Investec

Investec Bank plc

Overview

The information in this presentation relates to the six months ended 30 September 2020, unless otherwise indicated.

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An overview of the Investec group

The Investec group information reflects that of its continuing operations. Following the group's demerger of Investec Asset Management (now Ninety One) in March 2020, the group's results for the prior periods (financial year ended 31 March 2020 and six months ended 30 September 2019) reflect the asset management business as a discontinued operation.

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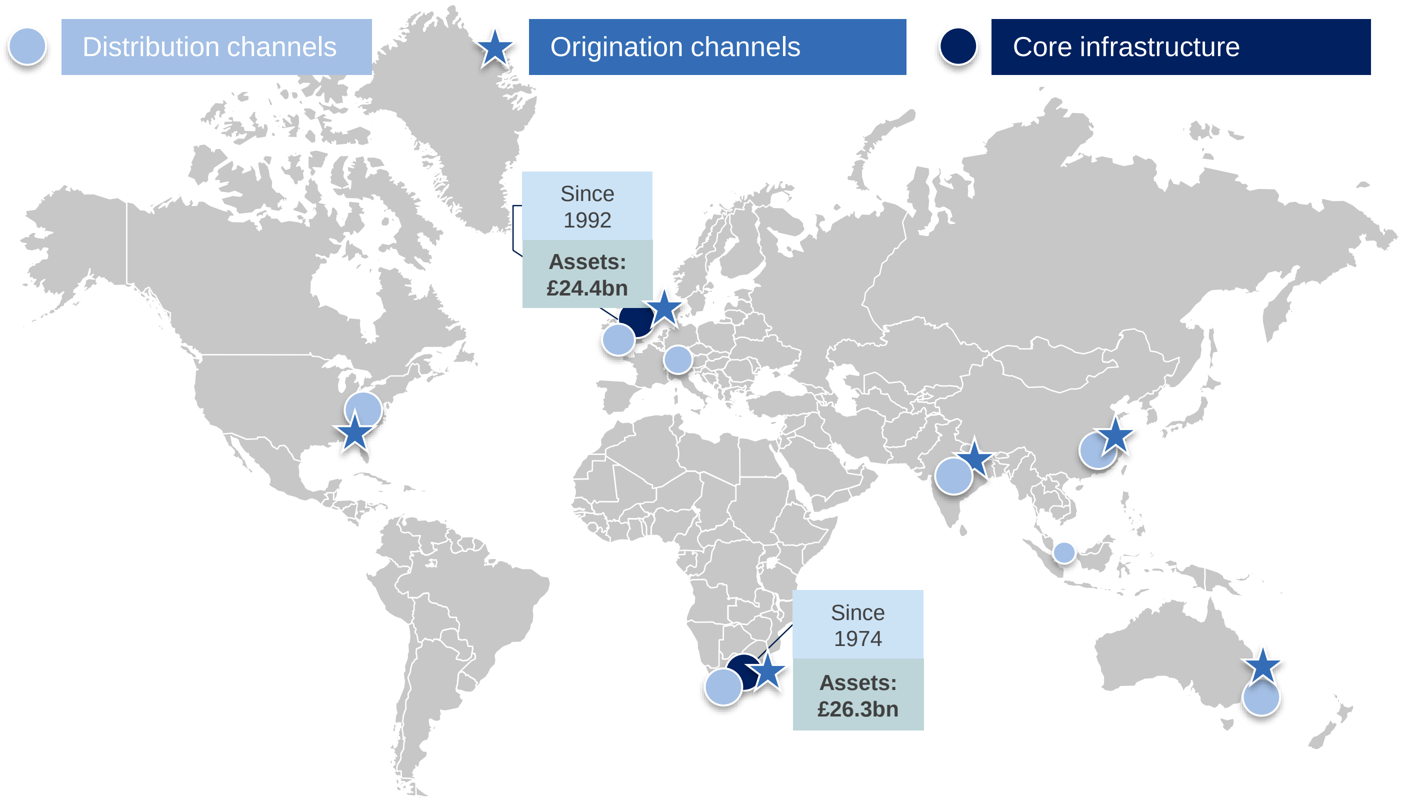
Investec

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

- Established in 1974
- Today, an efficient integrated international business platform employing approximately **8 500*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£50.7bn**; total equity of **£5.1bn**; third party funds under management of **£52.0bn**



*Including temporary employees and contractors

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 **Investec plc** is the controlling company of our non-Southern African businesses.

Investec Limited
JSE primary listing
NSX secondary listing
BSE secondary listing

Sharing agreement

Investec plc
LSE primary listing
JSE secondary listing

Investec Bank Limited

Investec Securities (Pty) Ltd^

Investec Property Group Holdings (Pty) Ltd

^ Houses the Wealth & Investment business

Investec Bank plc

Investec Wealth & Investment Limited

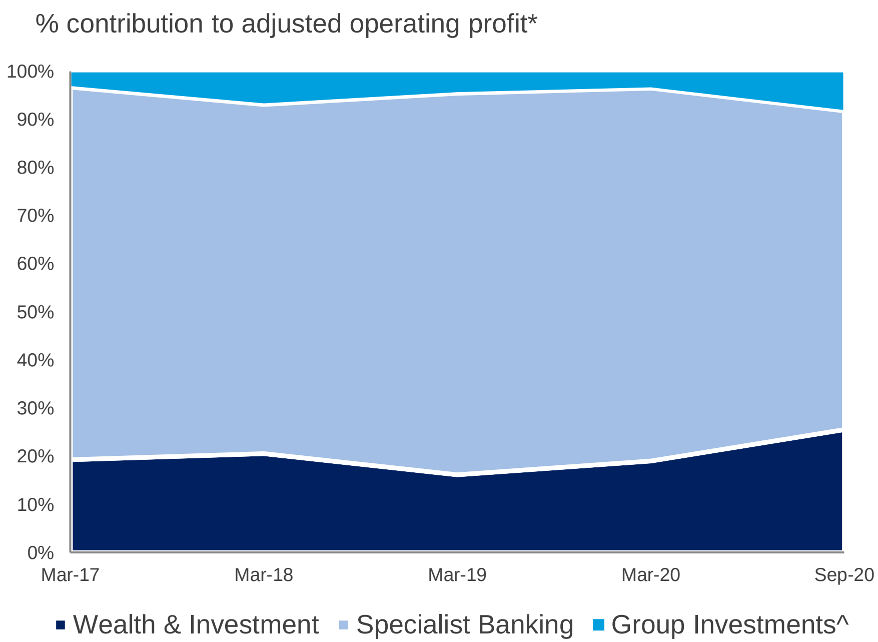
Operating activities key:
Wealth & Investment
Specialist Banking

