



Investec Bank plc

Overview

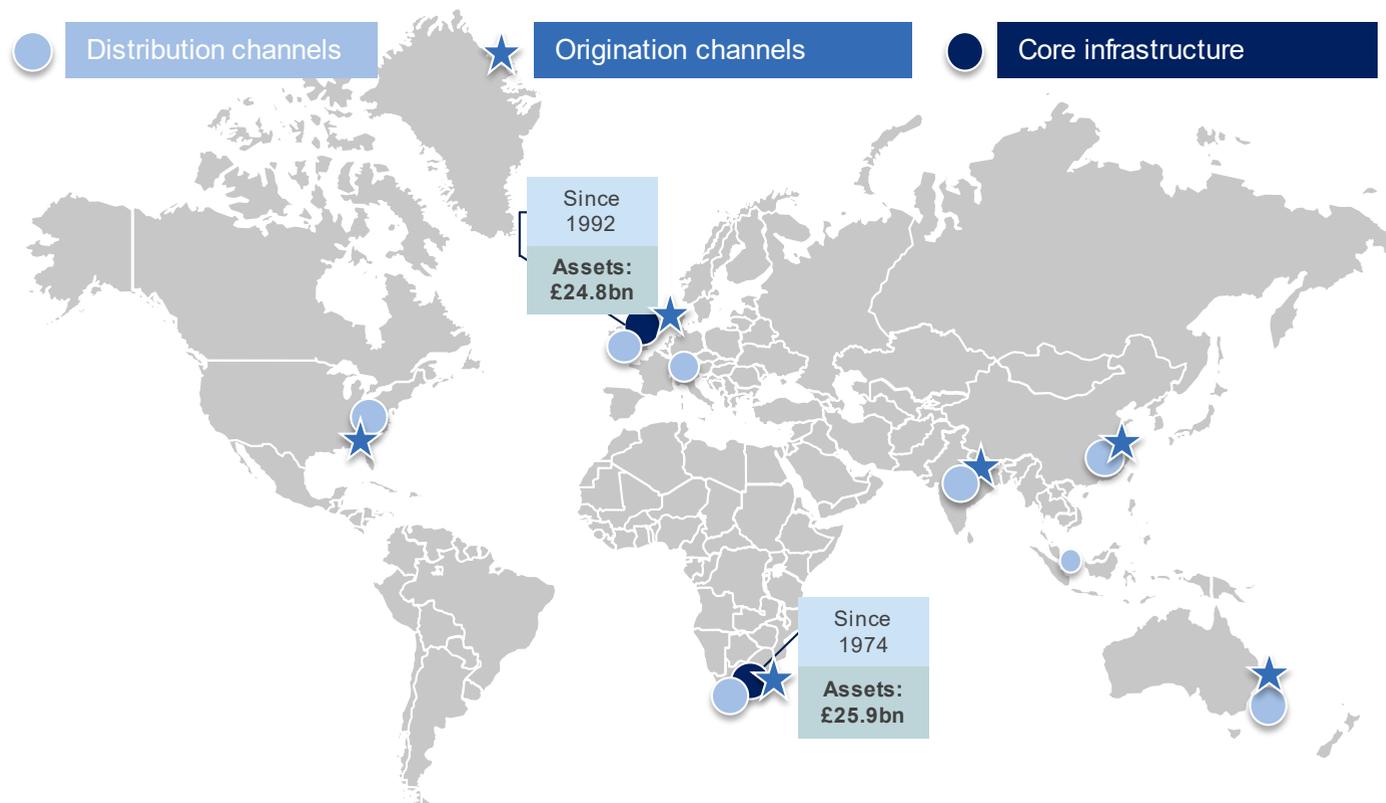


An overview of the Investec group

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

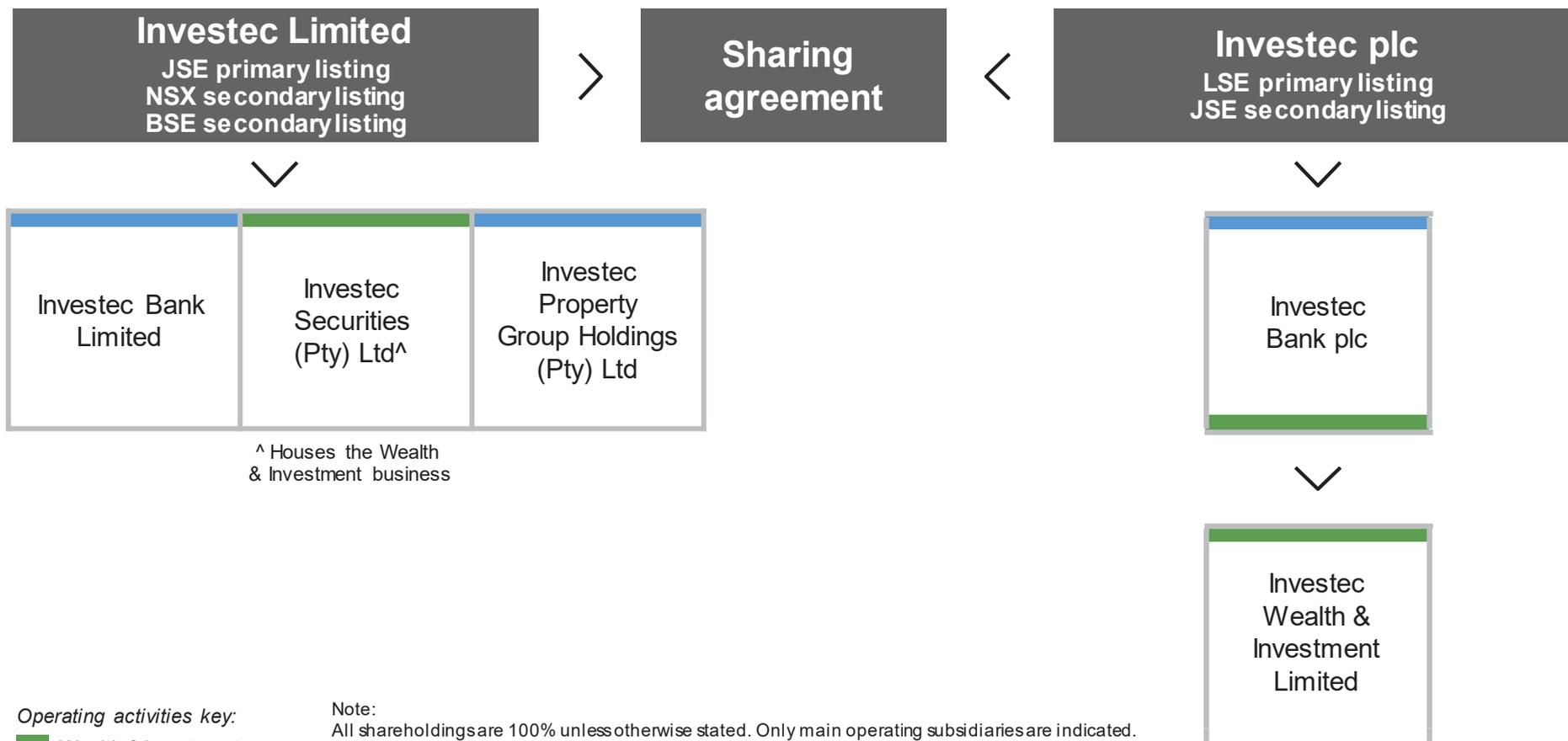
A domestically relevant, internationally connected banking and wealth & investment group

- Established in 1974
- Today, an efficient integrated international business platform employing approximately **8 700*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£50.7bn**; total equity of **£4.9bn**; total third party assets under management of **£45.0bn**



Group structure

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



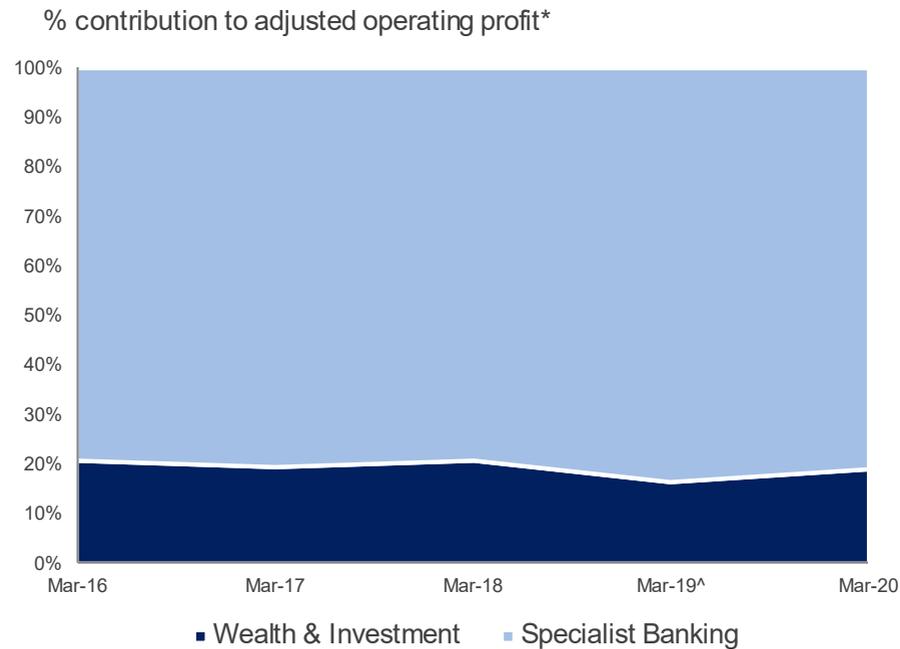
Operating activities key:
■ Wealth & Investment
■ Specialist Banking

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

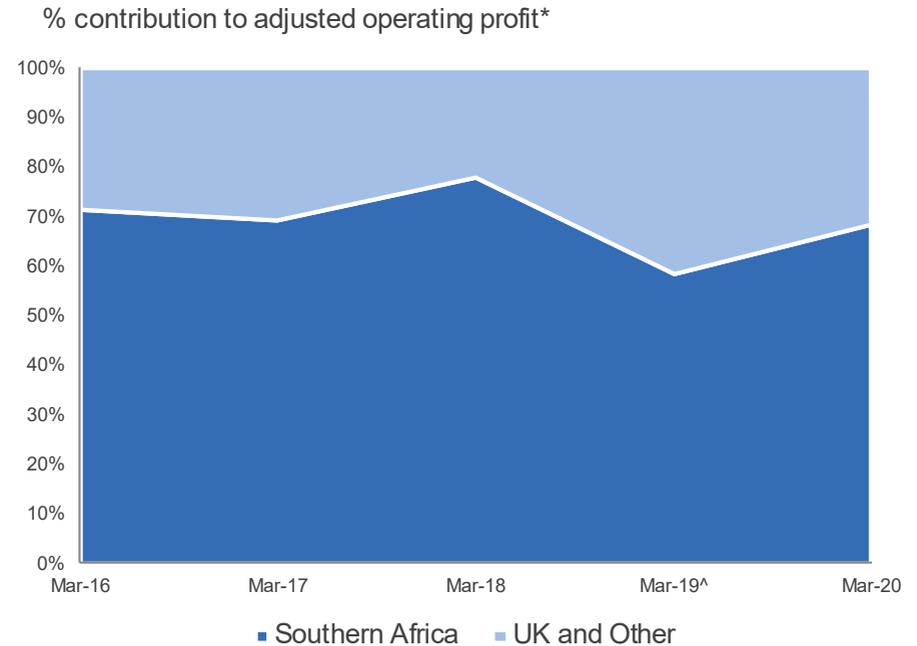
In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). The Investec group retained a 25% shareholding in the Ninety One DLC group, with 16% held through Investec plc and 9% held through Investec Limited.

Solid recurring income base supported by a diversified portfolio

Across businesses



Across geographies



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

Strategic direction

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

The Investec distinction

Client focused approach

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

Specialised strategy

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

Sustainable business

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

Strong culture

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

One Investec

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

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

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

Our long-term strategic focus

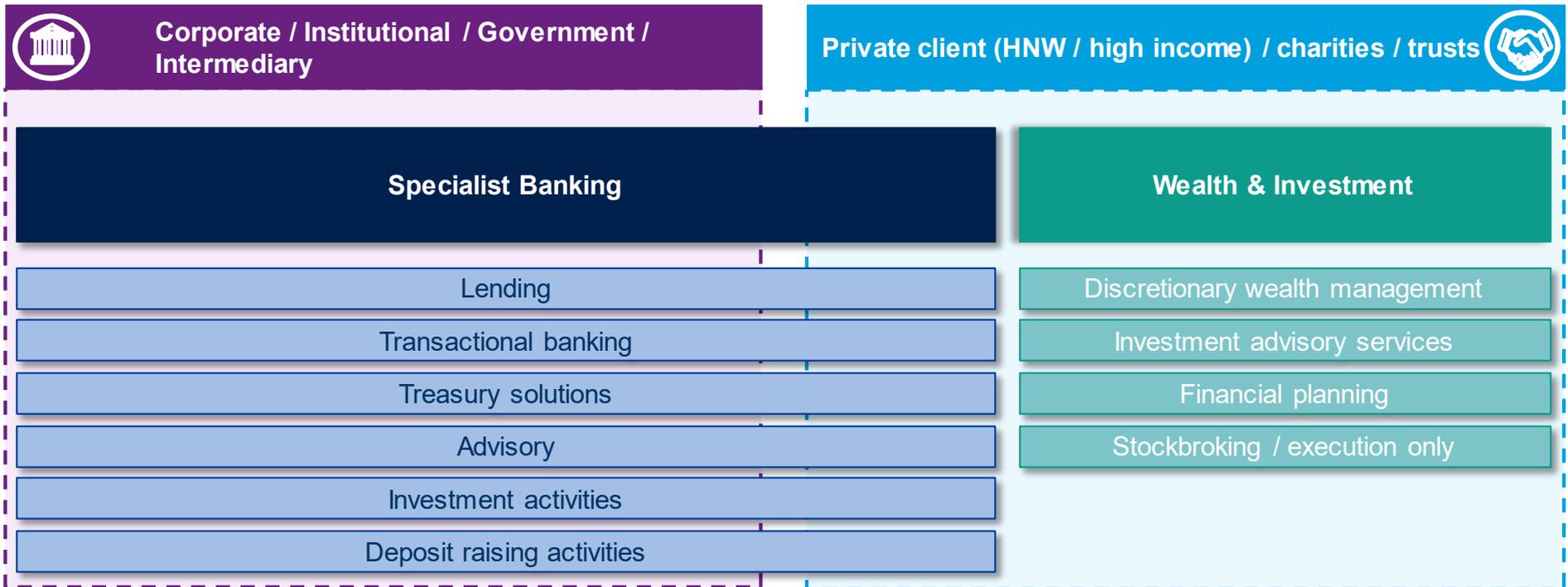
- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and to contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive,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

