries, charities and international. • Strategy to enhance our range of services for the benefit of our clients. • Focus is on organic growth in our key markets, and by acquisition where there is a good strategic and cultural fit. • **Low risk, capital light, annuity income generation** • **£41.0bn in funds under management** • Generated 27% of adjusted operating profit* in H1 2020

*Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. 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.

IBP: key objectives

Perpetuate the quality of the balance sheet

Maintain healthy capital ratios

- Always held capital in excess of regulatory requirements
- Targets:
  - Common Equity Tier 1 ratio >10% (11.6% at 30 Sep 2019)
  - Tier 1 ratio >11% (13.3% at 30 Sep 2019)
  - Total capital ratio: 14% – 17% (17.1% at 30 Sep 2019)
  - Leverage ratio >6% (8.0% at 30 Sep 2019)
- Capital strength maintained without recourse to shareholders, new investors or government assistance

Maintain robust liquidity management philosophy

- Appropriately manage our levels of surplus liquidity and cost of funding
- Maintain high level of readily available, high-quality liquid assets - minimum cash to customer deposit ratio of 25% (47.3% as at 30 September 2019)
- Maintain diversified sources of funding

Focus on revenue drivers

- Continue to build our client franchises and client base in the UK – focus on direct relationships with entrepreneurs, mid-sized corporates and high net worth clients
- Generate high-quality income through diversified revenue streams and businesses
- Leverage our private client platform (across banking and wealth management)
- Continue to grow FUM
- Moderate loan growth, emphasis on diversified portfolios
- Increase transactional activity

Maintain operational efficiency

- IBP cost to income ratio was 74.8% at 30 September 2019 (blend of banking and wealth management businesses)
- Targeting cost to income of below 65% for IBP Specialist Banking and between 73-77% for IBP Wealth & Investment
- Our cost to income ratio has been elevated as we have been investing in infrastructure and resources to grow the franchise, notably the build-out of the Private Bank
- With the investment in the Private Bank largely complete, management is committed to an increased focus on cost discipline

IBP: focusing on capital light activities

- We have realigned our business model over the past few years and focused on **growing our capital light businesses**
- We have **significantly increased our third party funds under management** – a key capital light annuity income driver – in the Wealth & Investment business
- Our total capital light activities **account for 46% of IBP's revenue**

CAPITAL LIGHT ACTIVITIES

Third party asset management, advisory and transactional income

- Wealth management
- Advisory services
- Transactional banking services
- Funds

BALANCE SHEET DRIVEN ACTIVITIES

Net interest, customer flow trading, investment and associate income

- Lending portfolios
- Trading income largely from client flow as well as balance sheet management and other
- Investment portfolios

CAPITAL LIGHT BUSINESSES*

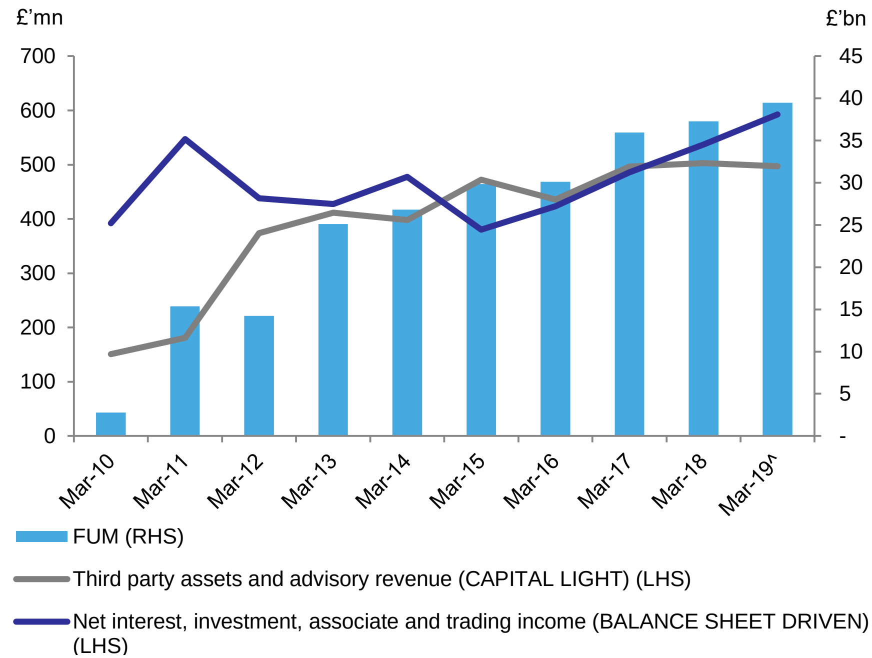
£497mn

46% of total revenue

Net fees and commissions
£487mn
45% of total revenue

Other
£10mn
1% of total revenue

IBP revenues and funds under management



BALANCE SHEET DRIVEN BUSINESSES*

£593mn

54% of total revenue

Net interest income
£398mn
37% of total revenue

Customer flow and other trading income
£100mn
9% of total revenue

Investment and associate income
£95mn
8% of total revenue

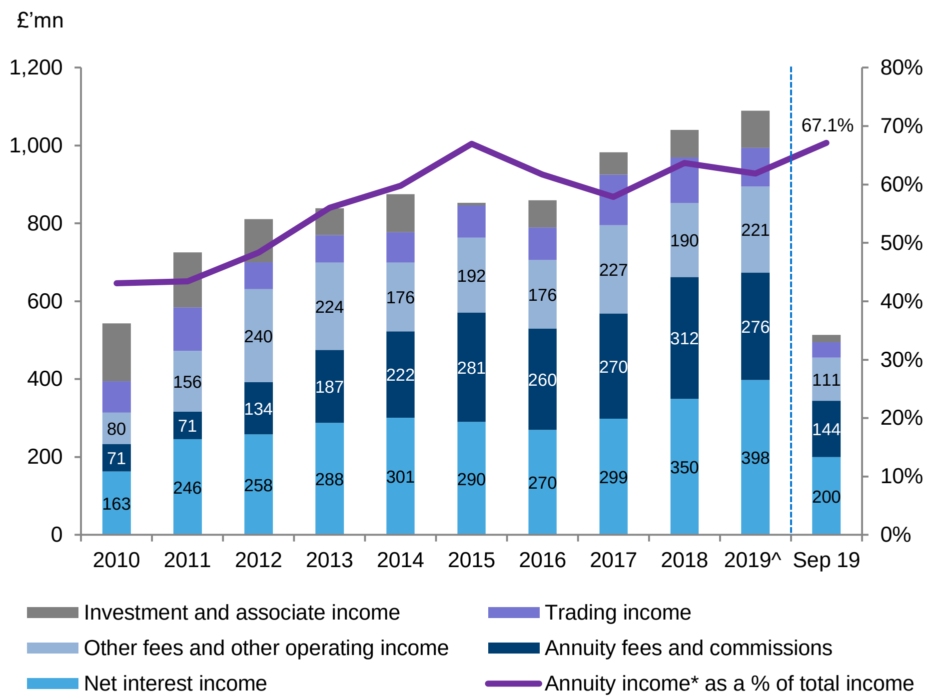
Fee and commission income ← **Types of income** → **Net interest, customer flow trading, investment and associate income**

*For the financial year ended 31 March 2019. ^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 on slide 41. All other prior year numbers have not been restated.