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

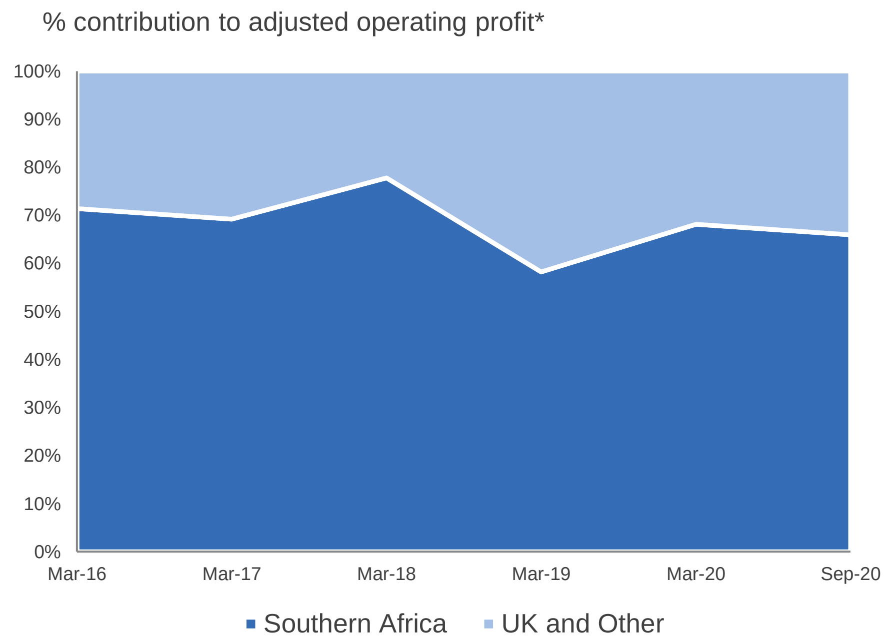
In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). The Investec group retained a 25% shareholding in the Ninety One DLC group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

Solid recurring income base supported by a diversified portfolio

Across businesses



Across geographies



*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. ^Specialist Banking no longer includes Group Investments which is now shown as a separate segmental division. Prior periods have been restated to reflect the same basis (Group Investments was reported separately from March 2017).

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	2	8,500+	£25.2bn	£32.6bn	£52.0bn
Principal geographies	Core areas of activity	Employees	Core loans	Customer deposits	Third party FUM

Corporate / Institutional / Government / Intermediary

Private client (HNW / high income) / charities / trusts

Specialist Banking

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

Wealth & Investment

- Discretionary wealth management
- Investment advisory services
- Financial planning
- Stockbroking / execution only

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

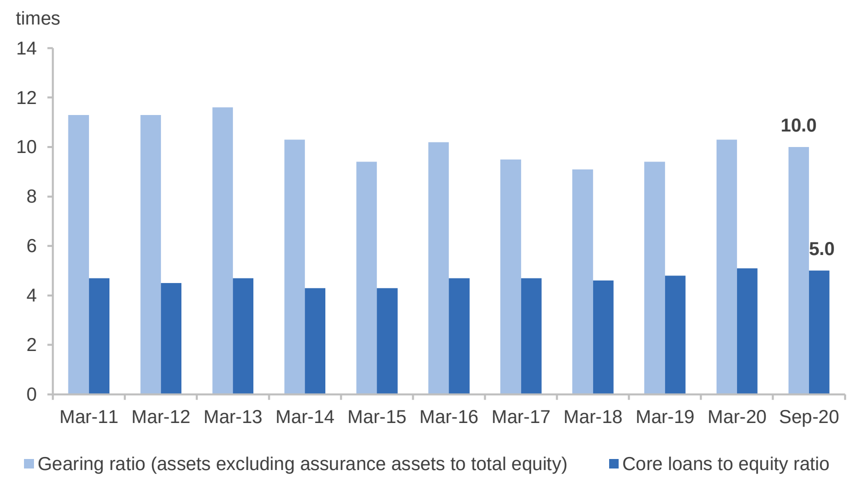
We continue to have a sound balance sheet

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 **£12.9 billion** at 30 September 2020, representing **39.5%** 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: 10.0x** 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