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

Balanced business model supporting our long-term strategy

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

2 Principal geographies	2 Core areas of activity	8,700+ Employees	£24.9bn Core loans	£32.2bn Customer deposits	£45.0bn Third party FUM
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We have market-leading distinctive client franchises

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

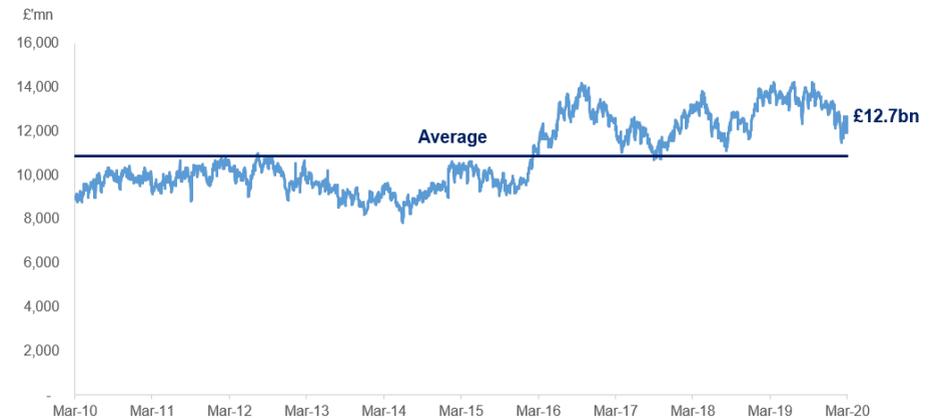
We are a people business backed by our out of the ordinary culture, and entrepreneurial spirit

We continue to have a sound balance sheet

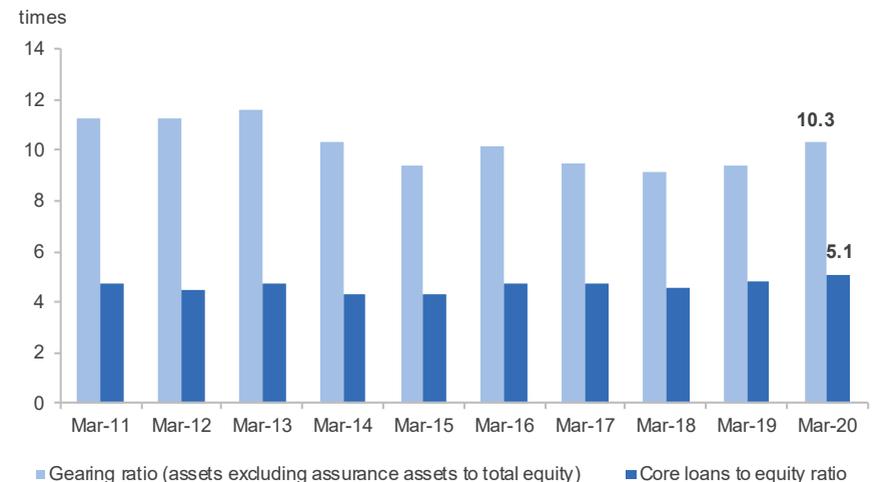
Key operating fundamentals

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

Cash and near cash

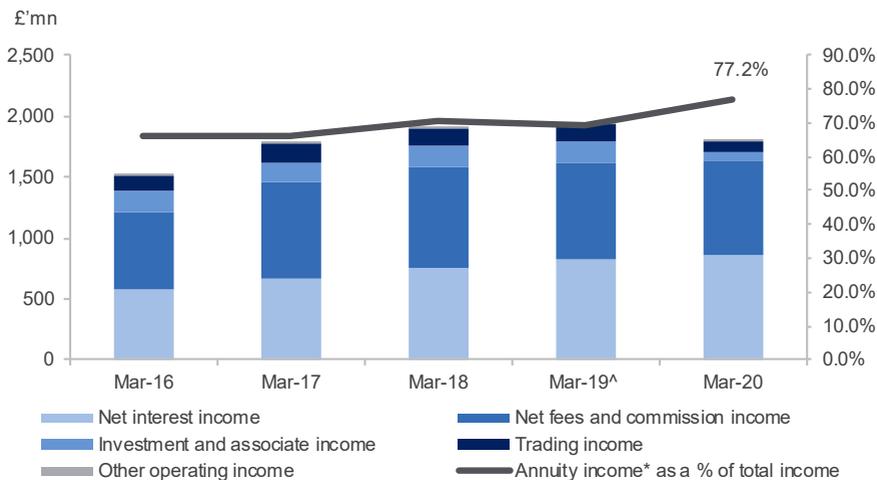


Low gearing ratios

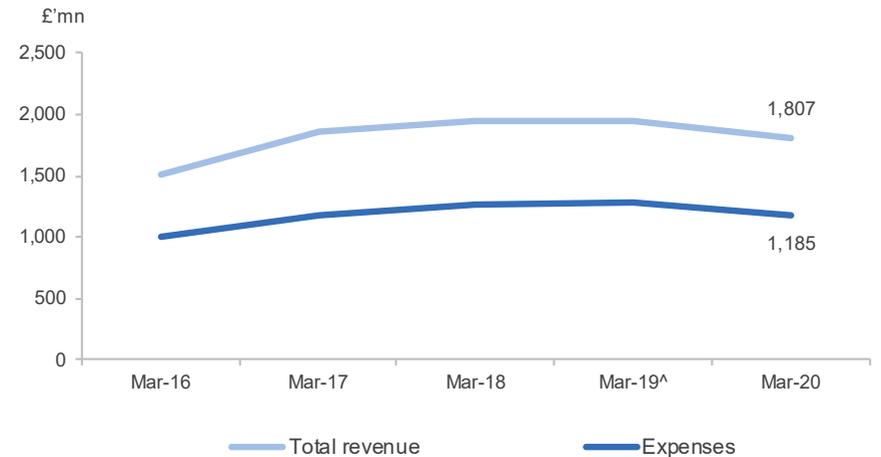


We have a sound track record

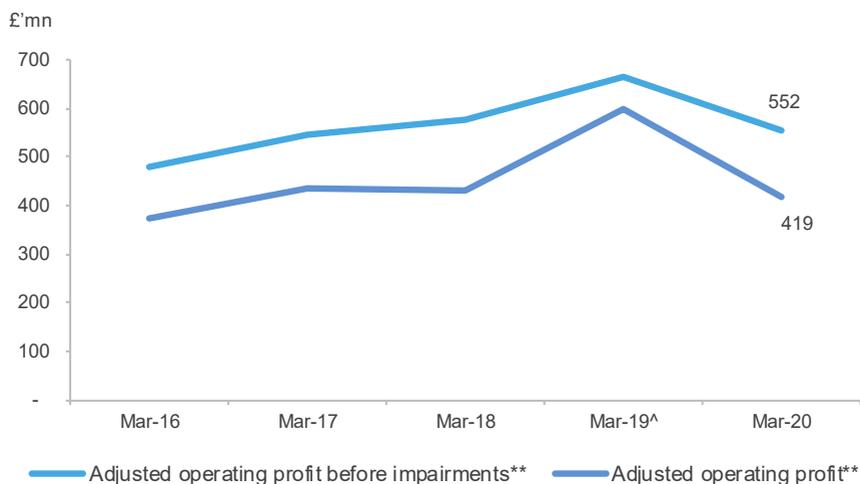
Recurring income



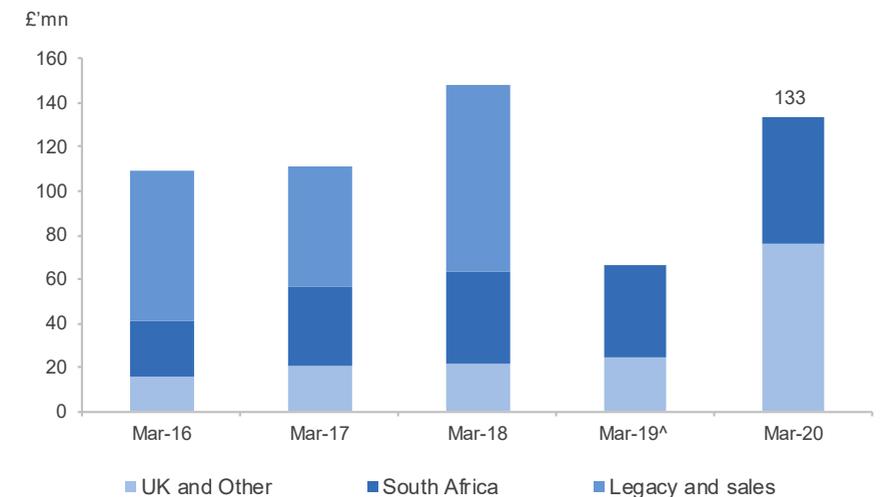
Revenue versus expenses



Adjusted operating profit** before impairments



Credit loss impairment charges

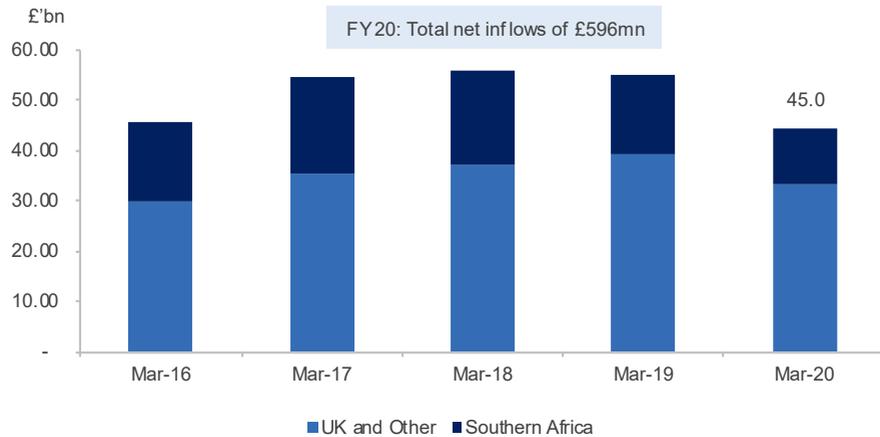


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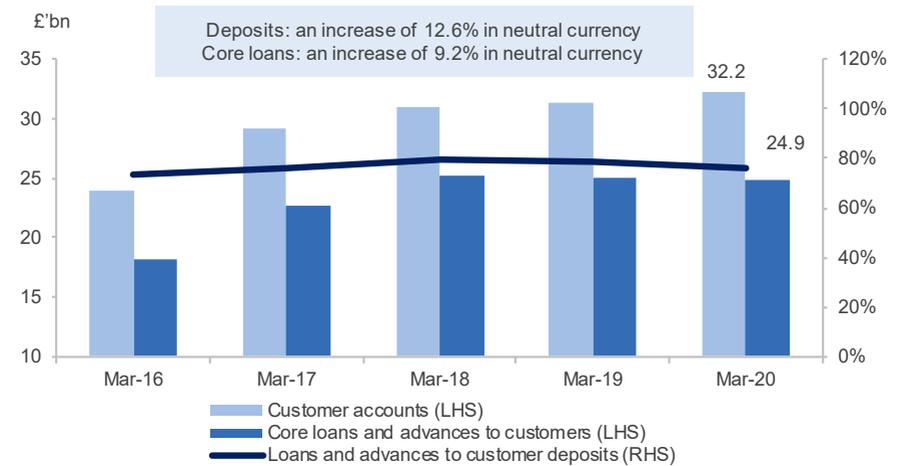
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We have a sound track record (cont.)