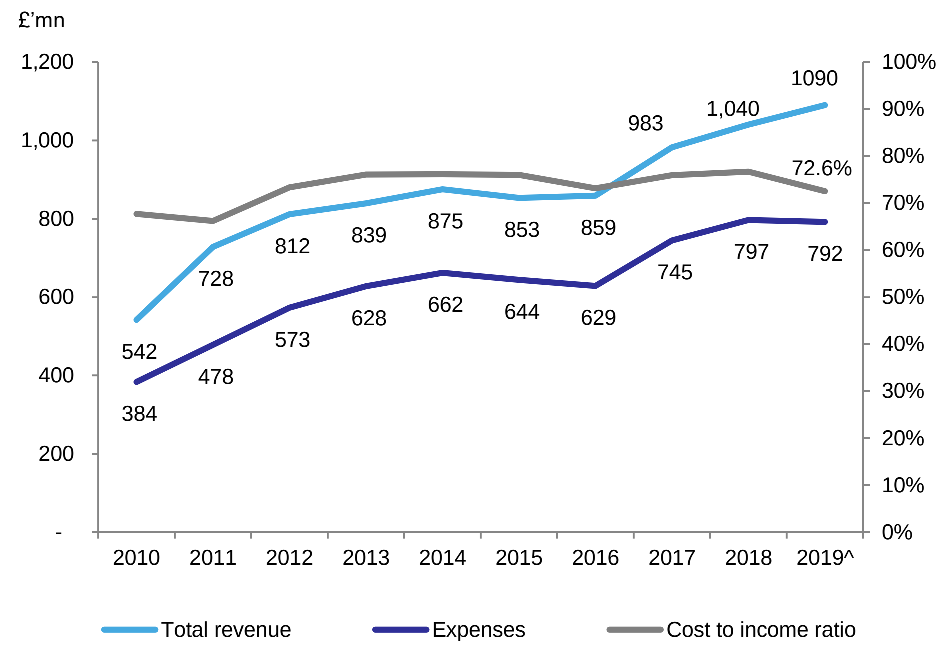
IBP's operating fundamentals

IBP: profitability supported by diversified revenue streams

Annuity income



Revenue versus expenses



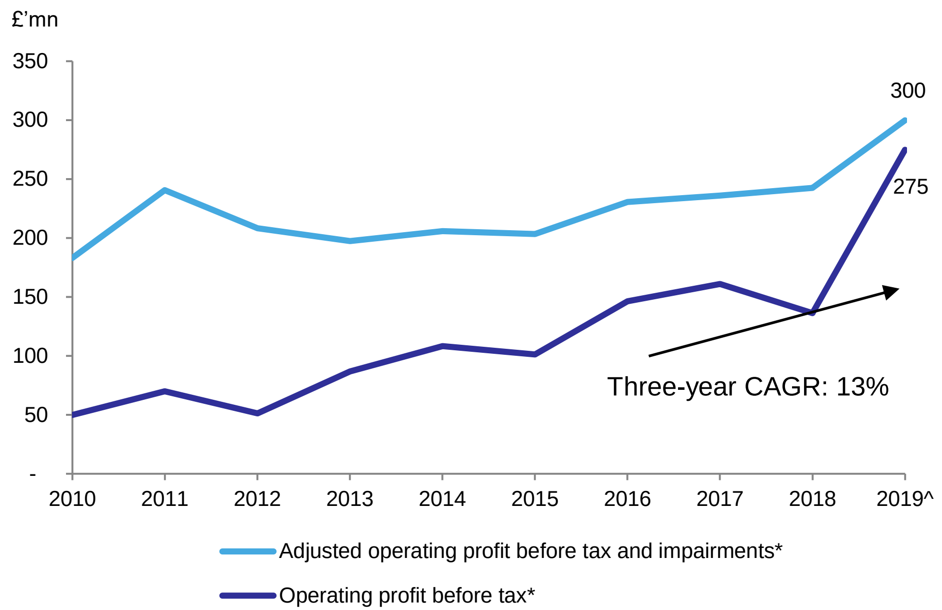
- **High level of annuity income*** (67%^^ of total operating income as at 30 September 2019) which has been enhanced by the growth in our wealth management business
- **Total capital light activities accounted for 50% of IBP's income for the six months ended 30 September 2019 (46% at 31 March 2019)**

- We are focusing on managing costs while building for the future
- Our cost to income ratio has been elevated as we have been **investing in infrastructure and resources to grow the franchise**, notably the build-out of the private client offerings

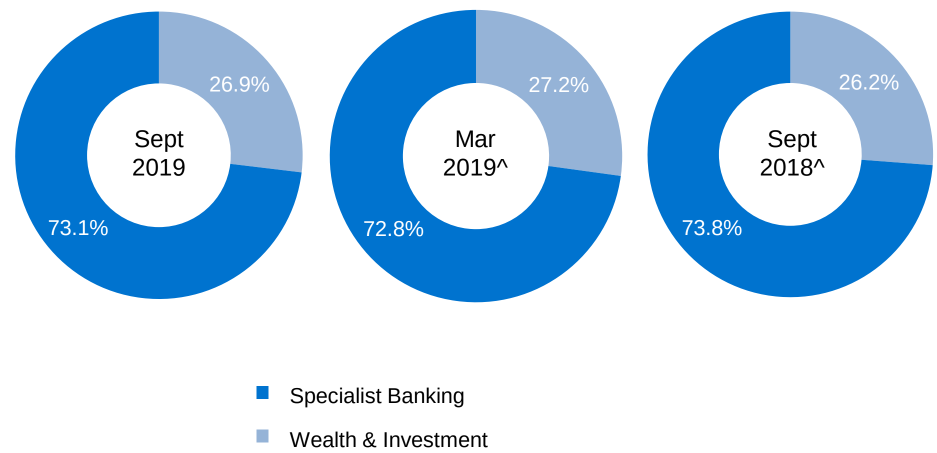
*Where annuity income is net interest income and annuity fees. ^Reflected in the above trends March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41. All other prior year numbers have not been restated.

IBP: profitability supported by diversified revenue streams

Adjusted operating profit before tax*



Business mix percentage contribution to adjusted operating profit*



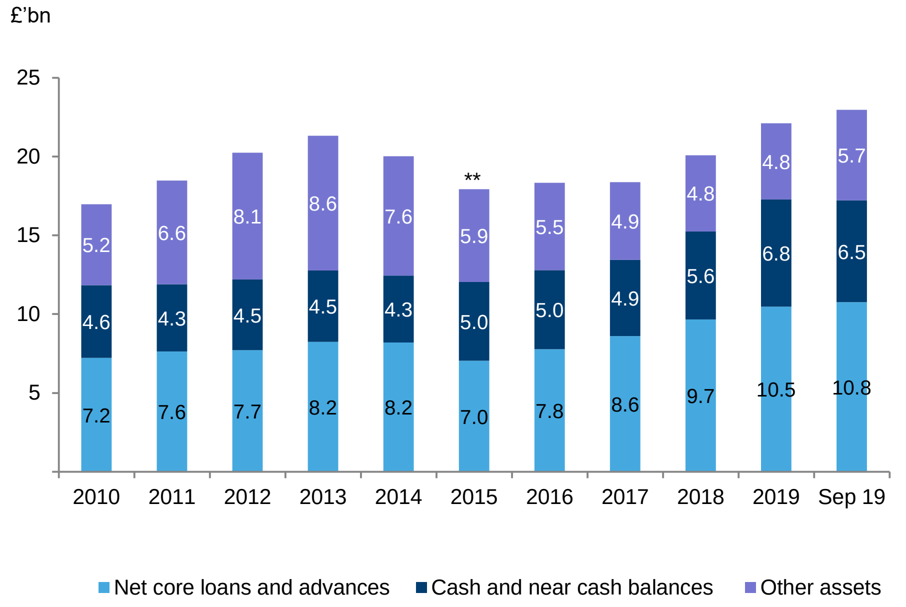
- **We have grown operating profit** (increased by £128mn over the past three years to £275mn as at 31 March 2019; CAGR of 13%)
- Since 2008 results have been impacted by elevated impairments driven by the legacy portfolio. This is particularly evident in the 2018 financial year as increased impairments were recognised in anticipation of accelerated exits on certain legacy assets. This is not expected to be repeated, as evident in the 2019 financial year there was no repeat of prior substantial legacy losses.
- It is also worth noting that we remained profitable throughout the crisis and have built a solid client franchise business which has supported growth in revenue.

- Operating profit is balanced between Specialist Banking and Wealth & Investment businesses
- Higher contribution from the Specialist Banking business in 2019 financial year largely driven by improved banking performance

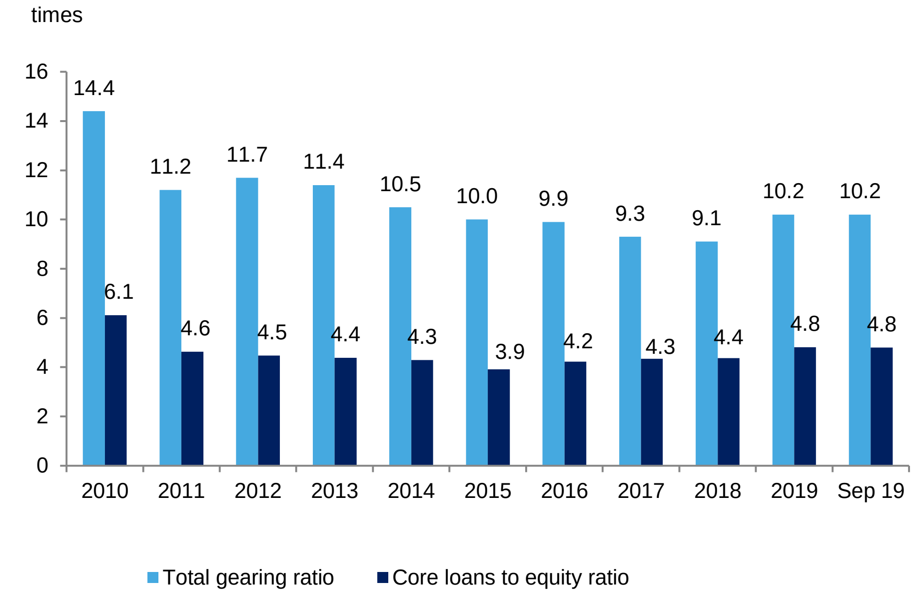
*Adjusted operating profit by business is Operating profit before group costs and before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^Reflected in the above trends March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41. All prior year numbers have not been restated.