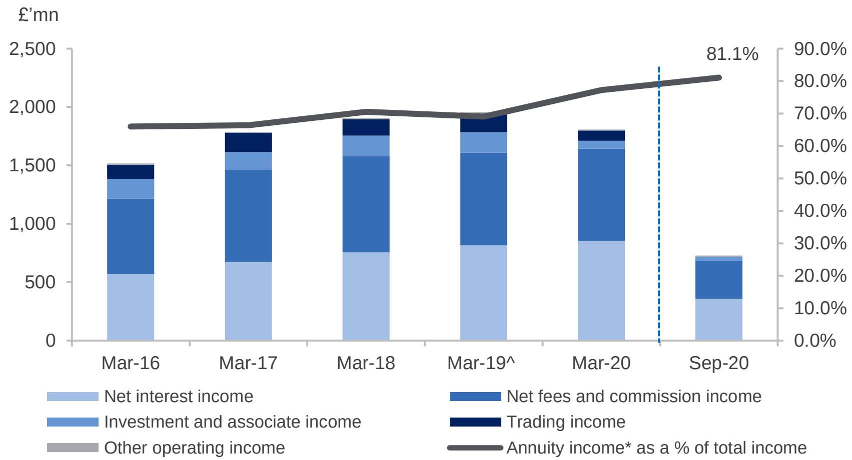
Cash and near cash

Low gearing ratios

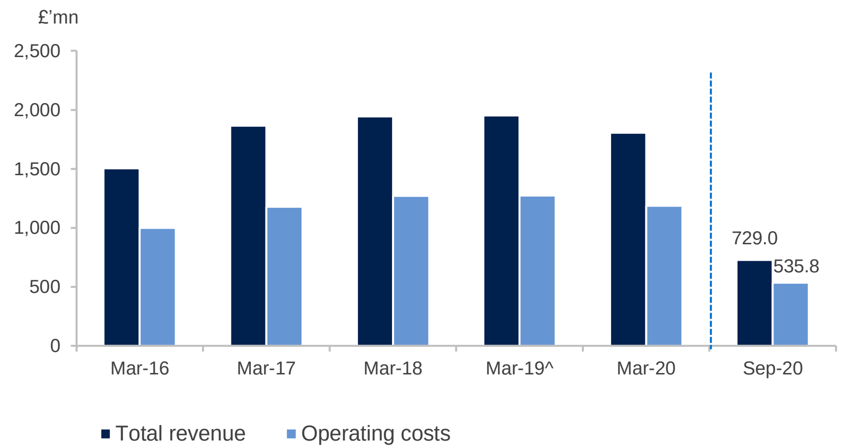


We have a sound track record

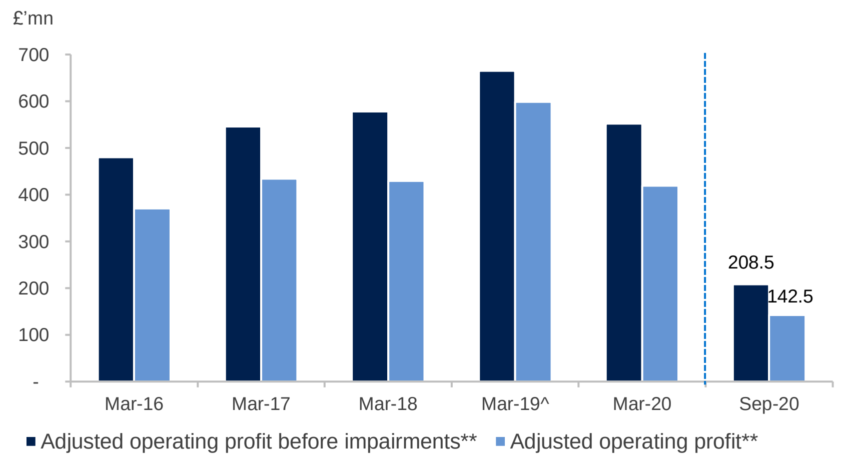
Recurring income



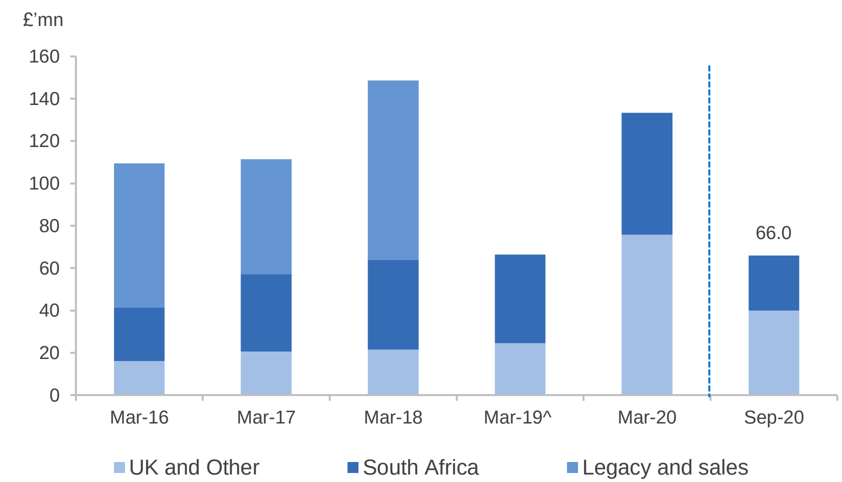
Revenue versus expenses



Adjusted operating profit** before impairments



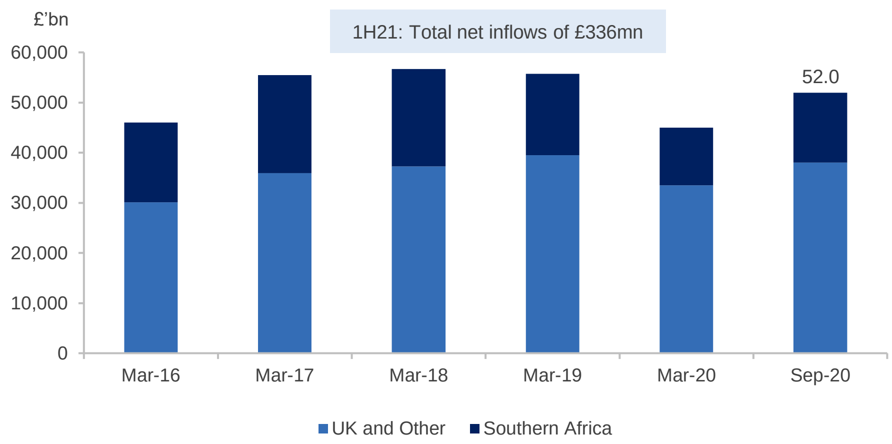
Credit loss impairment charges



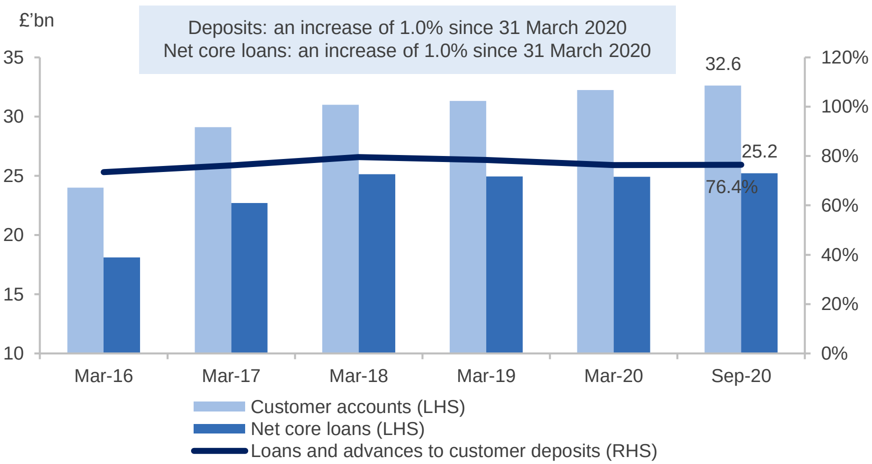
*Where annuity income is net interest income and annuity fees. **Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown 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.