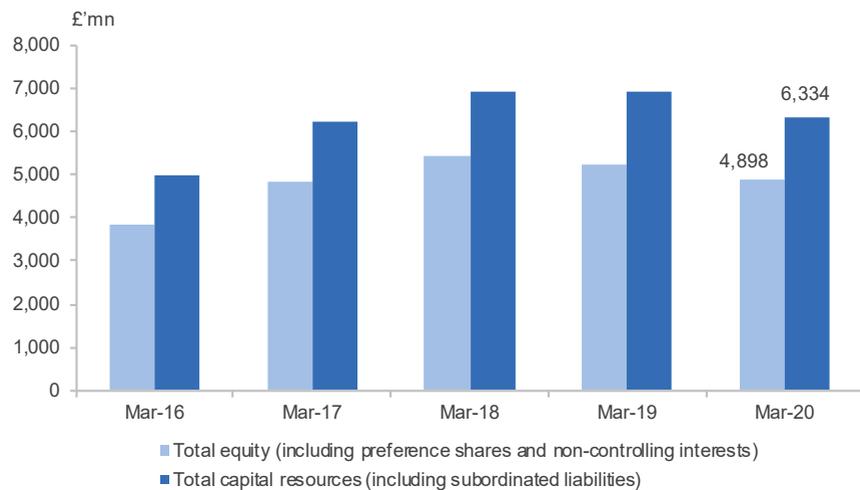
Third party assets under management



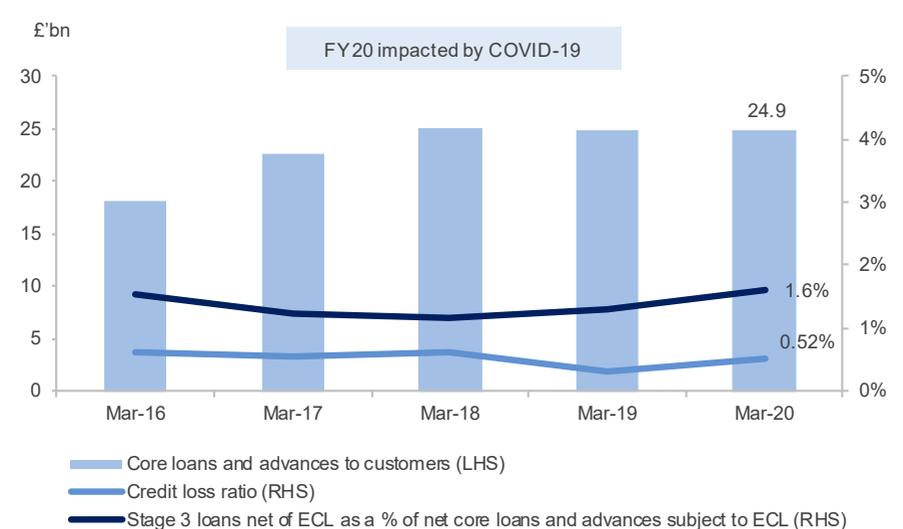
Core loans and advances and deposits



Total equity and capital resources



Asset quality



Sustainability – indices, rankings and recognition

Indices and rankings



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



- **Top 30** in the FTSE/JSE responsible investment index



- **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)



- **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)



- **Top 6%** scoring AAA in the financial services sector



- **Score B** against an industry average of C



- **Top 20%** of globally assessed companies



- **Top 20%** of the ISS ESG global Universe and **Top 14%** of Diversified financial services

Recognition

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

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

Sustainability – “living in society, not off it”

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

Supporting business strategy

1 Delivering exceptional service to our clients

2 Creating long-term value for all our stakeholders

3 Contribute meaningfully to:

Our people

Communities

The planet

Sustainability focus

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

Value created – highlights from this year



- Published our group fossil fuel policy with **<1.5%** exposure to fossil fuels
- Enhanced our ESG policies, processes and reporting



- Participating in the UN Global Investors for Sustainable Development Alliance
- Financing the SDGs, e.g. renewable energy, infrastructure, innovation and SMEs



- Female senior leadership represent **36.9%** (2019: 35.6%) of total senior leadership



- Community spend as a % of operating profit of **2.3%** (2019: 2.0%) of which **77%** was on education, entrepreneurship and jobs



- Achieved net-zero carbon emissions
- Launched Environmental World Index Autocall in SA and a sustainable energy finance arm in the UK

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



An overview of
Investec Bank plc (IBP)

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

Total assets £24.7bn	Net core loans £11.8bn	Total equity £2.3bn	Customer deposits £15.5bn	Third Party FUM £33.5bn	Employees (approx.) c.3,900
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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
- **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.36% 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

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 51% of IBP's revenue[#]
- Geographic and operational diversity with a high level of **annuity revenue**[^] accounting for 72% of total operating income
- Third party FUM* of **£33.5bn** and **positive net inflows** for Wealth and Investment

Sound balance sheet

- **Never required shareholder or government support**
- **Robust capital base: 11.5% CET1 ratio**** and **strong leverage ratio of 8.0%** (7.7% on a fully loaded basis) as of 31 March 2020
- IBP benefits from a substantial unlevered asset, being Wealth & Investment (FUM: £33.1bn)
- **Low gearing: 10.6x**
- **Strong liquidity ratios** with high level of readily available, high quality liquid assets representing 39.5% of customer deposits (cash and near cash: £6.0bn)
- **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding
- We target a **diversified, secured loan portfolio**, lending to clients we know and understand

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 year ended 31 March 2020. [^]Where annuity income is net interest income and annuity fees. *Where FUM is third party funds under management.

**CET1 ratios shown on a consolidated basis as at 31 March 2020; after the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation (CRR) and EBA technical standards.

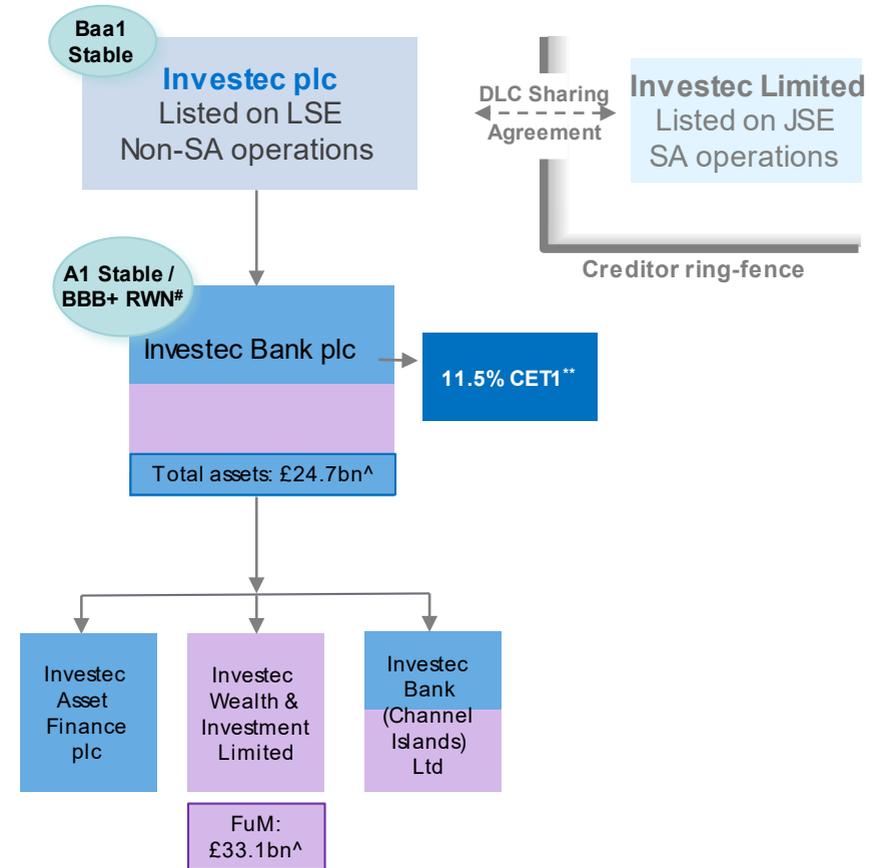
Investec and IBP: structure and main operating subsidiaries

Features of Investec's structure

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

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	Mar-20	Mar-19
<i>UK & Other</i>		
Investec Wealth & Investment	£33.1bn	£39.1bn
Other	£0.4bn	£0.4bn
Total third party assets under management	£33.5bn	£39.5bn

■ Specialist banking
■ Wealth & Investment

IBP: balanced business model supporting our long-term strategy

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

Client	<p>Corporate / Institutional / Government / Intermediary</p>	<p>Private client (high net worth/ high income) / charities / trusts</p>
Business	<p>Specialist Banking</p> <ul style="list-style-type: none"> • Lending • Transactional banking • Treasury solutions • Advisory • Investment activities • Deposit raising activities 	<p>Wealth & Investment</p> <ul style="list-style-type: none"> • Investments and savings • Pensions and retirement • Financial planning
Region	<p>UK and Europe, Australia, Hong Kong, India, USA</p>	<p>UK, Channel Islands (Guernsey), Switzerland</p>
Value Proposition	<ul style="list-style-type: none"> • Established, full service banking solution to corporate and private clients with leading positions in various areas • High-touch personalised service – ability to execute quickly • Ability to leverage international, cross-border platforms • Strong UK client base and internationally connected • Strong ability to originate, manufacture and distribute • Balanced business model with good business depth and breadth • Generated 64% of adjusted operating profit* in FY 2020 	<ul style="list-style-type: none"> • Built via organic growth and the acquisition and integration of businesses over a long period of time • Established platforms in the UK, Guernsey and Switzerland • Four distribution channels: direct, intermediaries, Investec Private Bank, and Investec internationally • Global investment process, delivering tailor-made and innovative solutions to our clients • Focus on organic growth in our key markets • Recognised brand and balance sheet strength attracts investment managers and supports client acquisition • Low risk, capital light, annuity income generation • £33.1bn in funds under management • Generated 36% of adjusted operating profit* in FY 2020

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

IBP: key objectives

Maintain healthy capital ratios

- Always held capital in excess of regulatory requirements
- Targets:
 - Common Equity Tier 1 ratio >10% (11.5% at 31 Mar 2020)
 - Tier 1 ratio >11% (13.1% at 31 Mar 2020)
 - Total capital ratio: 14% – 17% (16.5% at 31 Mar 2020)
 - Leverage ratio >6% (8.0% at 31 Mar 2020)
- 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% (39.5% as at 31 Mar 2020)
- Maintain diversified sources of funding

Perpetuate the quality of the balance sheet

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's cost to income ratio was 73.9% at 31 March 2020 (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 complete, the business is now in leverage and growth phase and management is committed to an increased focus on cost discipline

IBP: focusing on capital light activities

- Realigned the business model since the global financial crisis and focused on **growing capital light businesses**
- At 31 March 2020, total capital light activities **account for 51% of IBP's revenue**
- We have **significantly increased our third party funds under management** – a key capital light annuity income driver – in the Wealth & Investment business. FUM have grown from £14.9bn at March 2011 to £33.1bn at March 2020. Revenue from Wealth & Investment makes up 33.2% of Investec plc's total operating income at 31 March 2020.

CAPITAL LIGHT ACTIVITIES

BALANCE SHEET DRIVEN ACTIVITIES

Third party funds management, advisory and transactional income

Net interest, customer flow trading, investment and associate income

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

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

CAPITAL LIGHT BUSINESSES*

£488mn
51% of total revenue

Net fees and commissions

£482mn

50% of total revenue

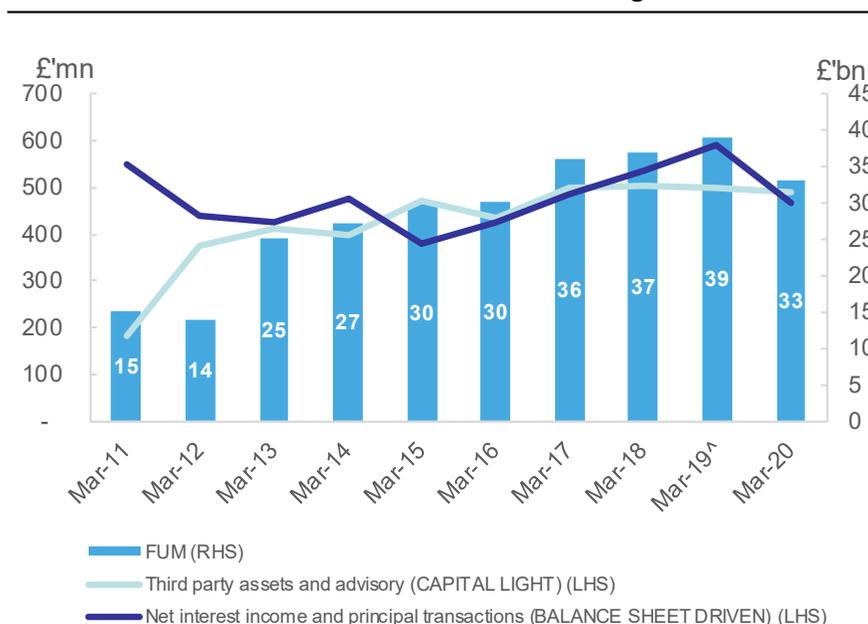
- Of which £178mn Specialist Bank
- Of which £304mn Wealth & Investment

Other

£6mn

1% of total revenue

IBP revenues and funds under management



BALANCE SHEET DRIVEN BUSINESSES*

£469mn
49% of total revenue

Net interest income

£410mn

43% of total revenue

Customer flow and other trading income

£50mn

5% of total revenue

Investment and associate income

£9mn

1% of total revenue

Fee and commission income

Types of income

Net interest, customer flow trading, investment and associate income

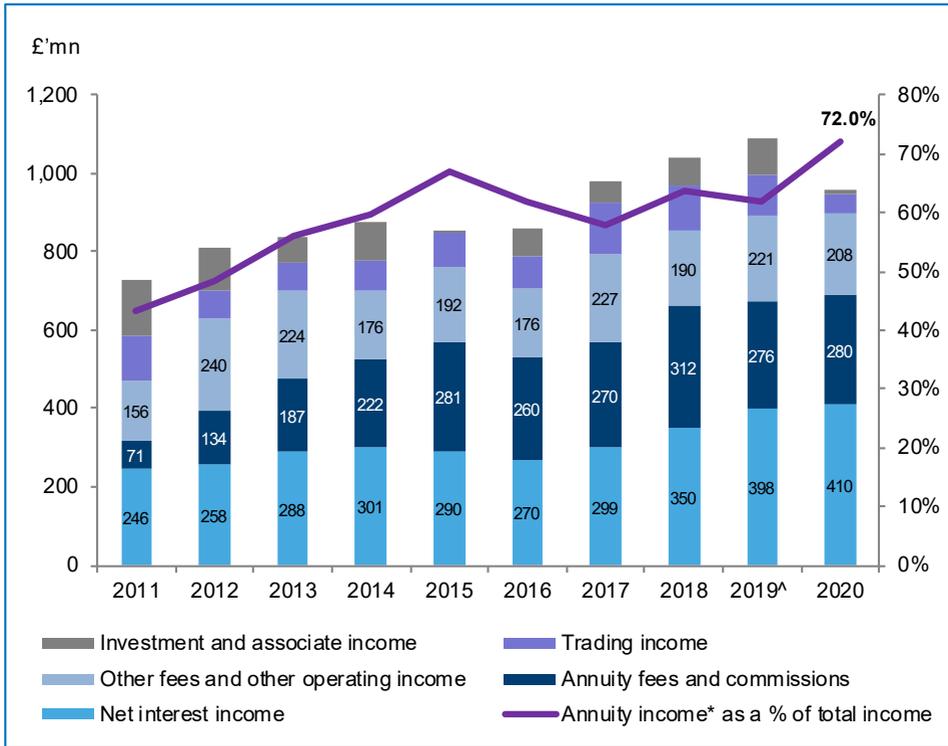
*For the financial year ended 31 March 2020. ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 46. All other prior year numbers have not been restated.