IBP: consistent asset growth, gearing ratios remain low

Total assets composition



Gearing* remains low



- Our core loans and advances have grown moderately over the past 10 years (CAGR of 4.3% since 2010)
- Steady growth in cash and near cash balances (CAGR of 3.6% since 2010)

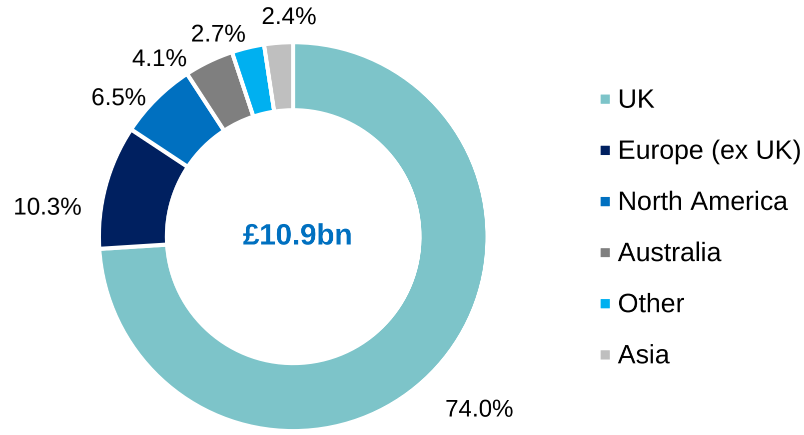
- We have **maintained low gearing ratios*** with total gearing at 10.2x and an average of 10.7x since 2010

*Gearing ratio calculated as Total Assets divided by Total Equity. ** Loans and deposits in FY15 impacted by the sale of group assets, largely in Australia.

IBP: 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
  - Public sector bodies and institutions
- The majority of exposures reside **within the UK**
- We typically originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our client

Gross core loans by country of exposure at 30 September 2019

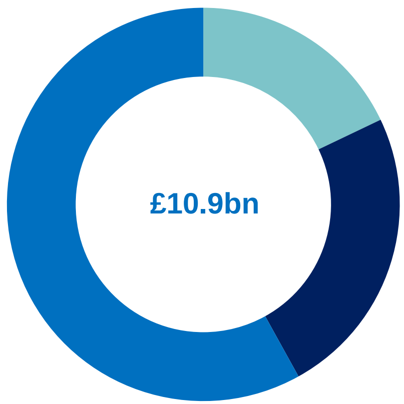


Gross core loans by risk category at 30 September 2019

58%

Corporate and other

Asset finance	17.7%
Corporate lending and acquisition finance	15.2%
Fund finance	10.6%
Other corporate, institutional, govt. loans	6.3%
Project finance	4.5%
Asset based lending	3.7%
Resource finance and commodities	0.2%



18%

Lending collateralised against property

Commercial property investment	8.9%
Residential investment	3.7%
Residential property development	3.0%
Commercial property development	1.9%
Residential vacant land and planning	0.4%
Commercial vacant land and planning	0.1%

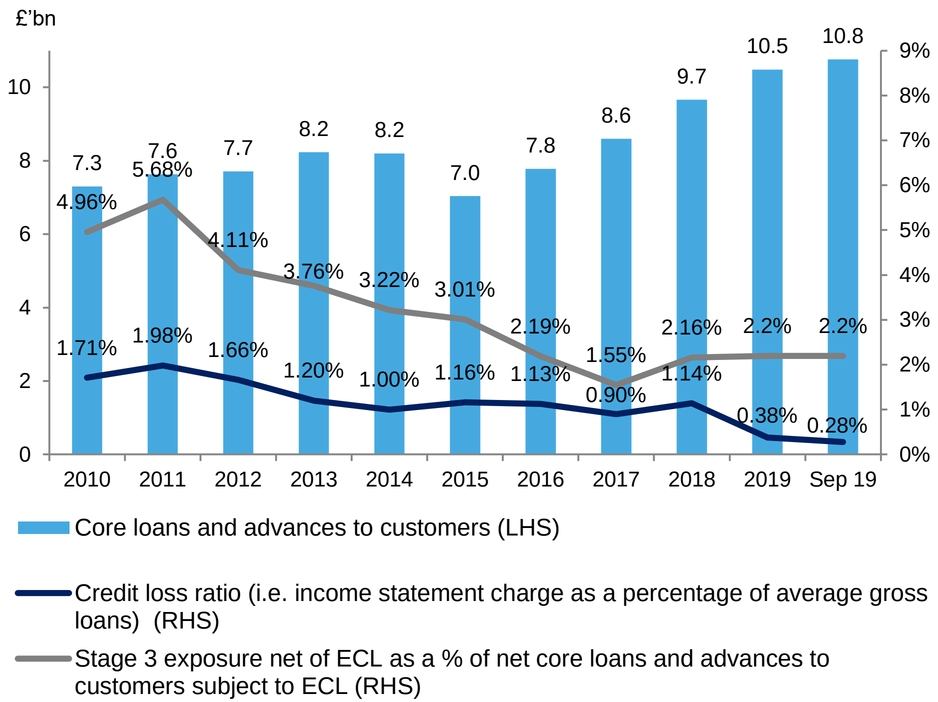
24%

High net worth and other private client

HNW and private client mortgages	18.8%
HNW and specialised lending	5.3%

IBP: sound and improving asset quality

Core loans and asset quality



- **Credit quality on core loans and advances for the year ended 30 September 2019:**
  - **Total income statement ECL impairment charges** amounted to £16.0mn (2018: £10.4mn), however, the **credit loss ratio**[#] reduced to 0.28% (31 March 2019: 0.38%), now within its **long term average range**
  - **Stage 3 exposures net of ECL** increased from £211mn at 31 March 2019 to £225mn. **Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL** remained stable since March 2019 at 2.2%.

[#]Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL.

IBP: diversified funding strategy and credit ratings

- Investec's funding consists **primarily of customer deposits**
- Investec adopts a **conservative and prudent funding strategy**
- **Positive rating trajectory:** over the past few years both IBP and Investec plc have received ratings upgrades

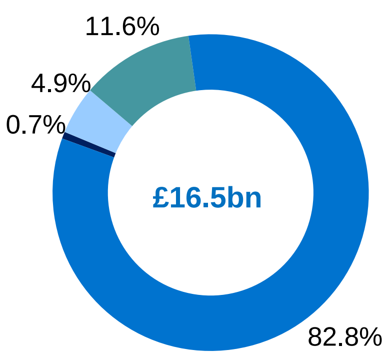
Conservative and prudent funding strategy

- **Maintaining a high base of high-quality liquid assets**
- **Diversifying funding sources**
- **Limiting concentration risk**
- **Low reliance on wholesale funding**
- **Maintaining a stable retail deposit franchise**

Credit ratings*

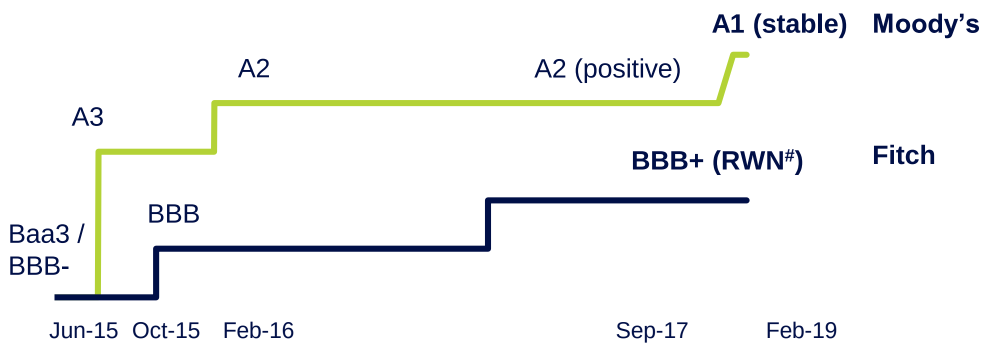
- In February 2019, **Moody's** upgraded IBP's long-term deposit rating to **A1** (stable outlook) from A2 (positive outlook) and its baseline credit assessment (BCA) to baa1 from baa2.
- On 1 March 2019, **Fitch** placed the Long Term Issuer Default Ratings (IDR) of 19 UK Banking Groups (including IBP) on Rating Watch Negative (RWN). This follows Fitch placing the UK sovereign's AA IDR on RWN as a result of Brexit uncertainty. In September 2017, **Fitch** upgraded IBP's Long-Term Issuer Default Rating (IDR) to **BBB+** from BBB and its Viability Rating (VR) to bbb+ from bbb.