We have a sound track record *(cont.)*

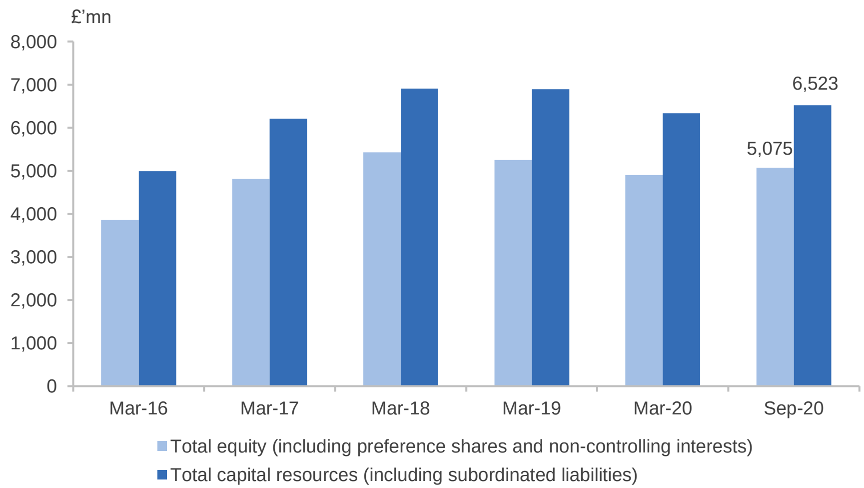
Third party funds under management



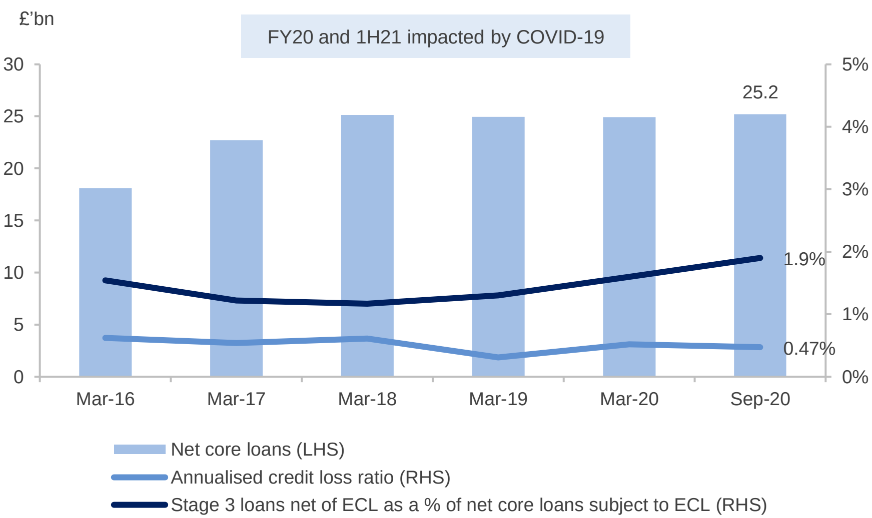
Net core loans and deposits



Total equity and capital resources



Asset quality



COVID-19 Response update

Our people

- Staff in South Africa are beginning to **return to the office.** In the UK, staff continue to work from home given the second lockdown
- Research and consideration underway of the **future world of work** post COVID-19 and the multiple remote working models available to us
- **Investec Employee Wellbeing Helpline**

Our clients

- Current COVID-19 relief provided to **6.3%** of gross loans in **the UK** (**13.7%** at peak). **In South Africa,** the current proportion of book under relief is **2.2%** (**23.0%** at peak).
- **Facilitated over R20mn in donations on behalf of clients,** primarily from income generated in our Private Client Charitable Trust
- Accredited lender for government guaranteed COVID-19 lending schemes in both the UK and South Africa

Our communities

- Committed £3.6mn (R77.5mn) for Group to COVID-19 relief for communities with about 63.5% allocated to date
- Senior leaders and staff donated via salary deductions to community initiatives focused on Food security, economic continuity, healthcare, education and anti-gender based violence

Operational resilience

- Managing the integrity of our balance sheet through conservative liquidity levels and capital – above internal board-approved targets and regulatory requirements
- Further investment in IT infrastructure
- Implemented key safety protocols across all locations with a detailed track and containment process

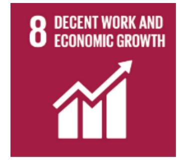
Refer to our website for more information on our response to COVID-19

Integrating the Sustainable Development Goals (SDG) into business strategy

Creating financial and social value in a sustainable way that ensures a low-carbon, inclusive world

Two core SDG priorities

Six secondary SDG priorities



Investec’s sustainability framework is based on:

- **Living sustainably** within our operations
- **Partnering with clients** on their ESG journey and offering sustainability products and services
- **Aligning our community initiatives** to our SDG priorities to maximise impact

Advocacy and Thought Leadership

- **Active participation** in the United Nations Global Investors for Sustainable Development (UN GISD)
- **Working with industry** in the UK and SA to ensure policy coherence
- Using the strength of our brand to **educate and promote sustainable thinking**

Focused on addressing climate change and inequality

Action taken in the past six months

- Published our **first stand alone TCFD report** in line with our commitment to climate disclosures
- Shareholders voted **99.95% in favour of our climate-related resolution** at the Aug-20 AGM
- **Purchased carbon credits** to offset our FY20 emissions and meet our **net zero commitment**
- Signed up to the **United Nations Environment Programme Finance Initiative** (UNEP FI) and the **Partnership for Carbon Accounting Financials** (PCAF)
- **Ranked 55** (out of 5,500) in the **Wall Street Journal** Top 100 Most Sustainable Companies and 9th in the Social Category
- Rated **Level 1** under the Financial Sector Code in South Africa
- **Launched a number of ESG products** including the first European mid-market ESG-linked subscription lines and the UK's first retail ESG-linked Deposit Plan

Well positioned in ESG rankings and ratings

- Dow Jones Sustainability Indices: **Top 15%** in the global diversified financial services sector (inclusion since 2006)
- JSE: **Top 30** in the FTSE/JSE Responsible Investment Index
- Sustainalytics: **Top 20%** of globally assessed companies in the Global Sustainability Leaders Index
- MSCI: **Top 2%** scoring AAA in the financial services sector by MSCI ESG Research
- CDP: **Score B** against an industry average of C (formerly Carbon Disclosure Project)
- ISS ESG: **Top 20%** of the ISS ESG global universe and **Top 14%** of diversified financial services
- FTSE Russell: Included in the FTSE **UK 100 ESG Select Index** (out of 641 companies)
- STOXX Global ESG Leaders: **1 of 43** banks and financial services in the **Global ESG Leaders Index** (total of 439) components)
- IRMSA: **1 of 5** finalists for **the ESG Sustainability Professional Award**

Refer to our website for more information on Sustainability at Investec

An overview of Investec Bank plc (IBP)

The information in this presentation relates to the six months ending 30 September 2020, unless otherwise indicated.

Investec Bank plc

Investec Bank plc is a **distinctive bank** and **investment manager** with **primary business in the UK**

Total assets	Net core loans	Total equity	Customer deposits	Third Party FUM	Employees (approx.)
£24.2bn	**£12.0bn**	**£2.4bn**	**£15.8bn**	**£38.0bn**	**c.3,700**

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+ Negative^ outlook (Fitch)
- **Balanced and defensive business model** comprising Specialist Banking and Wealth & Investment – c.62% 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 24 July 2020, Fitch affirmed IBP's Long-Term Issuer Default Rating (IDR) at BBB+ and removed the Rating Watch Negative (that had been placed on IBP's ratings on 1 April 2020 following the onset of the COVID-19 pandemic) to reflect Fitch's view that IBP's ratings are not immediately at risk from the impact of the economic downturn. *At 30 September 2020, 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 52% of IBP's revenue[#] • Geographic and operational diversity with a high level of **annuity revenue**^ accounting for 76% of total operating income • Third party FUM* of **£38.0bn** and **positive net inflows** generated by our leading UK private client wealth management business
Sound balance sheet	• **Never required shareholder or government support** • **Robust capital base: 11.5% CET1 ratio**** and **strong leverage ratio of 8.0%** (9.0% on the UK leverage ratio framework) as of 30 September 2020 • IBP benefits from a substantial unlevered asset, being Wealth & Investment (FUM: £37.6bn) • **Low gearing:** 10.3x • **Strong liquidity ratios** with high level of readily available, high quality liquid assets representing 39.3% of customer deposits (cash and near cash: £6.2bn) • **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 six months ended 30 September 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 30 September 2020; after the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation (CRR) and EBA technical standards.