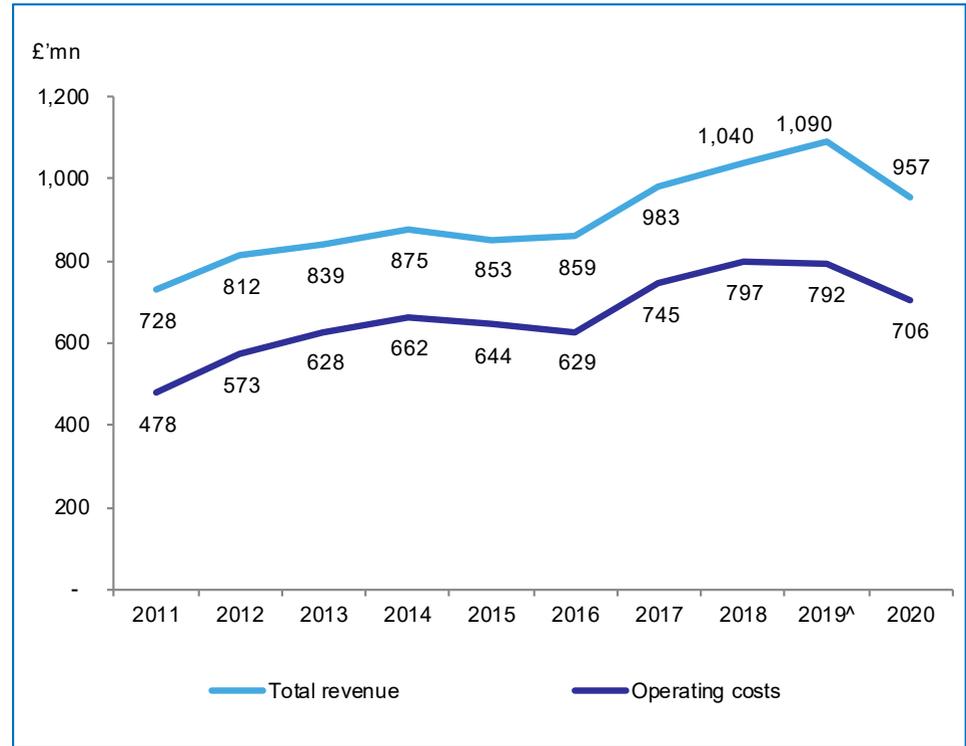
IBP's operating fundamentals

IBP: profitability supported by diversified revenue streams

Annuity income



Revenue versus expenses



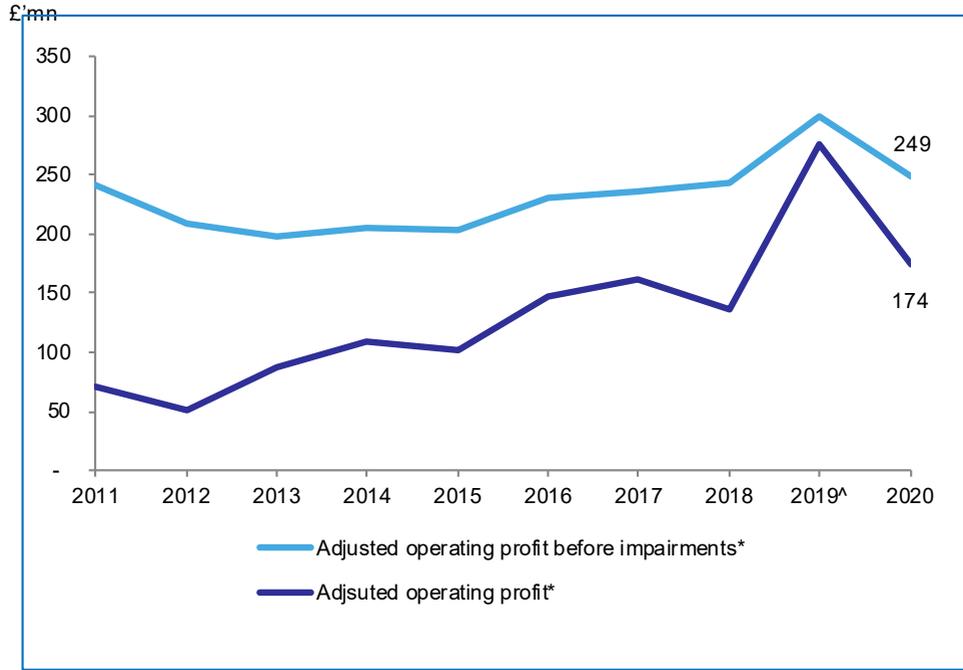
- **Solid recurring income base (FY20: 72%)** comprising net interest income and annuity fees which has been enhanced by the growth in our wealth management business
- **Total capital light activities accounted for 51%** of IBP's income for the year ended 31 March 2020 (46% at 31 March 2019^A)

- We are **focused on managing costs** while building for the future
 - Investment in our Private Banking business is fully expensed – now in leverage and growth phase
 - No longer incurring double premises costs
- UK Specialist Bank reduced operating costs by £96m (17.6%) in FY2020.

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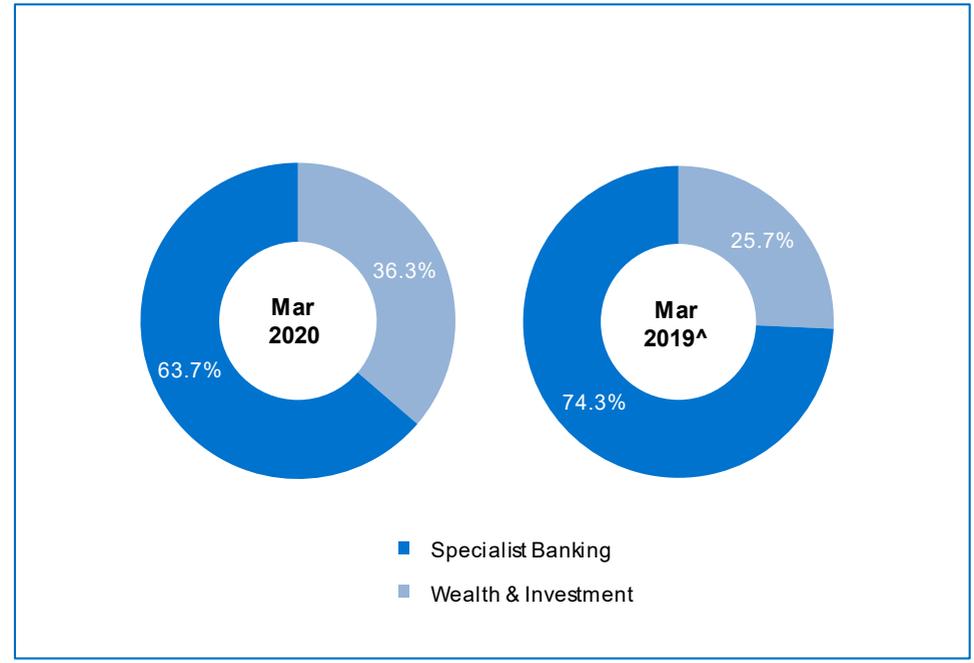
IBP: profitability supported by diversified revenue streams

Adjusted operating profit*



- **We have grown adjusted operating profit** from £70m in 2011 to £174m in 2020 (CAGR of 10.6%)
- 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 and 2020 financial years, there was no repeat of prior substantial legacy losses.
- It is also worth noting that we remained profitable throughout the global financial crisis and have built a solid client franchise business which has supported growth in revenue.

Business mix percentage contribution to adjusted operating profit*

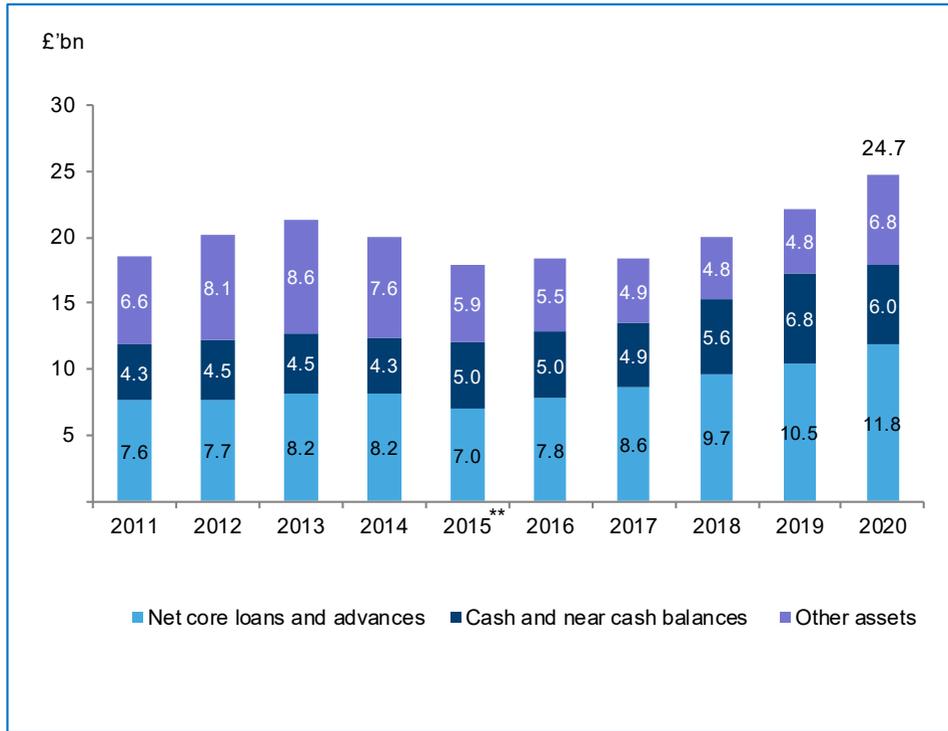


- Profitability is supported by a diversified, quality adjusted operating profit mix from the Specialist Banking and Wealth & Investment businesses
- The lower contribution from the Specialist Banking business in 2020 was largely driven by weak equity capital markets activity due to persistent market uncertainty throughout the year under review as well as the impact of the COVID-19 pandemic

*Adjusted operating profit is Operating profit before acquired intangibles and strategic actions, less profit attributable to other non-controlling interests, and 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 22 impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 46. All prior year numbers have not been restated.

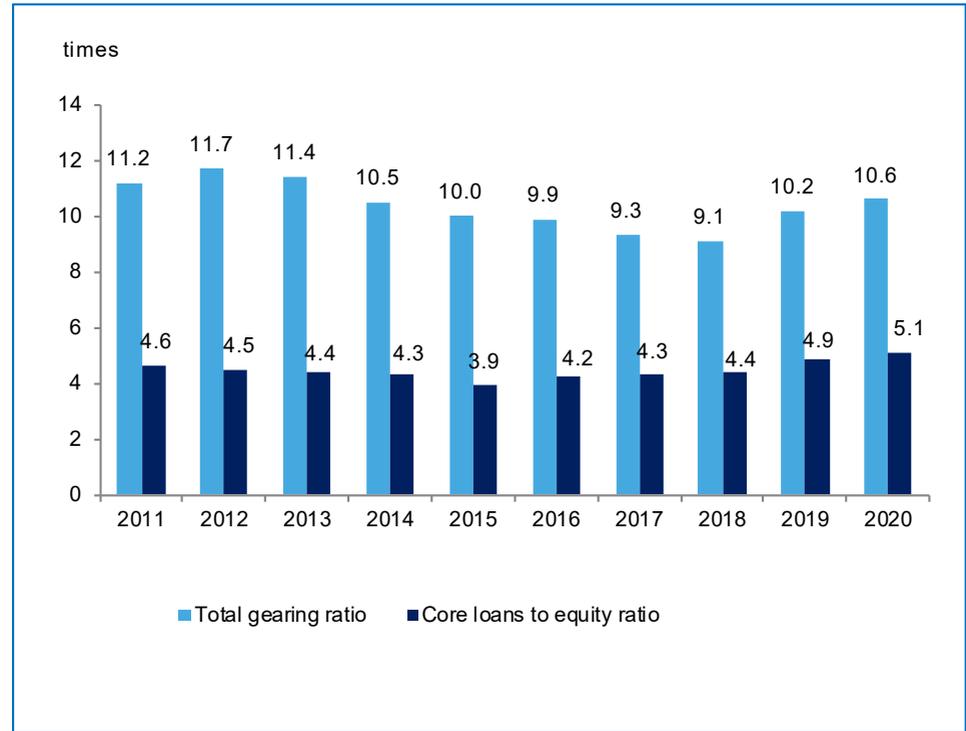
IBP: consistent asset growth, gearing ratios remain low

Total assets composition



- Our core loans and advances have grown steadily over the past 10 years (CAGR of 5% since 2011)
- Good growth in cash and near cash balances (CAGR of 3.9% since 2011)

Gearing* remains low



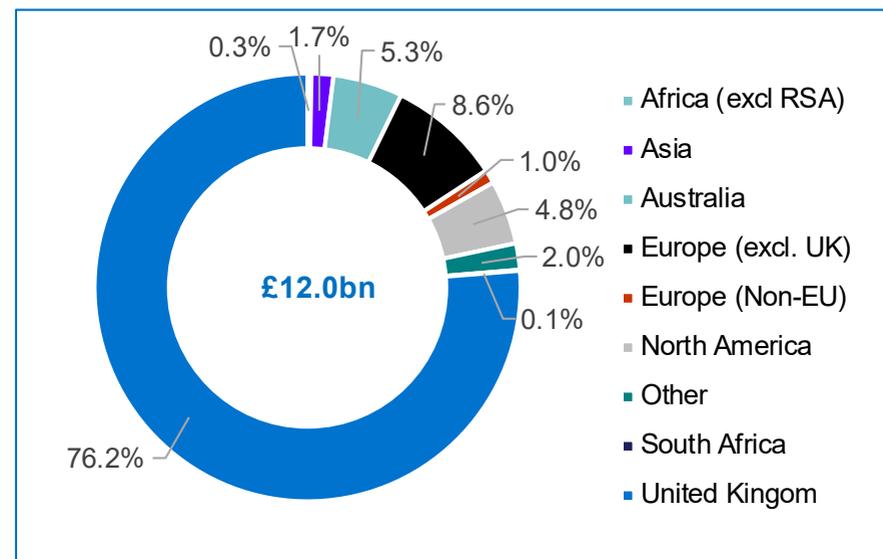
- We have **maintained low gearing ratios*** with total gearing at 10.6x and an average of 10.4x since 2011

*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.