Selected funding sources



£'mn	31 Mar 2019
Customer deposits	13,657
Debt securities in issue^	1,908
Subordinated liabilities	812
Liabilities arising on securitisation of other assets	117
Total	**16,494**

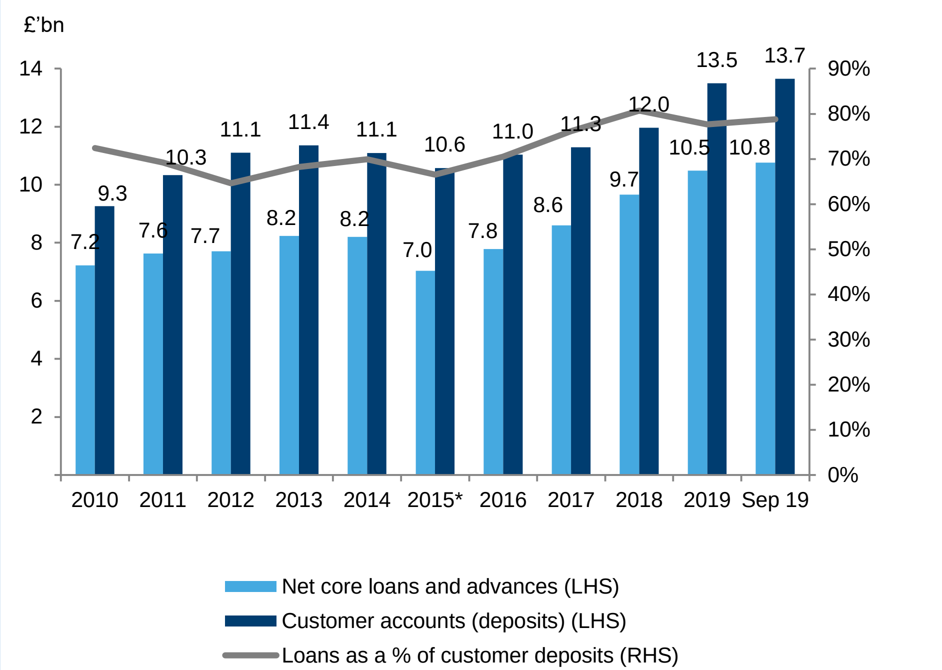
IBP's long-term ratings



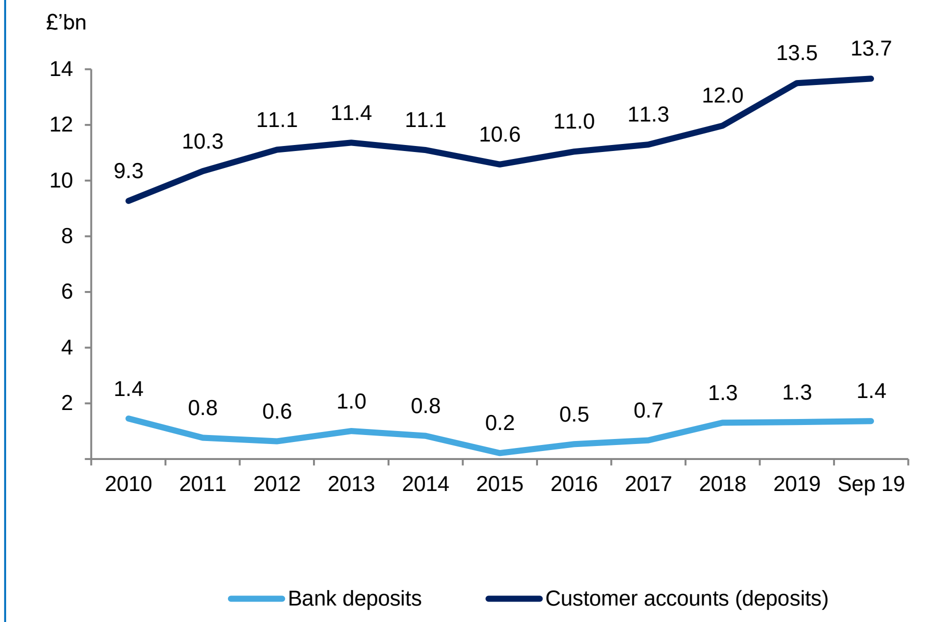
*A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.
^Of which £884mn relates to retail customers. #Rating Watch Negative.

IBP: primarily customer deposit funded with low loan to deposit ratio

Fully self-funded: healthy loan to deposit ratio



Total deposits: growing customer deposits



- **Customer deposits have grown by 47% (c.4% CAGR) since 2010 to £13.7bn at 30 September 2019**
- Advances as a percentage of customer deposits amounted to 78.8%

- Increase in retail deposits and reduced reliance on wholesale deposits
- Fixed and notice customer deposits have continued to grow and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products

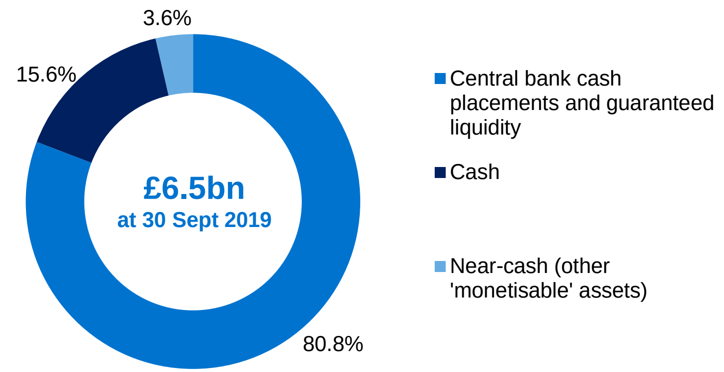
*FY15 impacted by the sale of group assets, largely in Australia

IBP: maintaining robust surplus liquidity

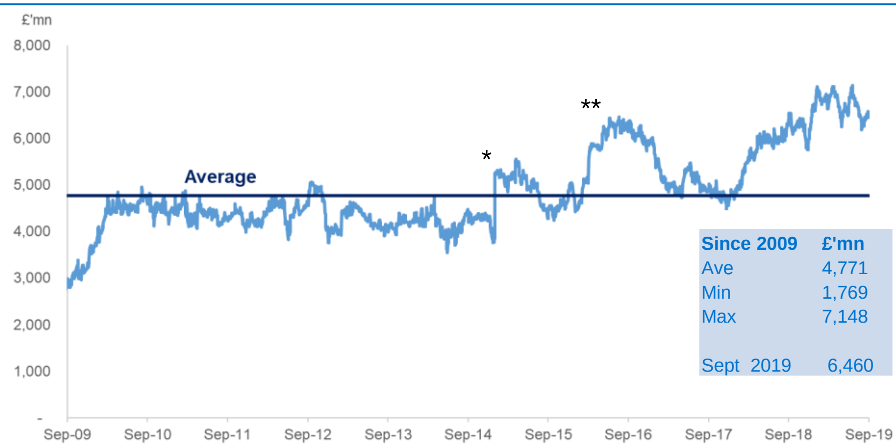
- We **maintain** a high level of readily available, high-quality **liquid assets** – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased since 2010 (£4.6bn) to £6.5bn at 30 September 2019 **(representing 47% of customer deposits)**

- At 30 September 2019 the **Liquidity Coverage Ratio** reported to the Prudential Regulatory Authority for IBP (solo basis) was **329%** and the **Net Stable Funding Ratio^ was 126%** - both metrics well ahead of current minimum regulatory requirements