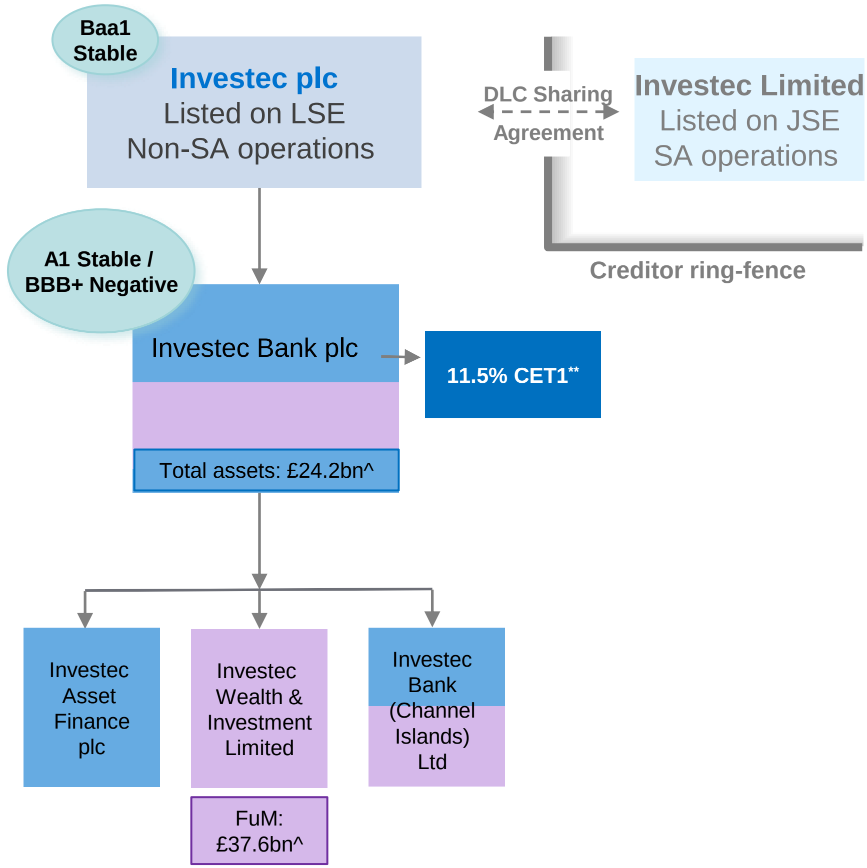
Investec and IBP: structure and main operating subsidiaries

Features of Investec's structure

- **Investec plc is the holding company** of the Investec group's **UK and 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



Funds under management *UK and Other*	**Sep-20**	**Mar-20**	**Mar-19**
Investec Wealth & Investment	**£37.6bn**	**£33.1bn**	**£39.1bn**
Other	£0.4bn	£0.4bn	£0.4bn
Total third party funds under management	**£38.0bn**	**£33.5bn**	**£39.5bn**

Specialist banking

Wealth & Investment

All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated ^Funds under management (FUM) relating to Wealth & Investment and Total assets relating to IBP all as at 30 September 2020. ** CET1 ratios shown on a consolidated basis as at 30 September 2020; after the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation (CRR) and EBA technical standards.

IBP: balanced business model supporting our long-term strategy

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

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** • Investments and savings • Pensions and retirement • Financial planning
Region	UK and Europe, Australia, Hong Kong, India, USA	UK, Channel Islands (Guernsey), Switzerland
Value Proposition	• 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 38% of adjusted operating profit* in 1H2021	• 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** • **£37.6bn in funds under management** • Generated 62% of adjusted operating profit* in 1H2021

*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

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% (**11.5%** at 30 Sep 2020)
  - Tier 1 ratio >11% (**13.1%** at 30 Sep 2020)
  - Total capital ratio: 14% – 17% (**16.2%** at 30 Sep 2020)
  - Leverage ratio >6% (**8.0%** at 30 Sep 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% (39.3% as at 30 Sep 2020)
- 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 (up 13.6% since 31 Mar 20 to £38.0bn)
- Moderate loan growth, emphasis on diversified portfolios
- Increase transactional activity

Maintain operational efficiency

- IBP's cost to income ratio was 80.1% at 30 Sept 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
- Focused on managing costs while building for the future
  - Investment in the Private Banking business fully expensed – now in leverage and growth phase
  - Operating costs down 9.7% compared to first half of prior financial year
  - Elevated cost to income ratio as a result of pressures on revenue given current environment

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 **accounted 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 made up 33.2% of IBP's total operating income at 31 March 2020.

CAPITAL LIGHT ACTIVITIES

Third party funds 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

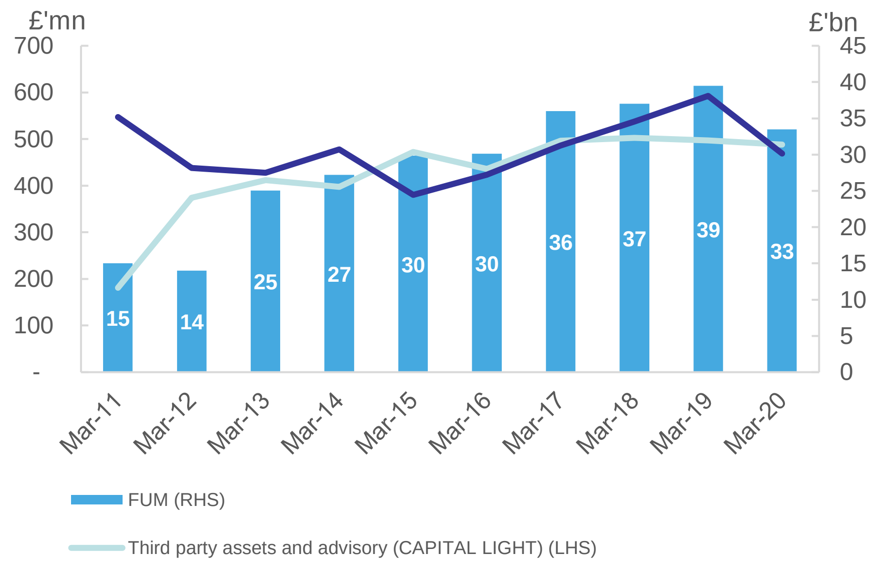
CAPITAL LIGHT BUSINESSES*

£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

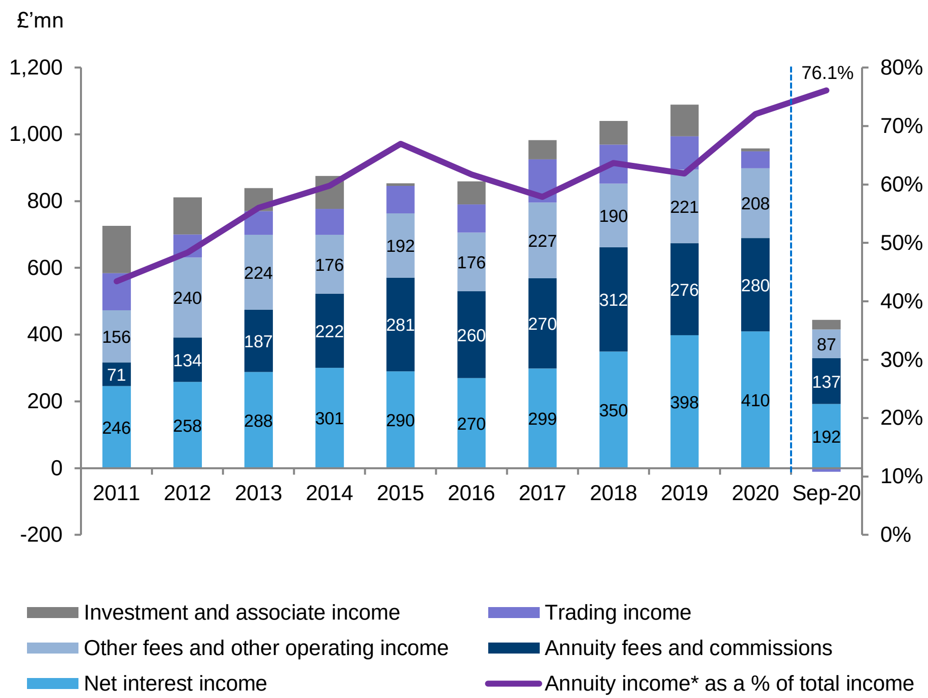
Fee and commission income ← **Types of income** → **Net interest, customer flow trading, investment and associate income**