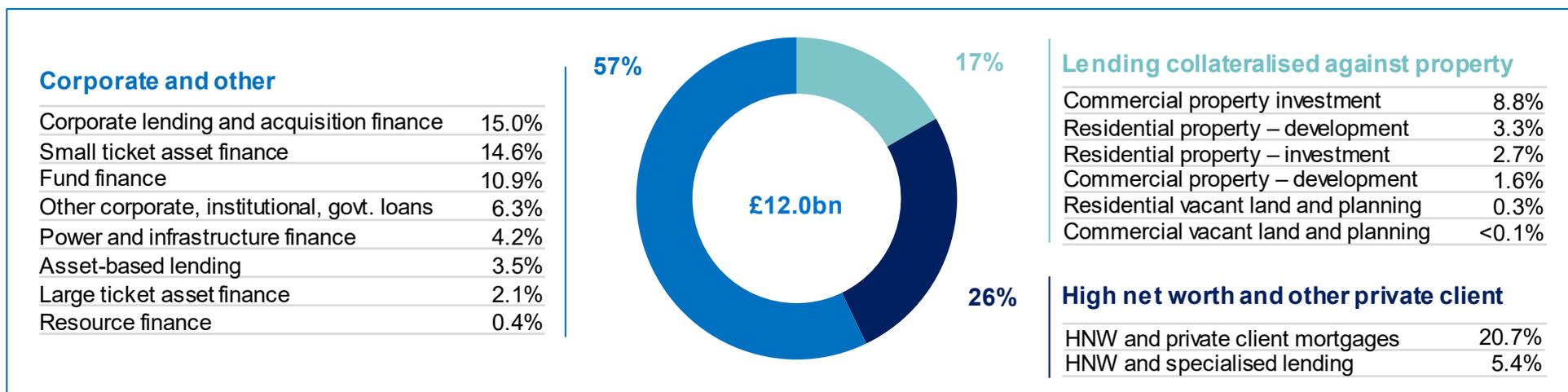
IBP: exposures in a select target market

- 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**
- **Net core loan growth** in FY20 was **12.8%** (FY19: 8.5%). Growth has been driven by our residential mortgage portfolio through acquisition of target clients in line with our Private Banking strategy
- Focus remains on redeployment of capital into core business activity and ensuring that **concentration risk** to certain asset types, industries and geographies is **prudently managed, mitigated and controlled**.

Gross core loans by country of exposure at 31 March 2020

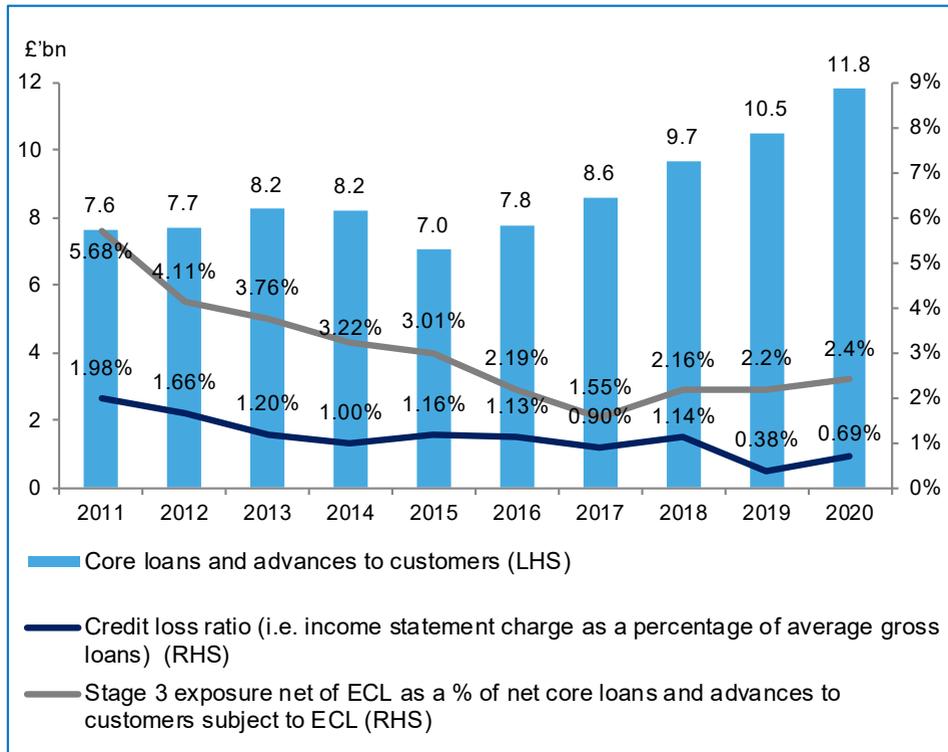


Gross core loans by risk category at 31 March 2020



IBP: sound asset quality

Core loans and asset quality



- **Credit quality on core loans and advances for the year ended 31 March 2020:**

- **Total income statement ECL impairment charges** amounted to £75.7mn (2019: £25.0mn), while the **credit loss ratio[#]** increased to 0.69% (2019: 0.38%). The main contributors to the increase in impairment charges were book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision
- **Stage 3 exposures net of ECL** increased from £211mn at 31 March 2019 to £272mn. **Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL** remained relatively stable since March 2019 at 2.4%.

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

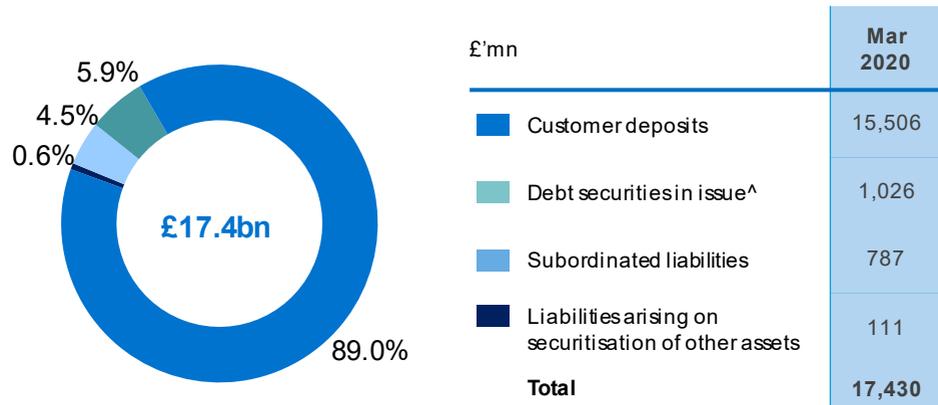
IBP: diversified funding strategy and credit ratings

- 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**

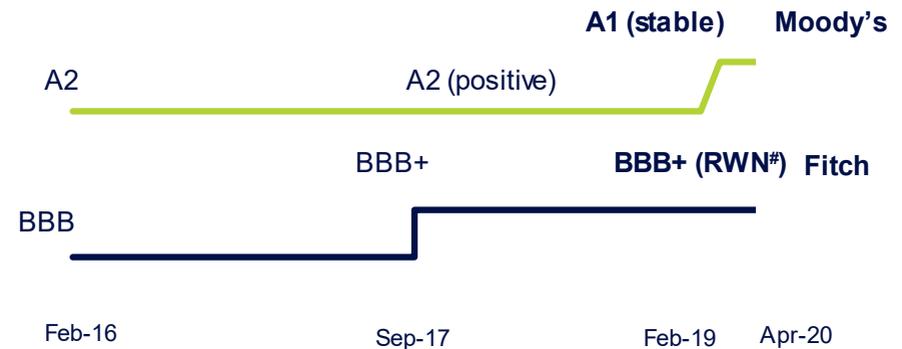
Selected funding sources



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. These ratings were affirmed on 16 August 2019.
- On 1 April 2020, **Fitch** took action on a number of UK banking groups (including IBP), due to the coronavirus pandemic. This resulted in Fitch placing IBP's ratings on Rating Watch Negative (RWN), as Fitch believes the economic fallout from the pandemic crisis represents a near-term risk to its ratings. IBP's **BBB+** rating was affirmed by Fitch on 20 December 2019.

IBP's long-term ratings

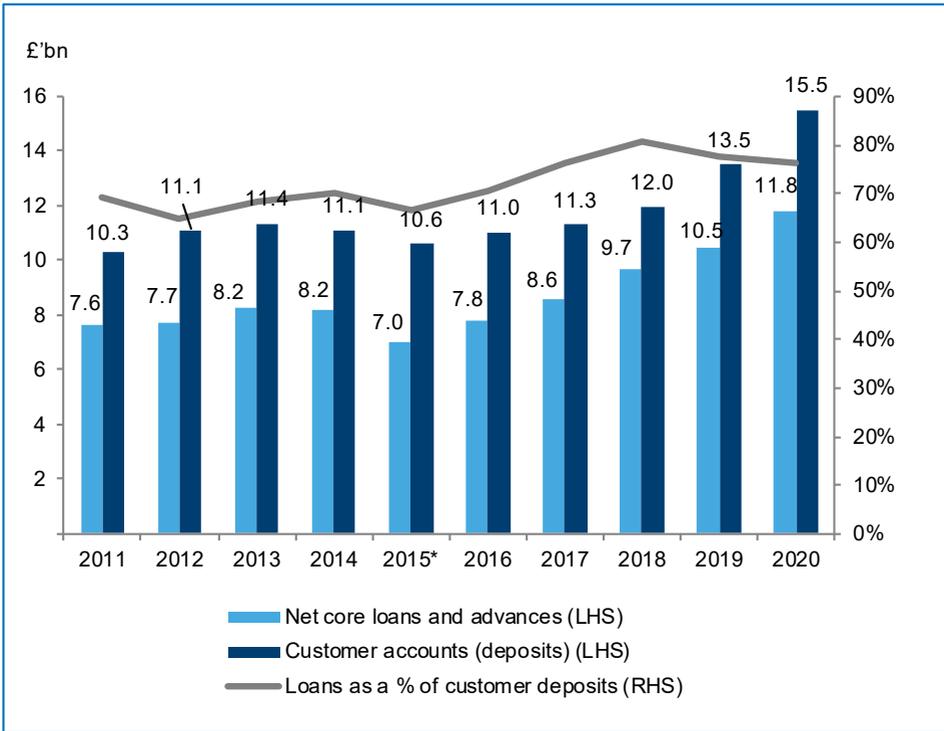


*A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

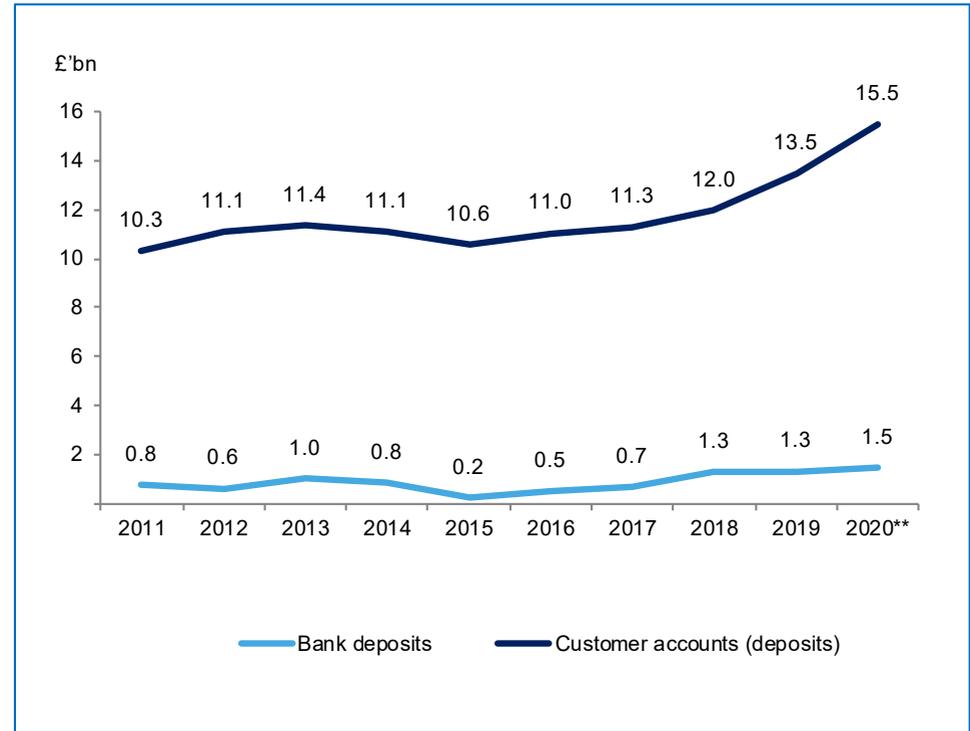
[^]Of which £92mn relates to retail customers. [#]Rating Watch Negative.