Cash and near cash composition



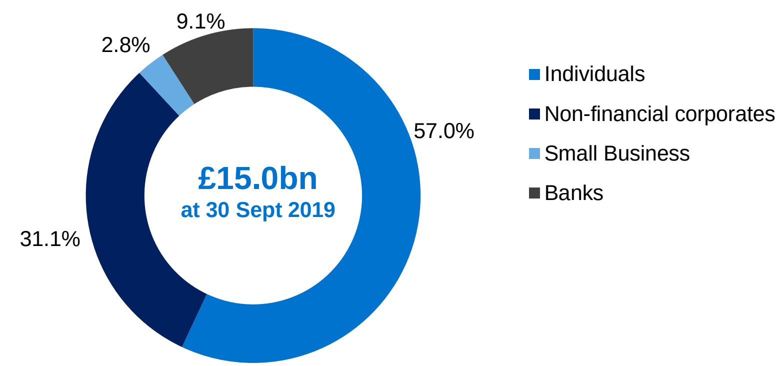
High level of cash and near cash balances



Since 2009	£'mn
Ave	4,771
Min	1,769
Max	7,148
Sept 2019	6,460

*Impacted by sale of group assets **Prudent increase in cash pre Brexit referendum

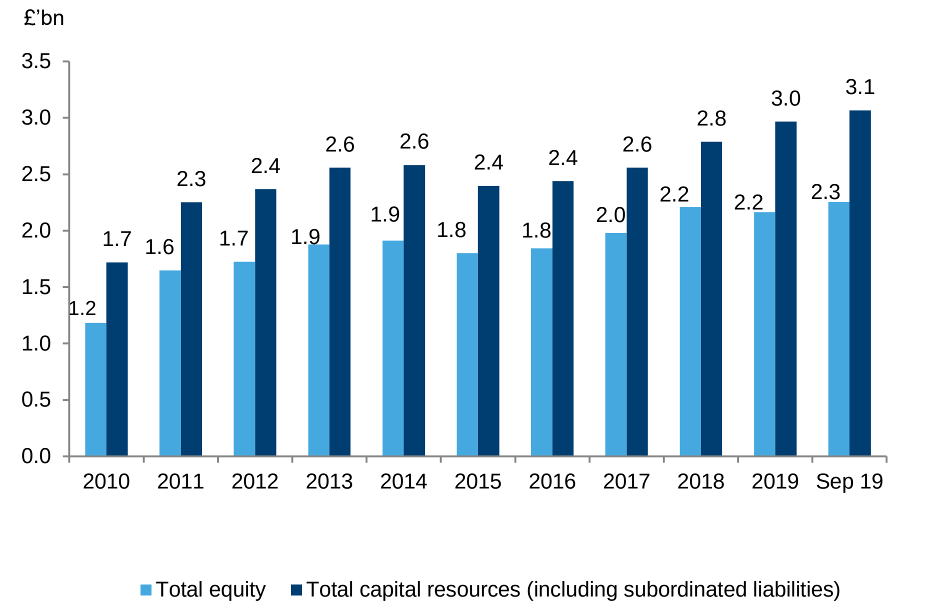
Depositor concentration by type



^The LCR is calculated using our own interpretations of the EU Delegated Act. Ahead of the implementation of the final NSFR rules, the bank has applied its own interpretations of regulatory guidance and definitions from the BCBS final guidelines, to calculate the NSFR. The reported LCR and NSFR may change over time with regulatory developments and guidance

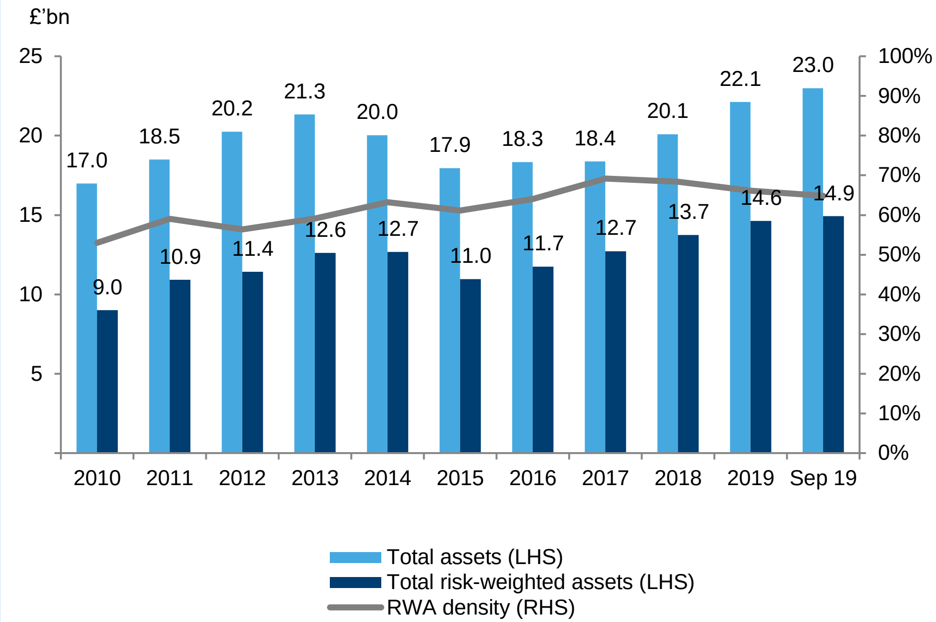
IBP: sound capital base and capital ratios

Total capital



- **We have continued to grow our capital base** and did not require recourse to government or shareholders during the crisis
- Our total equity has grown by c.91**%** since 2010 to £2.3bn at 30 September 2019 (CAGR of c.7%)
- The proposed transaction is expected to further enhance the efficiency of total capital resources

Total risk-weighted assets: high RWA density

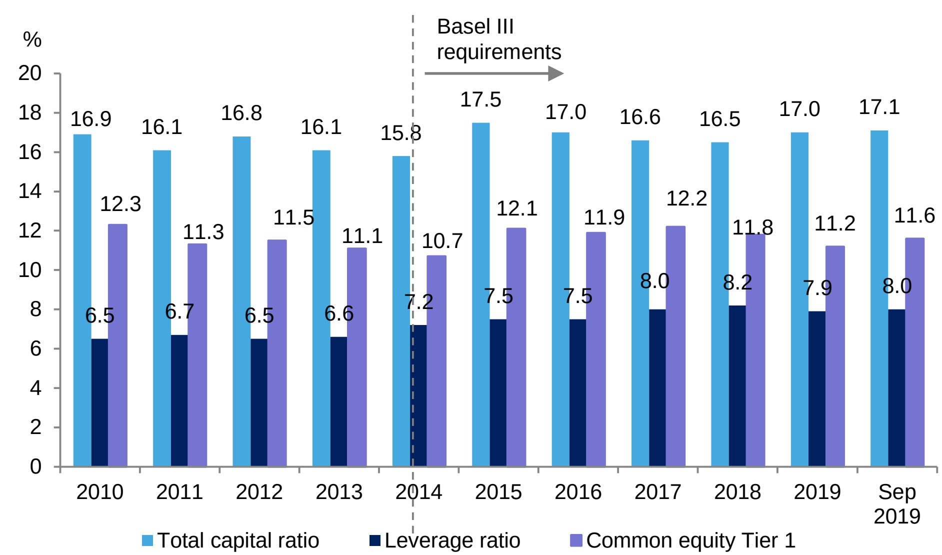


- As we use the Standardised Approach for our Basel III risk RWA calculations, our RWA represent a large portion of our total assets
- IBP's Total RWAs / Total assets is **65%**, which is higher relative to many UK banks on the Advanced Approach
- As a result we **inherently hold more capital**

IBP: sound capital base and capital ratios (continued)

- Investec has **always held capital in excess of regulatory requirements** and intends to perpetuate this philosophy and ensure that it remains well capitalised
- The bank has **never required shareholder or government support**
- In December 2016, the Bank of England set the preferred resolution strategy for IBP to be 'modified insolvency'. As a result, the BoE has therefore set **IBP's MREL requirement as equal to its regulatory capital requirements** (Pillar 1 + Pillar 2A) and as such no MREL issuance/impact is expected
- **IBP is not expected to be subject to the Banking Reform Act ring-fencing requirements**, which are applicable to all large UK deposit takers, as it falls below the £25bn *de minimis* threshold for core deposits

Basel capital ratios*



Capital development

A summary of ratios*	30 Sept 2019	31 Mar 2019	Target
Common equity tier 1 (as reported)^	11.6%	11.2%	>10%
Common equity tier 1 (fully loaded)^^	11.2%	10.8%	
Tier 1 (as reported)^	13.3%	12.9%	>11%
Total capital ratio (as reported)^	17.1%	17.0%	14% to 17%
Leverage ratio** (current)	8.0%	7.9%	>6%
Leverage ratio** (fully loaded)^^	7.8%	7.7%	

^The reported CET 1, T1 and total capital ratio amounts and ratios are calculated applying the IFRS 9 transitional arrangements.