*For the financial year ended 31 March 2020

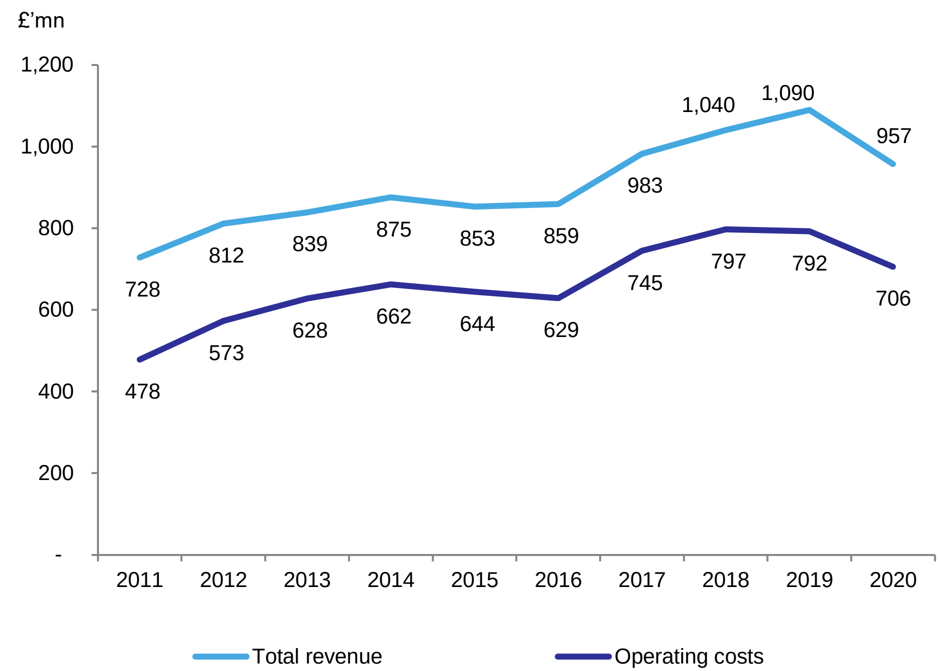
IBP’s operating fundamentals

IBP: profitability supported by diversified revenue streams

Annuity income



Revenue versus expenses



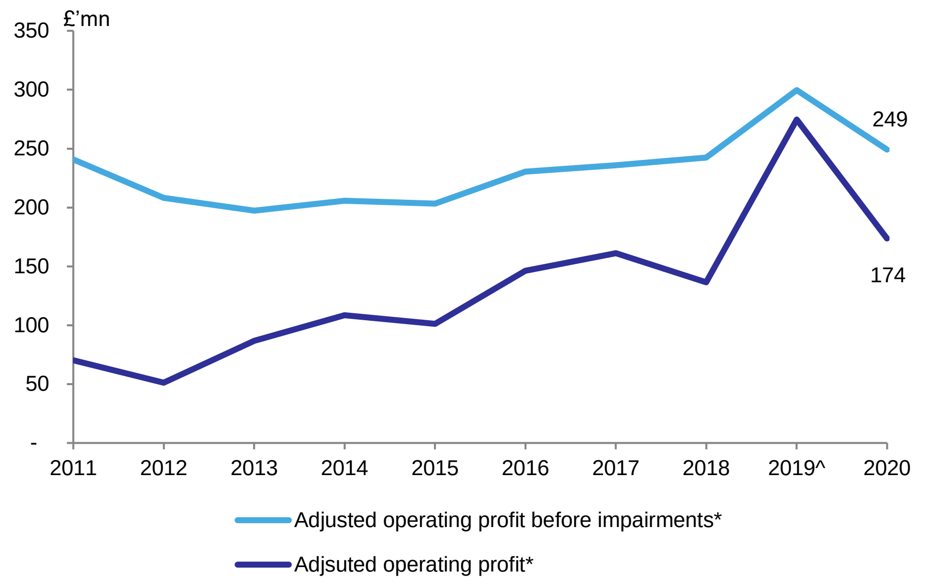
- **Solid recurring income base (1H21: 76%)** compromising net interest income and annuity fees which has been enhanced by the growth in our wealth management business
- **Total capital light activities accounted for 52%** of IBP's income for the six months ended 30 September 2020 (51% at 31 March 2020)

- 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.

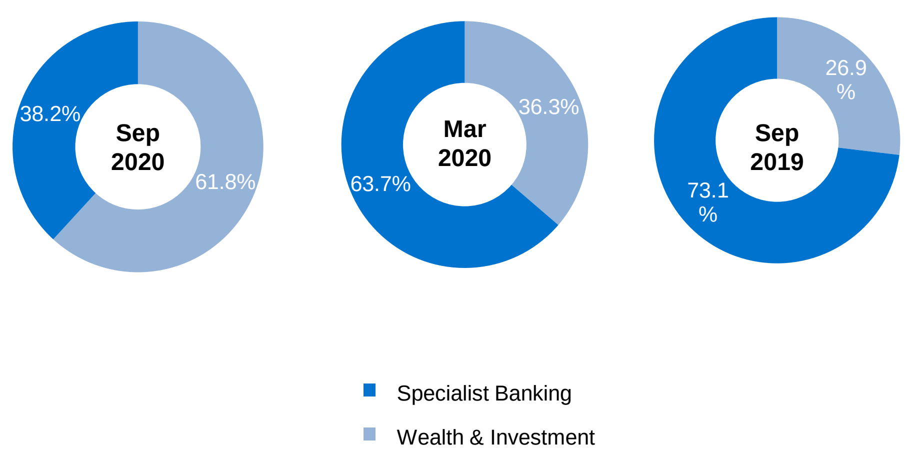
*Where annuity income is net interest income and annuity fees.