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

Fully self-funded: conservative loan to deposit ratio



Total deposits: growing customer deposits



- Since 2011, customer deposits have grown by 50% (c.5% CAGR) to £15.5bn at 31 March 2020
- Loans and advances as a percentage of customer deposits remained conservative at 76.3%

- Increase in retail deposits and very little reliance on wholesale deposits
- Fixed and notice deposits make up a large proportion of customer deposits and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products

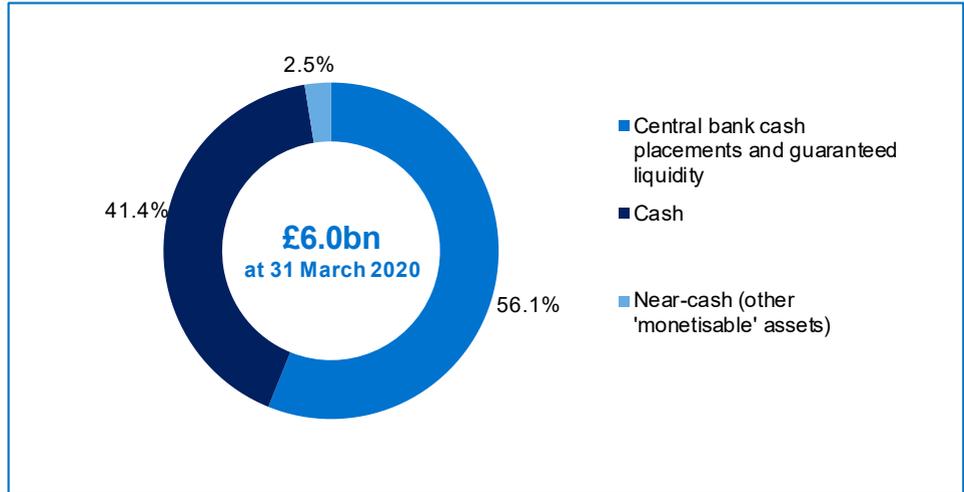
*FY15 impacted by the sale of group assets, largely in Australia.

**As at 31 March 2020, certain Investec structured products amounting to £823million have been reclassified from Debt securities in issue to Customer deposits in order to better reflect the underlying characteristics, contractual terms and liquidity of these products. The prior year has not been restated.

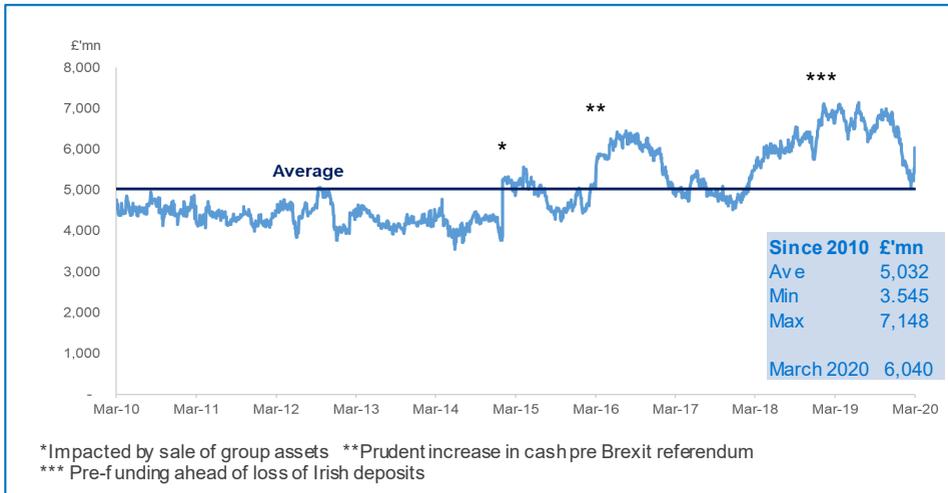
IBP: maintaining robust surplus liquidity

- 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 (£4.7bn) to £6.0bn at 31 March 2020 (**representing 39% of customer deposits**)
- At 31 March 2020 the **Liquidity Coverage Ratio** reported to the Prudential Regulatory Authority for IBP (solo basis) was **411%** and the **Net Stable Funding Ratio[^]** was **120%** - both metrics well ahead of current minimum regulatory requirements

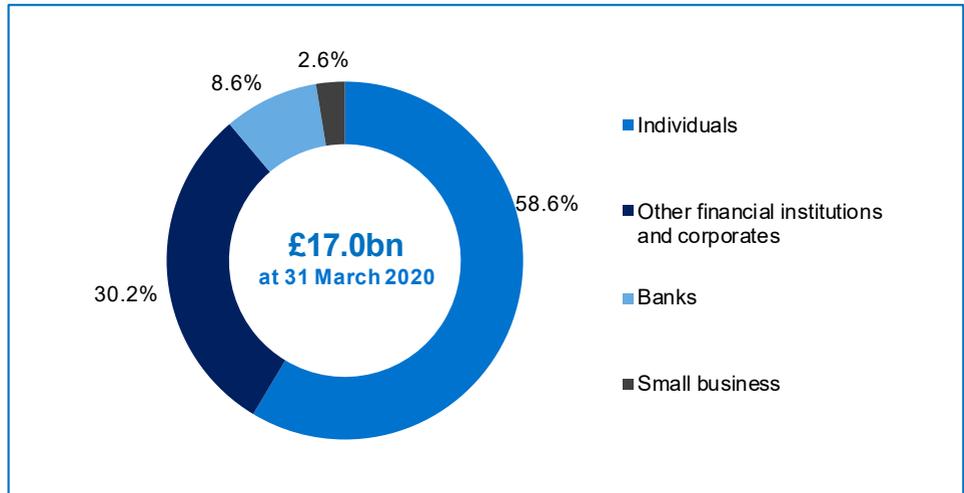
Cash and near cash composition



High level of cash and near cash balances



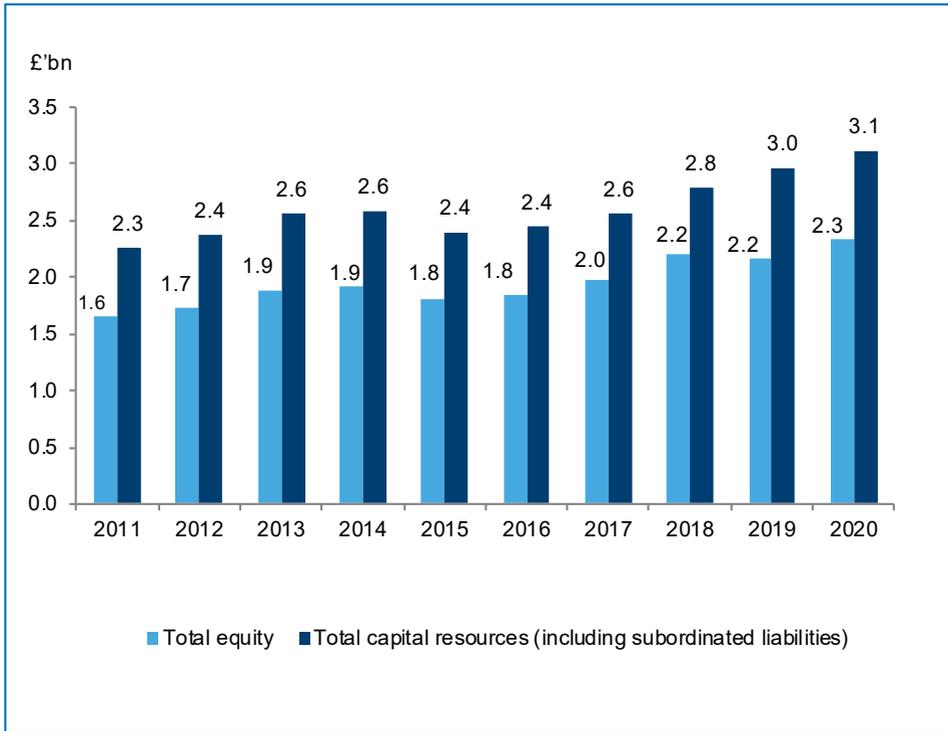
Depositor concentration by type



[^]The LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The reported LCR and NSFR may change over time with regulatory developments and guidance.

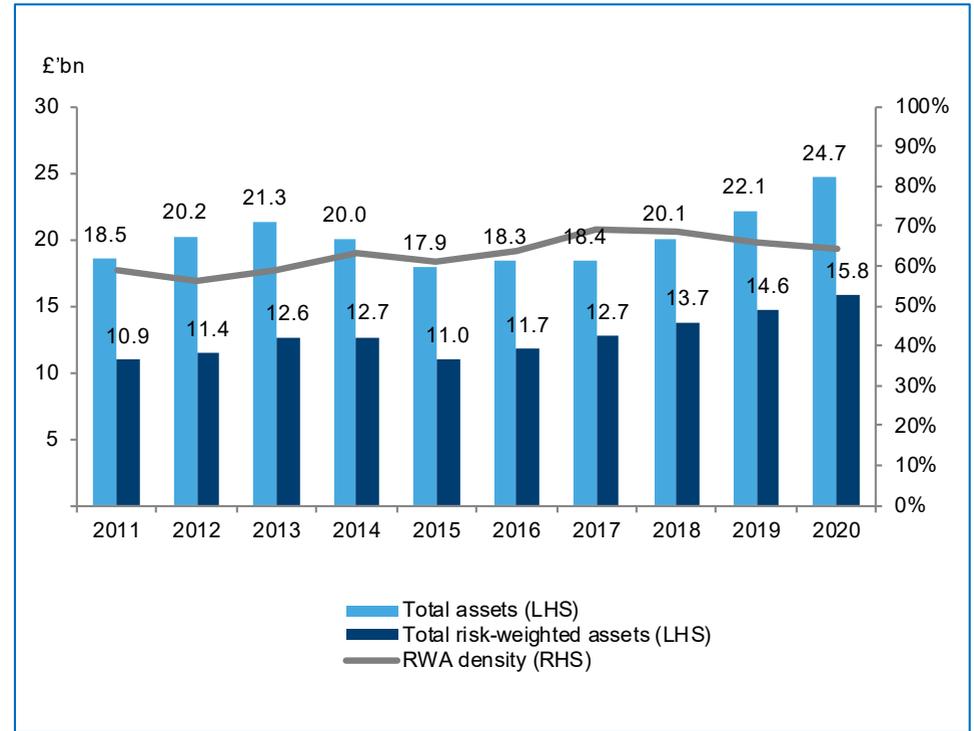
IBP: sound capital base and capital ratios

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.41% since 2011 to £2.3bn at 31 March 2020 (CAGR of c.4%)

Total risk-weighted assets: high RWA density

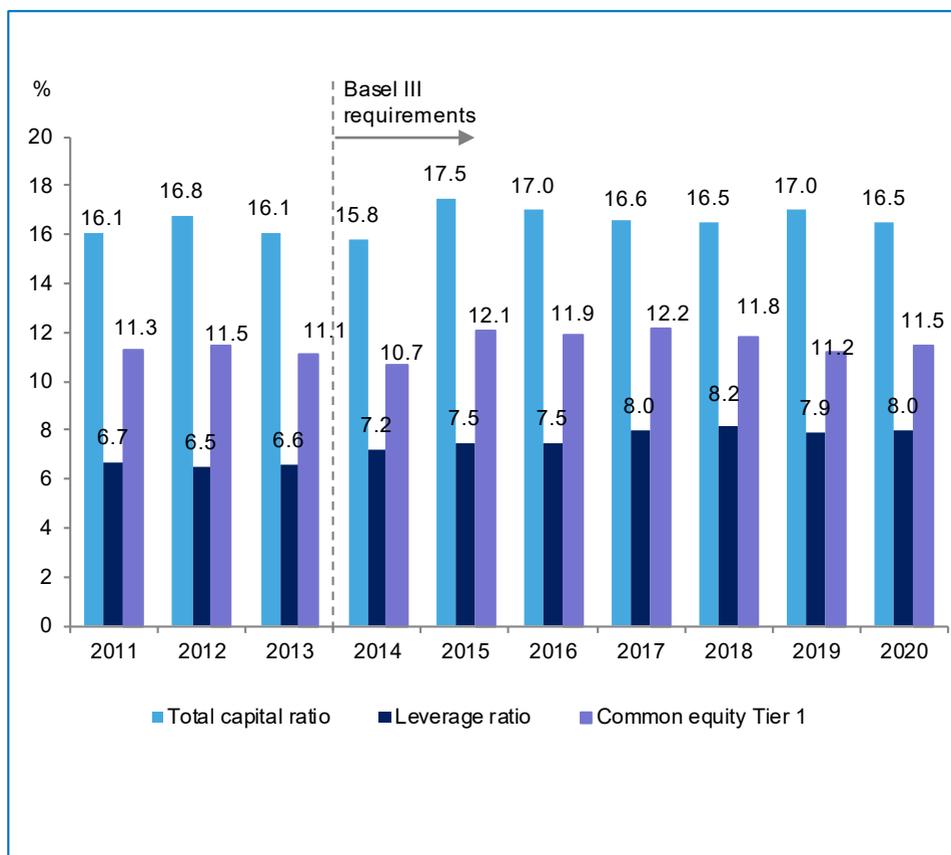


- As we use the Standardised Approach for our RWA calculations, our RWAs represent a large portion of our total assets
- IBP's Total RWAs / Total assets is 64%, which is higher relative to many UK banks on the Advanced Approach
- As a result we inherently hold more capital

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 January 2019, 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)

Basel capital ratios*



Capital development

A summary of ratios*	31 Mar 2020	31 Mar 2019	Target
Common equity tier 1 (as reported)	11.5%	11.2%	>10%
Common equity tier 1 (fully loaded) [^]	11.1%	10.8%	
Tier 1 (as reported)	13.1%	12.9%	>11%
Total capital ratio (as reported)	16.5%	17.0%	14% to 17%
Leverage ratio** (current)	8.0%	7.9%	>6%
Leverage ratio** (fully loaded) [^]	7.7%	7.7%	
Leverage ratio** (current UK leverage ratio framework) ^{^^}	9.1%	10.0%	

[^]Based on the group's understanding of current regulations, "fully loaded" is based on Capital Requirements Regulation (CRR) requirements as fully phased in by 2022; including full adoption of IFRS 9.