^^Based on the group's understanding of current regulations, 'fully loaded' is based on CRR requirements as fully phased in by 2022, including full adoption of IFRS 9. As a result of the adoption of IFRS 9 Investec Bank plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2019 of £16 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the instrument.

** The leverage ratios are calculated on an end-quarter basis.

*Since 2014 capital information is based on Basel III capital requirements as applicable in the UK. Comparative information is disclosed on a Basel II basis. Since 2014 ratios incorporate the deduction of foreseeable charges and dividends as required in terms of the regulations. Excluding this deduction IBP's CET1 ratio would be 12bps higher. The leverage ratio prior to 2014 has been estimated.

Further information

IBP: two core areas of activity

Wealth & Investment: Key income drivers and performance statistics

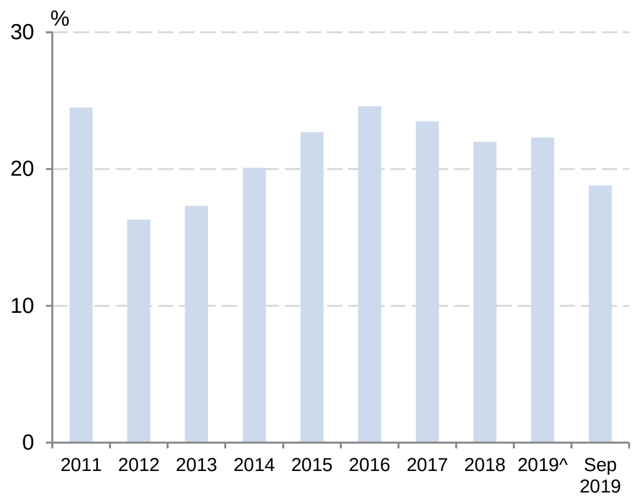
Key income drivers (besides market levels)

- Investment management fees earned on FUM (largely equity mandates)
- Commissions earned for execution
- Largely discretionary FUM with average fees 80bps to 90bps
- Target for average net inflows: 5% of opening FUM for UK business

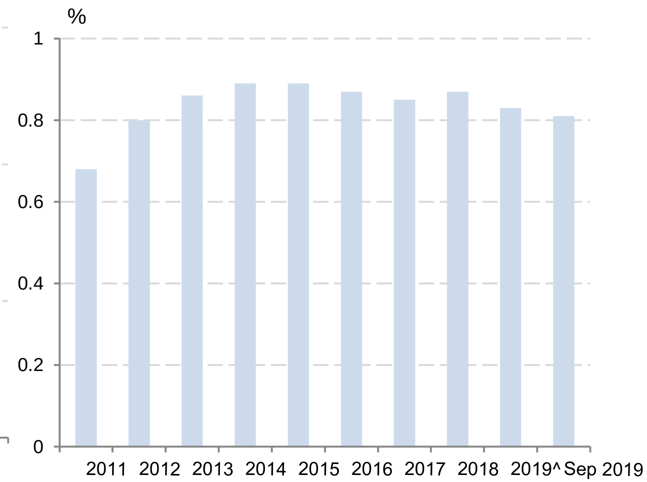
Current positioning

- Number of employees: c.1,400
- Operating margin: 18.8%
- FUM: £41.0bn
- Net inflows as a % of opening FUM: 2.1% (£0.36bn net inflows for the six months ended 30 September 2019)
- Adjusted operating profit*: £30.5mn (September 2018: £36.3mn)
- % contribution to IBP adjusted operating profit*: 27%

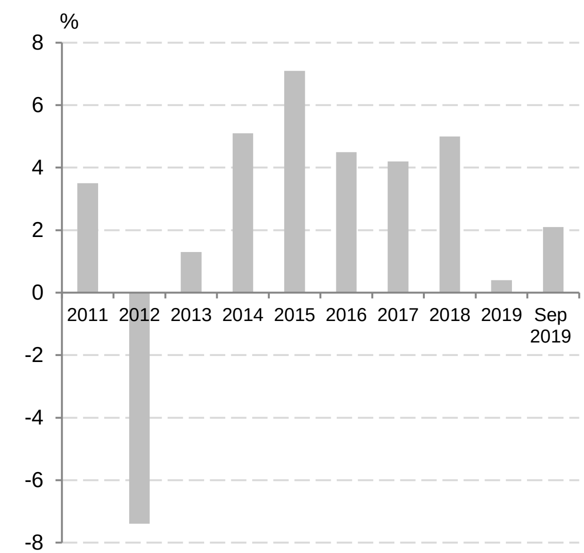
Operating margin



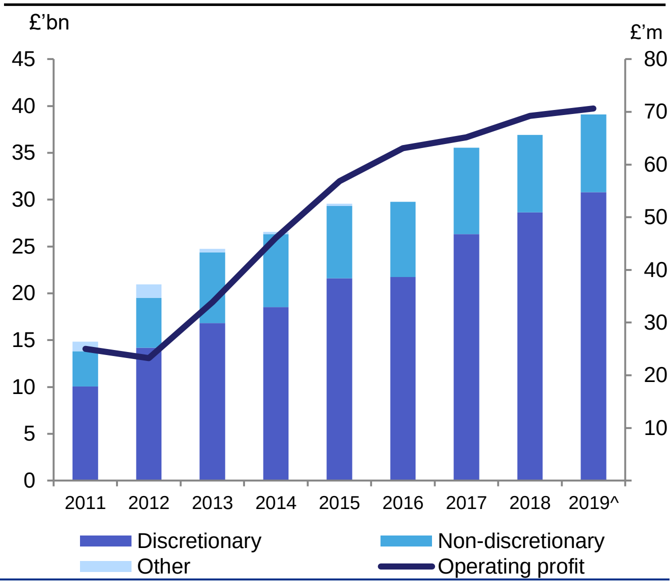
Average income^ as a % of FUM



Net inflows as a % of opening FUM



Funds under management



^The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective *Adjusted operating profit 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 on the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41. All other prior year numbers have not been restated.

IBP: two core areas of activity (continued)

Specialist Banking ongoing: Key income drivers and performance statistics

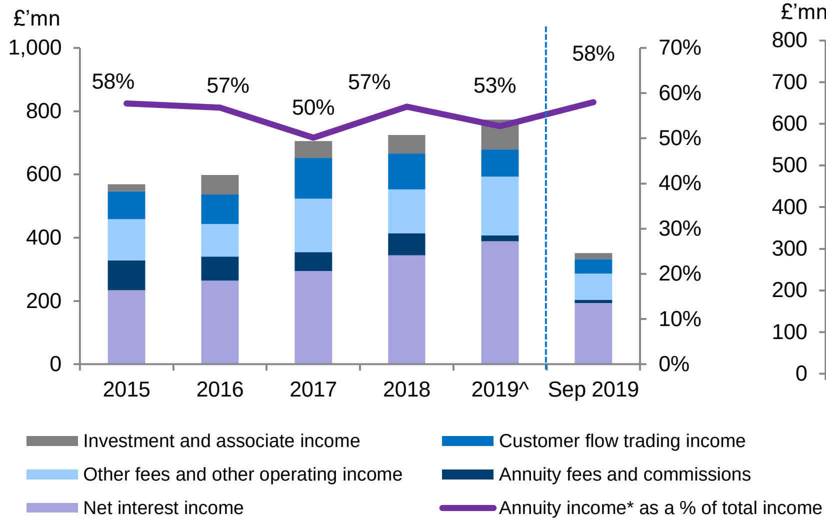
Key income drivers (besides market, economic and rate levels)

- **Net interest:** levels of loans; surplus cash; deposits
- **Fees and commissions**: levels of private and corporate client activity
- **Investment income:** realised and unrealised returns earned on our investment and fixed income portfolios
- **Customer flow trading income:** level of client activity