IBP: profitability supported by diversified revenue streams

Adjusted operating profit*



Business mix percentage contribution to adjusted operating profit*



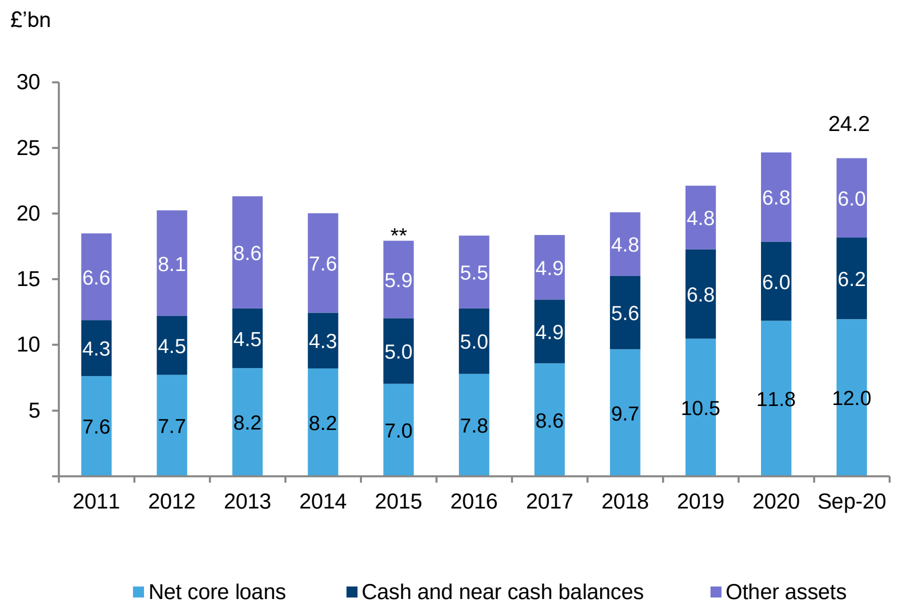
- **We have grown adjusted operating profit** from £70m in 2011 to £174m in 2020 (CAGR of 10.6%)
- Since 2008, results have been impacted by elevated impairments driven by the legacy portfolio. This is particularly evident in the 2018 financial year as increased impairments were recognised in anticipation 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.

- 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 the six months ended 30 Sept 2020 was largely driven by hedging costs related to our structured deposits book; offsetting the increased equity capital markets activity and good levels of lending turnover experienced across private client and certain corporate client lending

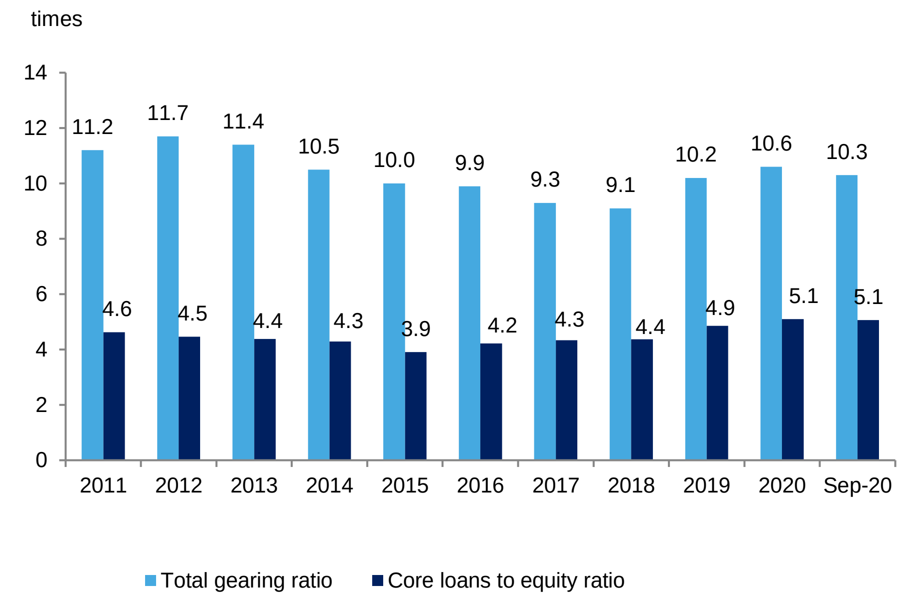
*Adjusted operating profit is Operating profit before acquired intangibles and strategic actions, less profit attributable to other non-controlling interests, and adjusted operating profit by business is Operating profit before group costs and before goodwill, acquired intangibles and strategic actions,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

IBP: consistent asset growth, gearing ratios remain low

Total assets composition



Gearing* remains low



- Our core loans and advances have grown steadily over the past 10 years (CAGR of 4.8% since 2011)
- Good growth in cash and near cash balances (CAGR of 4.0% since 2011)

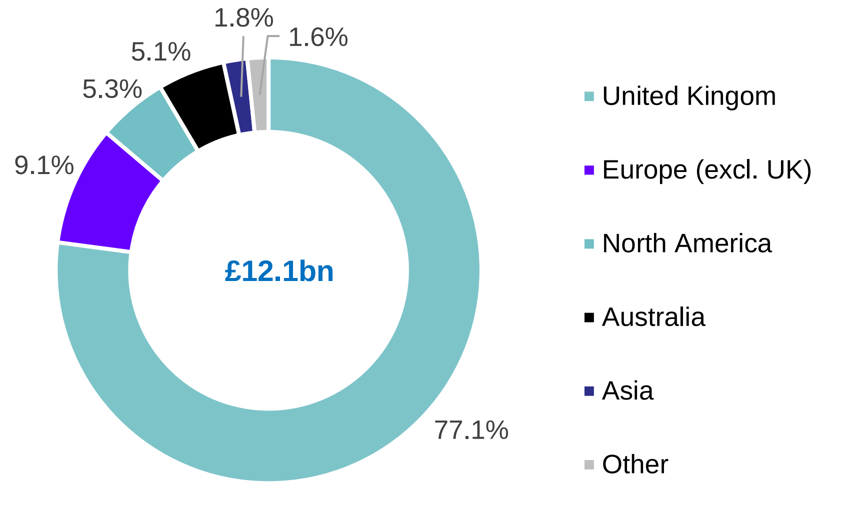
- We have **maintained low gearing ratios*** with total gearing at 10.3x and an average of 10.4x since 2011

*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 of 1.0% since 31 March 2020.** 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**.

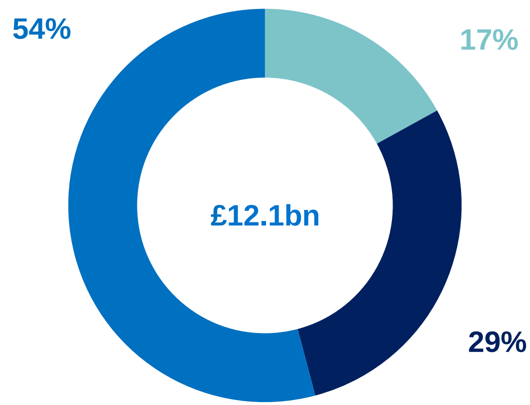
Gross core loans by country of exposure at 30 Sept 2020



Gross core loans by risk category at 30 September 2020

Corporate and other

Small ticket asset finance	14.4%
Corporate lending and acquisition finance	13.7%
Fund finance	10.7%
Other corporate, institutional, govt. loans	6.4%
Power and infrastructure finance	3.6%
Asset-based lending	3.2%
Large ticket asset finance	1.7%
Resource finance	0.4%