^{^^}Investec Bank plc is not subject to the UK leverage ratio framework, however for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.

** 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 include the deduction of foreseeable charges and dividends as required under the CRR and EBA technical standards. Excluding this deduction, IBP's CET1 ratio would be 0 bps (31 March 2019: 13bps) 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

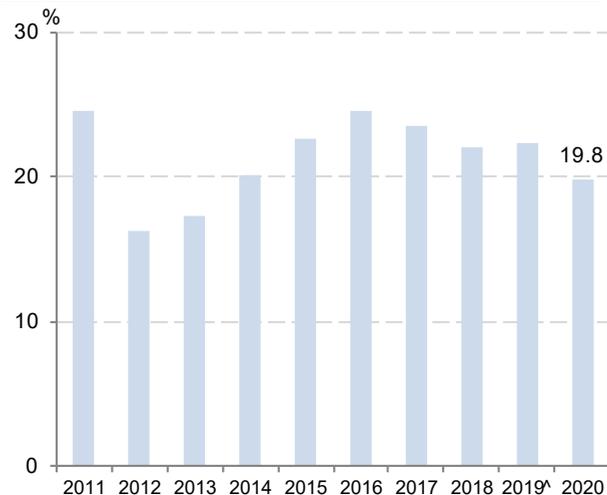
(besides market levels)

- 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

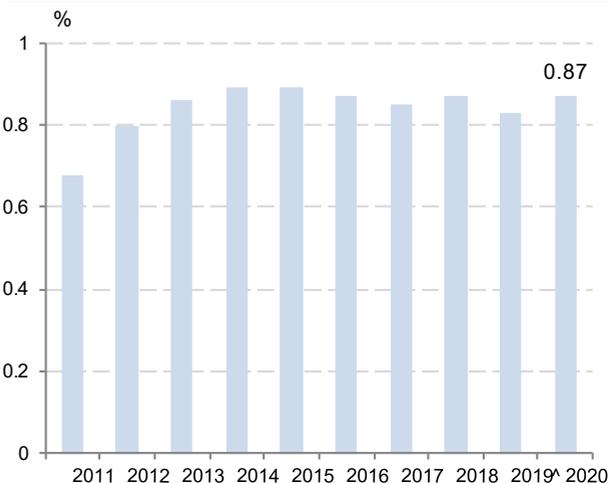
Current positioning

- Number of employees: c.1,380
- Operating margin: 19.8%
- FUM: £33.1bn
- Net inflows as a % of opening FUM: 1.2% (£0.48bn net inflows for the year ended 31 March 2020)
- Average income yield[#] earned on funds under management: 0.88%
- Adjusted operating profit*: £63.0mn (March 2019: £70.6mn)
- % contribution to IBP adjusted operating profit*: 36%

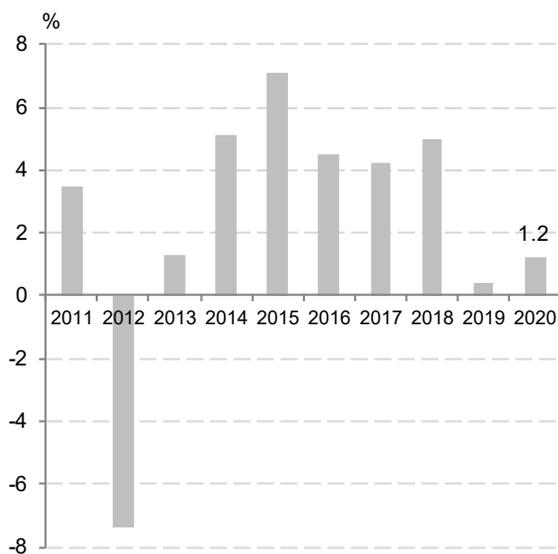
Operating margin



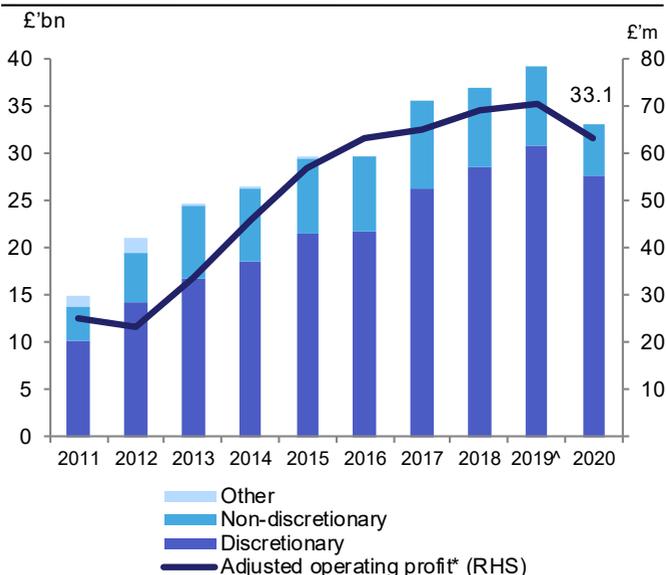
Average income[#] as a % of FUM



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 adjust for the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods. ^{*}Adjusted operating profit is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^aReflected 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 46. All other prior year numbers have not been restated.

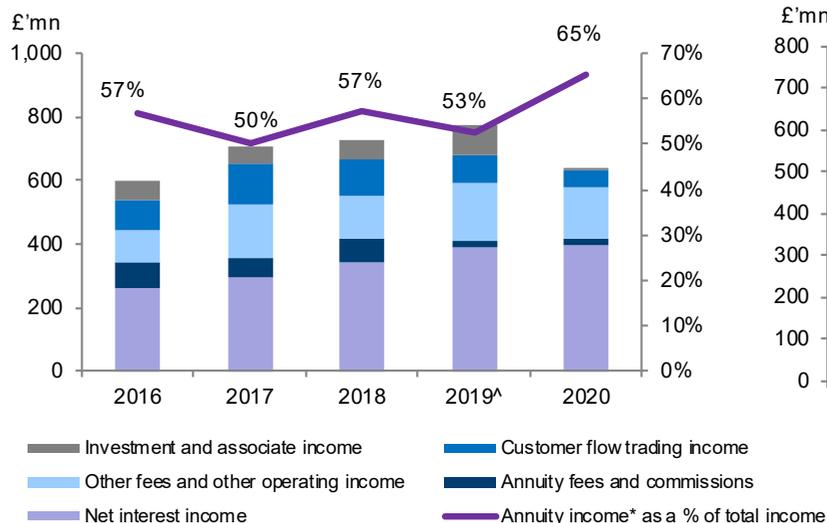
IBP: two core areas of activity (continued)

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

Revenue



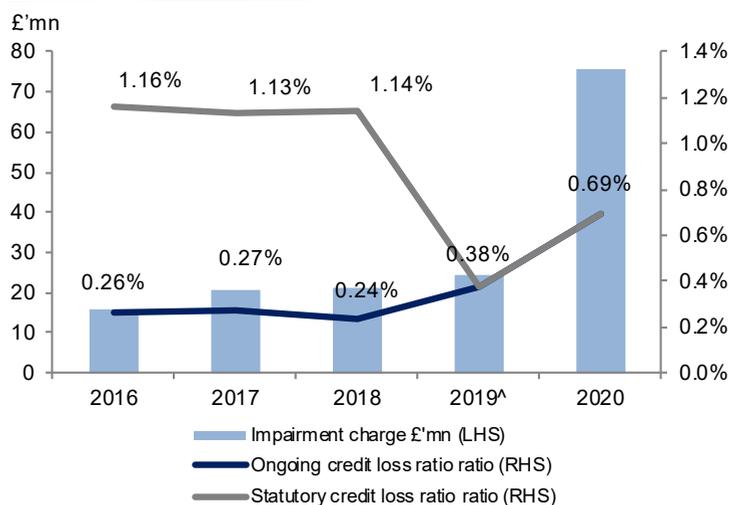
Costs



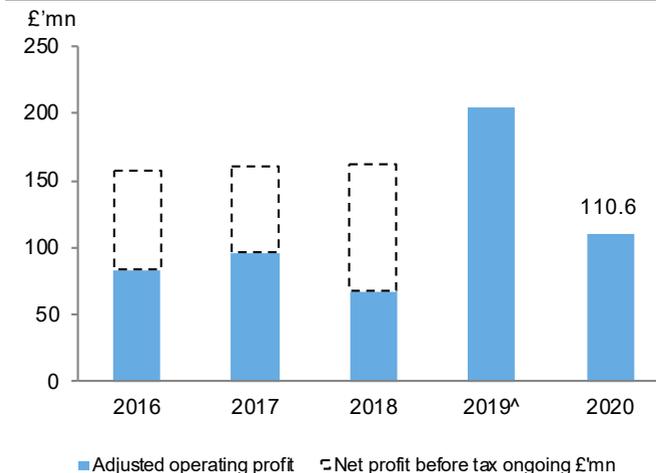
Current positioning

- Number of employees: c.2,500
- Cost to income: 70.8%
- NIM: 2.09% (Mar 2019[^]: 2.26%)
- Adjusted operating profit*: £111.5mn (Mar 2019[^]: £204.2mn)
- % contribution to IBP adjusted operating profit*: 64%

Expected credit loss impairment charges



Adjusted operating profit**

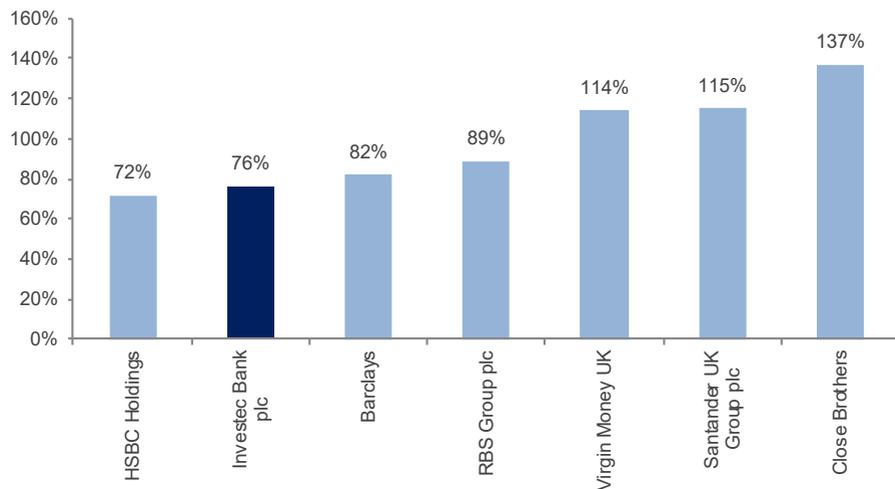




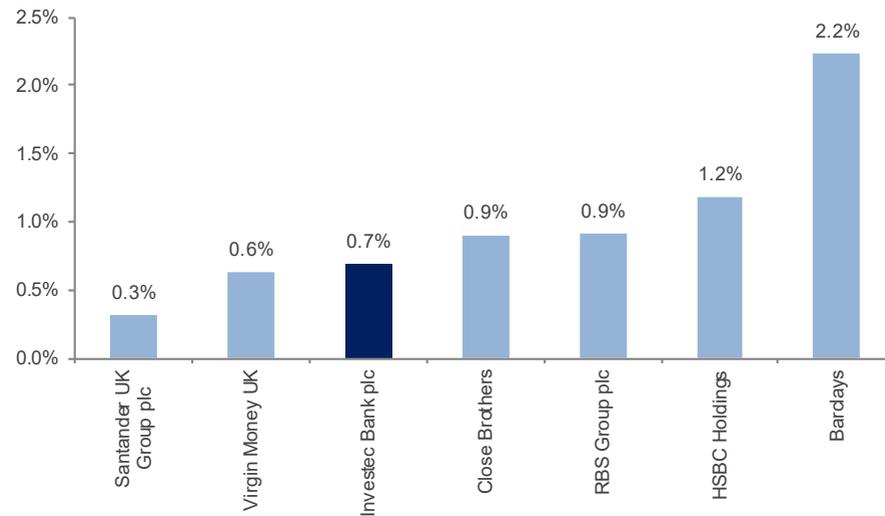
Investec Bank plc: peer analysis

Investec Bank plc: peer group comparisons

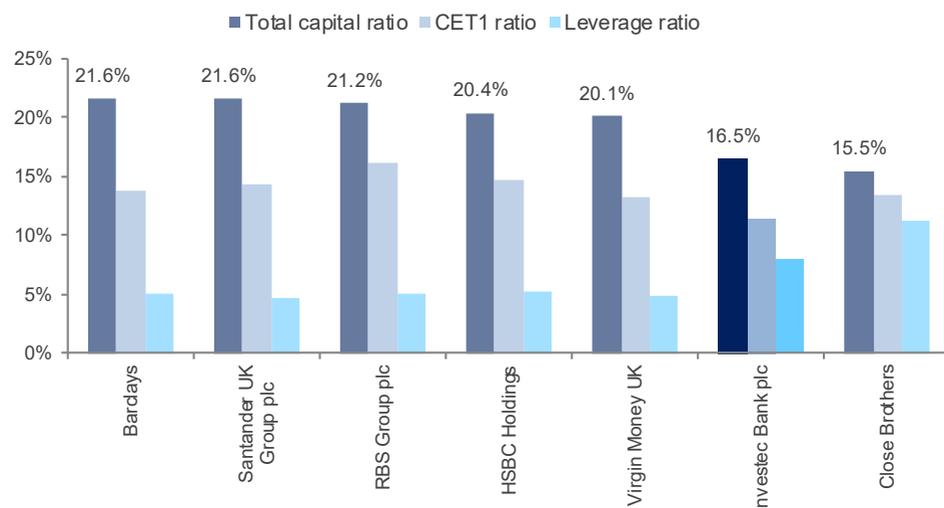
Funding: Loans and advances to customers as a % of customer deposits (smaller number is better)