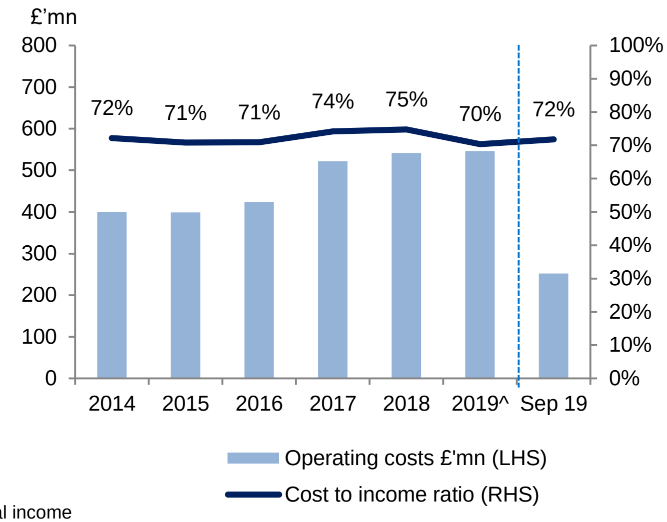
Current positioning

- Number of employees: c.2,400
- Cost to income: 71.8%
- NIM (annualised): 2.12% (Sept 2019: 2.32%)
- Adjusted operating profit*: £82.7mn (September 2018: £98.4mn)
- % contribution to IBP adjusted operating profit*: 73%

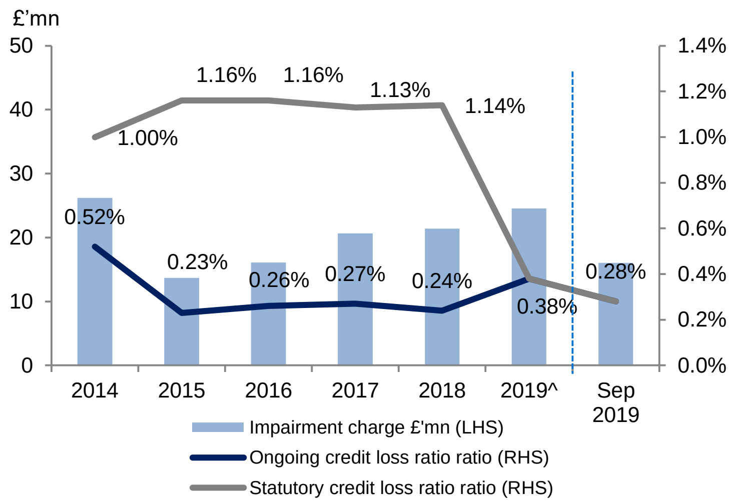
Revenue



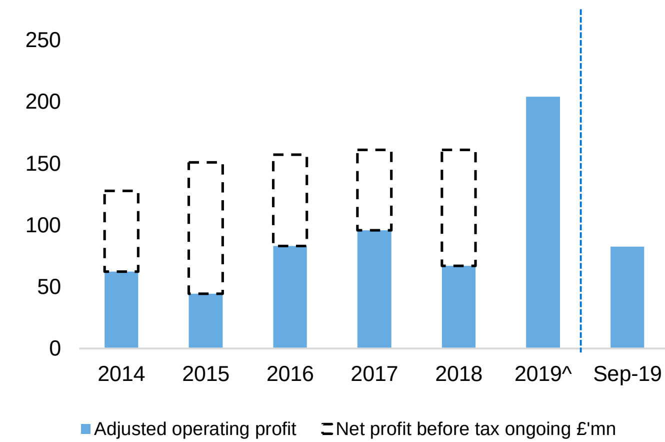
Costs



Impairments



Adjusted operating profit**



Trends in the above graphs are for the period ended 30 September 2019, and reflect the Ongoing specialist banking business. *Adjusted operating profit 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 on slide 41. All other prior year numbers have not been restated.

Appendix – summary financials

IBP: salient financial features

Key financial statistics	30 Sept 2019	30 Sept 2018^	% change	31 March 2019^
Total operating income before expected credit loss impairment charges (£'000)	513 441	546 730	(6.1%)	1 089 842
Operating costs (£'000)	383 489	400 455	(4.2%)	792 380
Adjusted operating profit* (£'000)	113 161	138 950	(18.6%)	274 813
Earnings attributable to ordinary shareholder (£'000)	60 690	97 724	(37.9%)	161 917
Cost to income ratio (%)	74.8%	72.8%		72.6%
Total capital resources (including subordinated liabilities) (£'000)	3 066 788	2 886 130	6.3%	2 966 927
Total equity (£'000)	2 255 204	2 082 242	8.3%	2 163 228
Total assets (£'000)	23 000 166	21 162 620	8.7%	22 121 020
Net core loans and advances (£'000)	10 759 230	10 026 162	7.3%	10 486 701
Customer accounts (deposits) (£'000)	13 656 843	12 743 472	7.2%	13 499 234
Loans and advances to customers as a % of customer deposits	78.8%	78.7%		77.7%
Cash and near cash balances (£'m)	6 460	6 294	2.6%	6 792
Funds under management (£'mn)	41 539	39 710	4.6%	39 482
Total gearing ratio (i.e. total assets to equity)	10.2x	10.2x		10.2x

Key asset quality and capital ratios	30 Sept 2019	31 March 2019
Total capital ratio	17.1%	17.0%
Tier 1 ratio	13.3%	12.9%
CET 1 ratio	11.6%	11.2%
Leverage ratio – current	8.0%	7.9%
Leverage ratio – 'fully loaded'^^	7.8%	7.7%
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.1%	3.2%
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.2%	2.2%
Credit loss ratio[#]	0.28%	0.38%

^Restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41. ^^Based on group's understanding of current regulations, 'fully loaded' is based on Capital Requirements Regulation requirements as fully phased in by 2022, including full adoption of IFRS 9. [#] Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL. Annualised for September 2019. *Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. 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.

IBP: income statement

£'000	Six months to 30 Sept 2019	Six months to 30 Sept 2018^	% change	Year to 31 Mar 2019^
Interest income	392 847	349 669	12.3%	727 745
Interest expense	(192 527)	(151 580)	27.0%	(329 461)
Net interest income	**200 320**	**198 089**	1.1%	**398 284**
Fee and commission income	257 299	261 119	(1.5%)	496 307
Fee and commission expense	(5 156)	(5 580)	(7.6%)	(9 419)
Investment income	18 492	28 864	(35.9%)	92 095
Share of post taxation profit of associates and joint venture holdings	595	-	>100.0%	2 680
Trading income arising from				
- customer flow	45 736	48 420	(5.5%)	86 766
- balance sheet management and other trading activities	(6 429)	13 016	(149.4%)	12 653
Other operating income	2 584	2 982	(13.3%)	10 476
Total operating income before expected credit loss impairment charges	**513 441**	**546 730**	(6.1%)	**1 089 842**
Expected credit loss impairment charges	(16 025)	(10 363)	54.6%	(24 991)
Operating income	**497 416**	**536 367**	(7.3%)	**1 064 851**
Operating costs	(383 489)	(400 455)	(4.2%)	(792 380)
Depreciation on operating leased assets	(845)	(1 167)	(27.6%)	(2 137)
Operating profit before acquired intangibles and strategic actions	**113 082**	**134 745**	(16.1%)	**270 334**
Amortisation of acquired intangibles	(6 548)	(6 408)	2.2%	(12 958)
Closure and rundown of Hong Kong direct investments business	(49 469)	(26 909)	83.8%	(65 593)
Operating profit	**57 065**	**101,428**	(43.7%)	**191 783**
Financial impact of group restructures	11 584	6 234	85.8%	(14 591)
Profit before taxation	**68 649**	**107 662**	(36.2%)	**177 192**
Taxation on operating profit before acquired intangibles and strategic actions	(19 745)	(19 233)	2.7%	(37 353)
Taxation on acquired intangibles and strategic actions	11 707	5 090	130.0%	17 599
Profit after taxation	**60 611**	**93 519**	(35.2%)	**157 438**
Loss attributable to non-controlling interests	79	4 205	(98.1%)	4 479
Earnings attributable to shareholder	**60 690**	**97 724**	(37.9%)	**161 917**

^Restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41.

IBP: balance sheet

£'000	30 Sept 2019	31 March 2019	% change
Assets			
Cash and balances at central banks	3 331 165	4 445 430	(25.1%)
Loans and advances to banks	988 460	954 938	(1.7%)
Reverse repurchase agreements and cash collateral on securities borrowed	913 588	633 202	44.3%
Sovereign debt securities	2 148 108	1 298 947	65.4%
Bank debt securities	52 460	52 265	0.4%
Other debt securities	474 293	508 142	(6.7%)
Derivative financial instruments	742 129	642 530	15.5%
Securities arising from trading activities	780 367	798 224	(2.2%)
Investment portfolio	367 036	486 493	(24.6%)
Loans and advances to customers	10 761 024	10 488 022	2.6%
Other loans and advances	226 735	246 400	(8.0%)
Other securitised assets	114 733	118 143	(2.9%)
Interests in associated undertakings and joint venture holdings	8 802	8 855	(0.6%)
Deferred taxation assets	126 912	133 344	(4.8%)
Other assets	1 437 714	847 604	69.6%
Property and equipment	226 499	94 714	139.1%
Investment properties	14 500	14 500	-
Goodwill	252 970	260 858	(3.0%)
Intangible assets	82 671	88 409	(6.5%)
	23 000 166	**22 121 020**	**4.0%**

IBP: balance sheet (continued)

£'000	30 Sept 2019	31 March 2019	% change
Liabilities			
Deposits by banks	1 361 453	1 318 776	3.2%
Derivative financial instruments	967 613	719 027	34.6%
Other trading liabilities	87 457	80 217	9.0%
Repurchase agreements and cash collateral on securities lent	240 223	314 335	(23.6%)
Customer accounts (deposits)	13 656 843	13 499 234	1.2%
Debt securities in issue	1 908 182	2 050 141	(6.9%)
Liabilities arising on securitisation of other assets	116 544	113 711	2.5%
Current taxation liabilities	132 639	136 818	(3.0%)
Deferred taxation liabilities	19 713	21 341	(7.6%)
Other liabilities	1 442 657	900 493	60.2%
	19 933 378	**19 154 093**	**4.1%**
Subordinated liabilities	811 584	803 699	1.0%
	20 744 962	**19 957 792**	**3.9%**
Equity			
Ordinary share capital	1 218 050	1 186 800	2.6%
Share premium	162 038	143 288	13.1%
Capital reserve	162 789	162 789	0.0%
Other reserves	(12 936)	(19 647)	(34.2%)
Retained income	481 789	447 924	7.6%
Shareholder's equity excluding non-controlling interests	**2 011 730**	**1 921 154**	**4.7%**
Additional Tier 1 securities in issue	250 000	250 000	0.0%
Non-controlling interests in partially held subsidiaries	(6 526)	(7 926)	(17.7%)
Total equity	**2 255 204**	**2 163 288**	**4.3%**
Total liabilities and equity	**23 000 166**	**22 121 020**	**4.0%**

IBP: segmental analysis of operating profit

For the six months to 30 Sept 2019 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	6 694	193 626	200 320
Fee and commission income	155 807	101 492	257 299
Fee and commission expense	(339)	(4 817)	(5 156)
Investment income	(372)	18 864	18 492
Share of post taxation profit of associates and joint venture holdings	-	595	595
Trading income arising from			
- customer flow	483	45 253	45 736
- balance sheet management and other trading activities	17	(6 446)	(6 429)
Other operating income		2 584	2 584
Total operating income before expected credit loss impairment charges	**162 290**	**351 151**	**513 441**
Expected credit loss impairment releases/(charges)	1	(16 026)	(16 025)
Operating income	**162 291**	**335 125**	**497 416**
Operating costs	(131 836)	(251 653)	(383 489)
Depreciation on operating leased assets	-	(845)	(845)
Operating profit before acquired intangibles and strategic actions	**30 455**	**82 627**	**113 082**
Loss attributable to non-controlling interests	-	79	79
Adjusted operating profit	**30 455**	**82 706**	**113 161**
Selected returns and key statistics			
Cost to income ratio	81.2%	71.8%	74.8%
Total assets (£'million)	959	22 041	23 000

IBP: segmental analysis of operating profit

For the six months to 30 Sept 2018 £'000	Wealth & Investment^	Specialist Banking^	Total group^
Net interest income	4 046	194 043	198 089
Fee and commission income	155 895	105 224	261 119
Fee and commission expense	(373)	(5 207)	(5 580)
Investment income	47	28 637	28 684
Share of post taxation profit of associates and joint venture holdings	-	-	-
Trading income arising from			
- customer flow	393	48 027	48 420
- balance sheet management and other trading activities	3	13 013	13 016
Other operating income	-	2 982	2 982
Total operating income before expected credit loss impairment charges	**160 011**	**386 719**	**546 730**
Expected credit loss impairment charges	(27)	(10 336)	(10 363)
Operating income	**159 984**	**376 383**	**536 367**
Operating costs	(123 637)	(276 818)	(400 455)
Depreciation on operating leased assets	-	(1 167)	(1 167)
Operating profit before acquired intangibles and strategic actions	**36 347**	**98 398**	**134 745**
Loss attributable to non-controlling interests	-	4 205	4 205
Adjusted operating profit	**36 347**	**102 603**	**138 950**
Selected returns and key statistics			
Cost to income ratio	77.3%	71.0%	72.8%
Total assets (£'million)	876	20 287	21 163

^Restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 41.

IBP: asset quality under IFRS 9

£'million	30 Sept 2019	31 March 2019
Gross core loans and advances to customers subject to ECL	**10 183**	**9 864**
Stage 1	9 324	8 969
Stage 2	542	576
of which past due greater than 30 days	*17*	*13*
Stage 3	317	319
*Ongoing (excluding Legacy) Stage 3**	*172*	*149*
Gross core loans and advances to customers subject to ECL (%)		
Stage 1	91.6%	91.0%
Stage 2	5.3%	5.8%
Stage 3	3.1%	3.2%
*Ongoing (excluding Legacy) Stage 3**	*1.7%*	*1.5%*
Stage 3 net of ECL	225	211
*Ongoing (excluding Legacy) Stage 3**	*133*	*114*
Aggregate collateral and other credit enhancements on Stage 3	237	228
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans and advances subject to ECL	3.1%	3.2%
*Ongoing (excluding Legacy) Stage 3**	*1.7%*	*1.5%*
Total ECL as a % of Stage 3 exposure	42.9%	46.7%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	2.2%	2.2%
*Ongoing (excluding Legacy) Stage 3**	*1.3%*	*1.2%*

*Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy, which comprises of pre-2008 assets held on the balance sheet, that had low/negative margins and assets relating to business we are no longer undertaking.

IBP: capital adequacy

£'million	30 Sept 2019*	31 March 2019 *
Tier 1 capital		
Shareholders' equity	1 980	1 889
Non-controlling interests	(9)	(8)
Regulatory adjustments to the accounting basis	97	110
Deductions	(336)	(348)
Common equity tier 1 capital	**1 732**	**1 643**
Additional tier 1 capital	250	250
Tier 1 capital	**1 982**	**1 893**
Tier 2 capital	**564**	**596**
Total regulatory capital	**2 546**	**2 489**
Risk-weighted assets^^	**14 920**	**14 631**
Capital ratios^^		
Common equity tier 1 ratio	11.6%	11.2%
Tier 1 ratio	13.3%	12.9%
Total capital ratio	17.1%	17.0%

*The capital adequacy disclosures for Investec Bank plc include the deduction of foreseeable charges and dividends when calculating common equity tier (CET) 1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. These disclosures are different to the capital adequacy disclosures included in the Interim Report, which follow our normal basis of presentation and do not include the deduction for foreseeable charges and dividends when calculating CET 1 capital. Investec Bank plc's CET 1 ratio would be 12bps (31 March 2019: 13bps) higher on this basis. ^^CET 1, Tier 1 (T1), total capital adequacy ratios and risk-weighted assets are calculated applying the IFRS 9 transitional arrangements.

IBP Restatement Note

The group remains committed to its objective to simplify and focus the business in pursuit of disciplined growth over the long-term. In this regard the following strategic actions have been effected:

- Closure of Click & Invest which formed part of the UK wealth management business
- Sale of the Irish Wealth & Investment business
- Restructure of the Irish branch
- Sale of UK Property Fund
- Closure and rundown of the Hong Kong direct investments business.

We have elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before acquired intangibles and strategic actions, whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after tax for the six months to 30 September 2018 by £1.3 million and for the year to 31 March 2019 by £2.6 million.

Financial impact of strategic actions

£'000	Six months to 30 Sept 2019	Six months to 30 Sept 2018	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(49 469)	(26 909)	(65 593)
Financial impact of group restructures	11 584	6 234	(14 591)
Closure of Click & Invest	(4 020)	(3 483)	(14 265)
Sale of the Irish Wealth & Investment business	17 786	-	-
Restructure of the Irish branch	(1 265)	9 717	(326)
Sale of UK Property Fund	(917)	-	-
Financial impact of strategic actions	**(37 885)**	**(20 675)**	**(80 184)**

*Included within the balance are fair value adjustments of £44.6 million (30 September 2018: £23.3 million; 31 March 2019: £57.8 million).