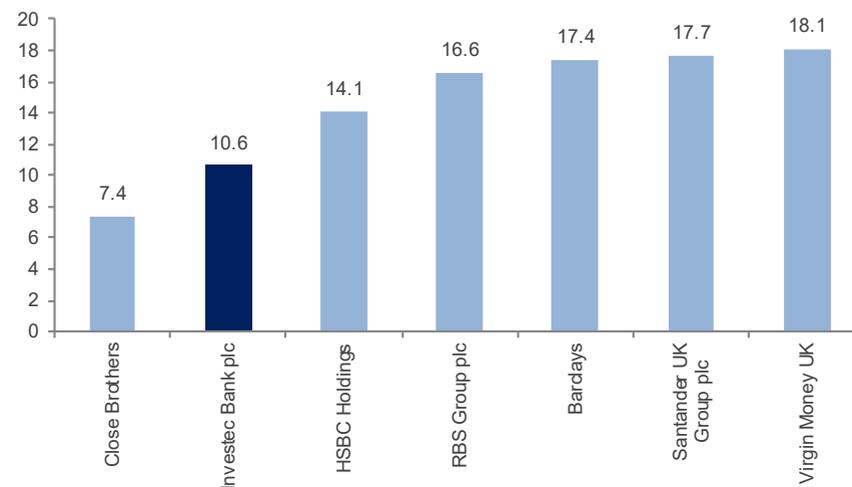
Credit loss ratio: ECL impairment charges as a % of average core loans and advances (smaller number is better)



Capital ratios* (larger number is better)



Gearing ratio: Assets: equity (smaller number is better)



Investec Bank plc: peer group comparisons

Definitions and/or explanations of certain ratios:

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



Appendix – summary financials

IBP: salient financial features

Key financial statistics	31 March 2020	31 March 2019 [^]	% change
Total operating income before expected credit loss impairment charges (£'000)	957 207	1 089 842	(12.2%)
Operating costs (£'000)	705 626	792 380	(10.9%)
Adjusted operating profit* (£'000)	173 604	274 817	(36.8%)
Earnings attributable to ordinary shareholder (£'000)	57 822	161 917	(64.3%)
Cost to income ratio (%)	73.9%	72.6%	
Total capital resources (including subordinated liabilities) (£'000)	3 118 202	2 966 927	5.1%
Total equity (£'000)	2 331 172	2 163 228	7.8%
Total assets (£'000)	24 669 539	22 121 020	11.5%
Net core loans and advances (£'000)	11 832 499	10 486 701	12.8%
Customer accounts (deposits) (£'000)	15 505 883	13 499 234	14.9%
Loans and advances to customers as a % of customer deposits	76.3%	77.7%	
Cash and near cash balances (£'mn)	6 040	6 792	(11.1%)
Funds under management (£'mn)	33 465	39 482	(15.2%)
Total gearing ratio (i.e. total assets to equity)	10.6x	10.2x	
Total capital ratio	16.5%	17.0%	
Tier 1 ratio	13.1%	12.9%	
CET 1 ratio	11.5%	11.2%	
Leverage ratio – current	8.0%	7.9%	
Leverage ratio – 'fully loaded' ^{^^}	7.7%	7.7%	
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.3%	3.2%	
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.4%	2.2%	
Credit loss ratio [#]	0.69%	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 46. ^{^^}Based on the 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. *Adjusted operating profit is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

IBP: income statement

£'000	Year to 31 Mar 2020	Year to 31 Mar 2019 [^]	% change
Interest income	784 421	723 321	8.4%
Interest expense	(374 872)	(325 037)	15.3%
Net interest income	409 549	398 284	2.8%
Fee and commission income	495 789	500 095	(0.9%)
Fee and commission expense	(13 766)	(13 207)	4.2%
Investment income	6 591	92 095	(92.8%)
Share of post taxation profit of associates and joint venture holdings	2 128	2 680	(20.6%)
Trading income arising from			
- customer flow	50 980	86 766	(41.2%)
- balance sheet management and other trading activities	(528)	12 653	(>100.0%)
Other operating income	6 464	10 476	(38.3%)
Total operating income before expected credit loss impairment charges	957 207	1 089 842	(12.2%)
Expected credit loss impairment charges	(75 706)	(24 987)	>100.0%
Operating income	881 501	1 064 855	(17.2%)
Operating costs	(705 626)	(792 380)	(10.9%)
Depreciation on operating leased assets	(1 407)	(2 137)	(34.2%)
Operating profit before acquired intangibles and strategic actions	174 468	270 338	(35.5%)
Amortisation of acquired intangibles	(12 915)	(12 958)	(0.3%)
Closure and rundown of the Hong Kong direct investments business	(89 257)	(65 593)	36.1%
Operating profit	72 296	191 787	(62.3%)
Financial impact of group restructures	(26 898)	(14 595)	84.3%
Profit before taxation	45 398	177 192	(74.4%)
Taxation on operating profit before acquired intangibles and strategic actions	(7 638)	(37 353)	(79.6%)
Taxation on acquired intangibles and strategic actions	20 926	17 599	18.9%
Profit after taxation	58 686	157 438	(62.7%)
Profit / Loss attributable to non-controlling interests	(864)	4 479	(>100.0%)
Earnings attributable to shareholder	57 822	161 917	(64.3%)

[^]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 46.

IBP: balance sheet

£'000	31 March 2020	31 March 2019	% change
Assets			
Cash and balances at central banks	2 277 318	4 445 430	(48.8%)
Loans and advances to banks	1 793 867	954 938	87.9%
Reverse repurchase agreements and cash collateral on securities borrowed	1 627 246	633 202	>100.0%
Sovereign debt securities	1 688 670	1 298 947	30.0%
Bank debt securities	51 238	52 265	(2.0%)
Other debt securities	695 818	508 142	36.9%
Derivative financial instruments	1 251 394	642 530	94.8%
Securities arising from trading activities	582 693	798 224	(27.0%)
Investment portfolio	350 662	486 493	(27.9%)
Loans and advances to customers	11 834 207	10 488 022	12.8%
Other loans and advances	266 501	246 400	8.2%
Other securitised assets	106 218	118 143	(10.1%)
Interests in associated undertakings and joint venture holdings	6 579	8 855	(25.7%)
Deferred taxation assets	129 715	133 344	(2.7%)
Other assets	1 462 159	847 604	72.5%
Property and equipment	216 955	94 714	>100.0%
Investment properties	-	14 500	(100.0%)
Goodwill	252 958	260 858	(3.0%)
Intangible assets	75 341	88 409	(14.8%)
	24 669 539	22 121 020	11.5%

IBP: balance sheet (continued)

£'000	31 March 2020	31 March 2019	% change
Liabilities			
Deposits by banks	1 450 463	1 318 776	10.0%
Derivative financial instruments	1 246 109	719 027	73.3%
Other trading liabilities	118 572	80 217	47.8%
Repurchase agreements and cash collateral on securities lent	396 811	314 335	26.2%
Customer accounts (deposits)	15 505 883	13 499 234	14.9%
Debt securities in issue	1 026 474	2 050 141	(49.9%)
Liabilities arising on securitisation of other assets	110 679	113 711	(2.7%)
Current taxation liabilities	43 470	136 818	(68.2%)
Deferred taxation liabilities	22 112	21 341	3.6%
Other liabilities	1 630 764	900 493	81.1 %
	21 551 337	19 154 093	12.5%
Subordinated liabilities	787 030	803 699	(2.1%)
	22 338 367	19 957 792	11.9%
Equity			
Ordinary share capital	1 280 550	1 186 800	7.9%
Share premium	199 538	143 288	39.3%
Capital reserve	153 177	162 789	(5.9%)
Other reserves	(11 071)	(19 647)	(43.7%)
Retained income	455 609	447 924	1.7%
	2 077 803	1 921 154	8.2%
Shareholder's equity excluding non-controlling interests			
Additional Tier 1 securities in issue	250 000	250 000	0.0%
Non-controlling interests in partially held subsidiaries	3 369	(7 926)	(>100.0 %)
Total equity	2 331 172	2 163 288	7.8%
Total liabilities and equity	24 669 539	22 121 020	11.5%

IBP: segmental analysis of operating profit

For the year to 31 March 2020 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	12 604	396 945	409 549
Fee and commission income	305 090	190 699	495 789
Fee and commission expense	(678)	(13 088)	(13 766)
Investment income	(436)	7 027	6 591
Share of post taxation profit of associates and joint venture holdings	-	2 128	2 128
Trading income arising from			
- customer flow	862	50 118	50 980
- balance sheet management and other trading activities	108	(636)	(528)
Other operating income	181	6 283	6 464
Total operating income before expected credit loss impairment charges	317 731	639 476	957 207
Expected credit loss impairment releases/(charges)	1	(75 707)	(75 706)
Operating income	317 732	563 769	881 501
Operating costs	(254 714)	(450 912)	(705 626)
Depreciation on operating leased assets	-	(1 407)	(1 407)
Operating profit before acquired intangibles and strategic actions	63 018	111 450	174 468
Profit attributable to non-controlling interests	-	(864)	(864)
Adjusted operating profit	63 018	110 586	173 604
Selected returns and key statistics			
Cost to income ratio	80.2%	70.8%	73.9%
Total assets (£'million)	1 013	23 657	24 670

IBP: segmental analysis of operating profit

For the year to 31 March 2019^ £'000	Wealth & Investment^	Specialist Banking^	Total group^
Net interest income	9 189	389 095	398 284
Fee and commission income	306 070	194 025	500 095
Fee and commission expense	(724)	(12 483)	(13 207)
Investment income	1 185	90 910	92 095
Share of post taxation profit of associates and joint venture holdings	-	2 680	2 680
Trading income arising from			
- customer flow	793	85 973	86 766
- balance sheet management and other trading activities	(1)	12 654	12 653
Other operating income	342	10 134	10 476
Total operating income before expected credit loss impairment charges	316 854	772 988	1 089 842
Expected credit loss impairment charges	(24)	(24 963)	(24 987)
Operating income	316 830	748 025	1 064 855
Operating costs	(246 201)	(546 179)	(792 380)
Depreciation on operating leased assets	-	(2 137)	(2 137)
Operating profit before acquired intangibles and strategic actions	70 629	199 709	270 338
Loss attributable to non-controlling interests	-	4 479	4 479
Adjusted operating profit	70 629	204 188	274 817
Selected returns and key statistics			
Cost to income ratio	77.7%	70.4%	72.6%
Total assets (£'million)	866	21 255	22 121

^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 46.

IBP: asset quality under IFRS 9

£'million	31 March 2020	31 March 2019
Gross core loans and advances to customers subject to ECL	11 354	9 864
Stage 1	10 339	8 969
Stage 2	576	576
<i>of which past due greater than 30 days</i>	31	13
Stage 3	379	319
<i>Ongoing (excluding Legacy) Stage 3*</i>	249	149
Gross core loans and advances to customers subject to ECL (%)		
Stage 1	91.6%	91.0%
Stage 2	5.1%	5.8%
Stage 3	3.3%	3.2%
<i>Ongoing (excluding Legacy) Stage 3*</i>	2.2%	1.5%
Stage 3 net of ECL	272	211
<i>Ongoing (excluding Legacy) Stage 3*</i>	187	114
Aggregate collateral and other credit enhancements on Stage 3	274	228
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans and advances subject to ECL	3.3%	3.2%
<i>Ongoing (excluding Legacy) Stage 3*</i>	2.2%	1.5%
Total ECL as a % of Stage 3 exposure	46.2%	46.7%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	2.4%	2.2%
<i>Ongoing (excluding Legacy) Stage 3*</i>	1.7%	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 very low/negative margins and assets relating to business we are no longer undertaking.

IBP: capital adequacy

£'m illion	31 March 2020*	31 March 2019 *
Tier 1 capital		
Shareholders' equity	2 061	1 889
Non-controlling interests	-	(8)
Regulatory adjustments to the accounting basis	91	110
Deductions	(333)	(348)
Common equity tier 1 capital	1 819	1 643
Additional tier 1 capital	250	250
Tier 1 capital	2 069	1 893
Tier 2 capital	533	596
Total regulatory capital	2 602	2 489
Risk-weighted assets^	15 808	14 631
Capital ratios^		
Common equity tier 1 ratio	11.5%	11.2%
Tier 1 ratio	13.1%	12.9%
Total capital ratio	16.5%	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 Investec group's 2020 and 2019 integrated annual reports, which follow our normal basis of presentation and do not include the when calculating CET 1 capital. Investec Bank plc's CET 1 ratio would be 0bps (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 Other 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 taxation for the year to 31 March 2019 by £2.6 million.

Financial impact of strategic actions

£'000	Year to 31 March 2020	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(89 257)	(65 593)
Financial impact of group restructures	(26 898)	(14 595)
Closure of Click & Invest	(3 973)	(14 265)
Sale of the Irish Wealth & Investment business	18 215	-
Restructure of the Irish branch	(41 110)	(330)
Sale of UK Property Fund	83	-
Other	(113)	-
Financial impact of strategic actions	(116 155)	(80 188)

*Included within the balance are fair value adjustments of £83.2 million (31 March 2019: £57.8 million).