Lending collateralised against property

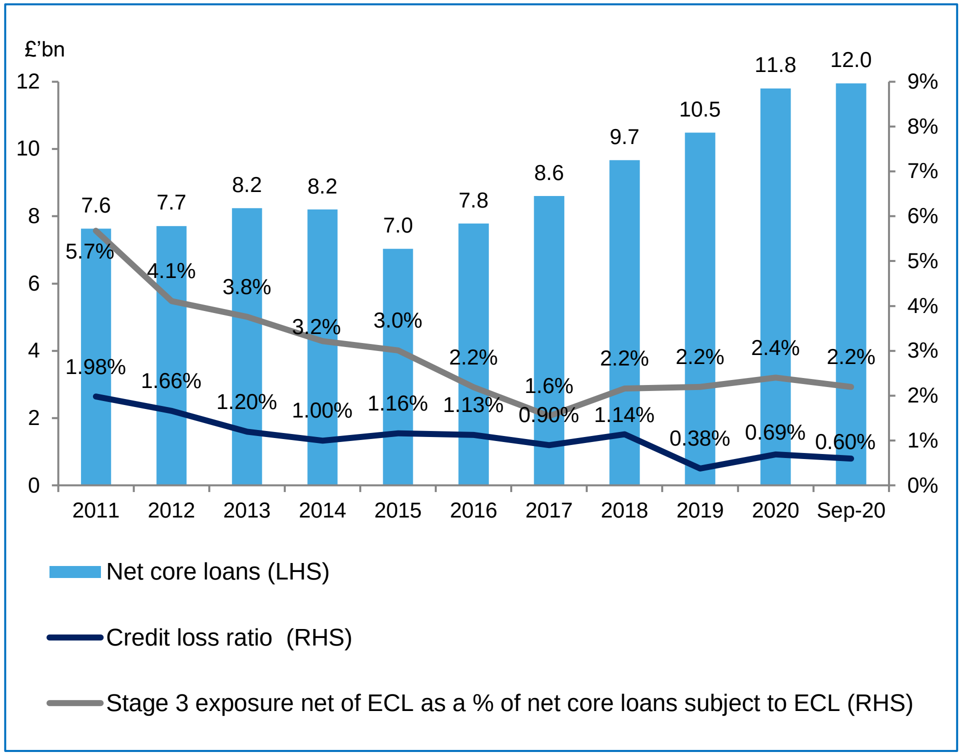
Commercial property investment	9.0%
Residential property – development	3.1%
Residential property – investment	2.5%
Commercial property – development	2.0%
Residential vacant land and planning	0.3%
Commercial vacant land and planning	<0.1%

High net worth and other private client

HNW and private client mortgages	22.7%
HNW and specialised lending	6.2%

IBP: sound asset quality

Core loans and asset quality

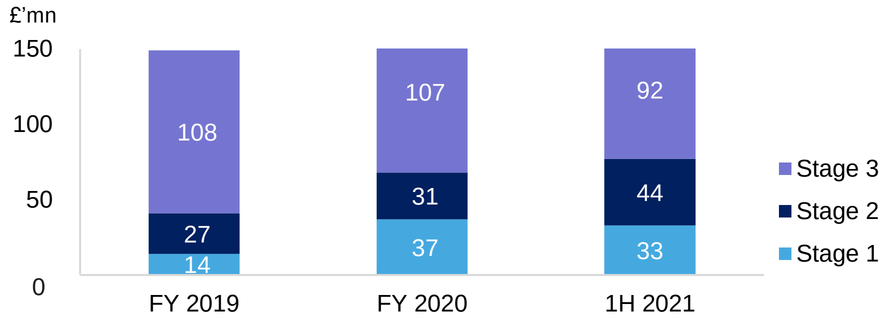


- **Credit quality on net core loans for the six months ended 30 September 2020:**
  - **Total income statement ECL impairment charges** amounted to £39.7mn (30 Sept 2019: £16.0mn), while the annualised **credit loss ratio#** amounted to 0.60% (30 Sept 2019: 0.28%), below the annualised credit loss ratio of 0.97% for the second half of the previous financial year. The increase since 31 March 2020 was driven primarily by updated assumptions applied in our models to capture the deterioration in macro-economic variables since year end.
  - **Stage 3 exposures net of ECL** decreased from £272mn at 31 March 2020 to £253mn. **Stage 3 exposure net of ECL as a % of net core loans subject to ECL** declined marginally since 31 March 2020 to 2.2%.

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

IBP: asset quality metrics

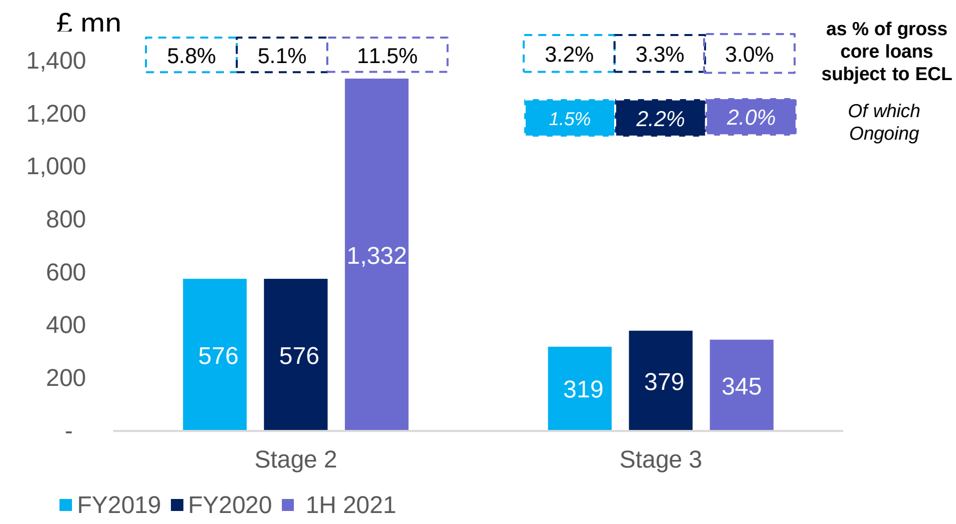
Provision build due to COVID-19 under IFRS 9



ECL coverage ratio	FY 2019	FY 2020	1H 2021
Stage 1	0.2%	0.4%	0.3%
Stage 2	4.7%	5.4%	3.3%
Stage 3	33.9%	28.2%	26.7%
of which Ongoing Stage 3	23.5%	24.9%	20.6%

- The overall loan portfolio continues to hold up well despite the macro environment.
- The £19 million ECL overlay from 31 March 2020, which had been held across the performing portfolio to capture risks not yet identified in the models due to COVID-19, has now been incorporated within the updated macro-economic scenarios applied.
- Stage 3 provisions decreased 14% from £107mn at 31 March 2020 to £92mn at 30 September 2020. As a result, Stage 3 ECL coverage ratio decreased to 26.7%% from 28.2%.
- Stage 2 coverage reduced given a significant proportion of Stage 2 was from lower risk exposures transferred into Stage 2 based on the deteriorating forward-looking view on their credit performance under current macro-economic expectations rather than specific credit concerns.

Gross core loans by Stage

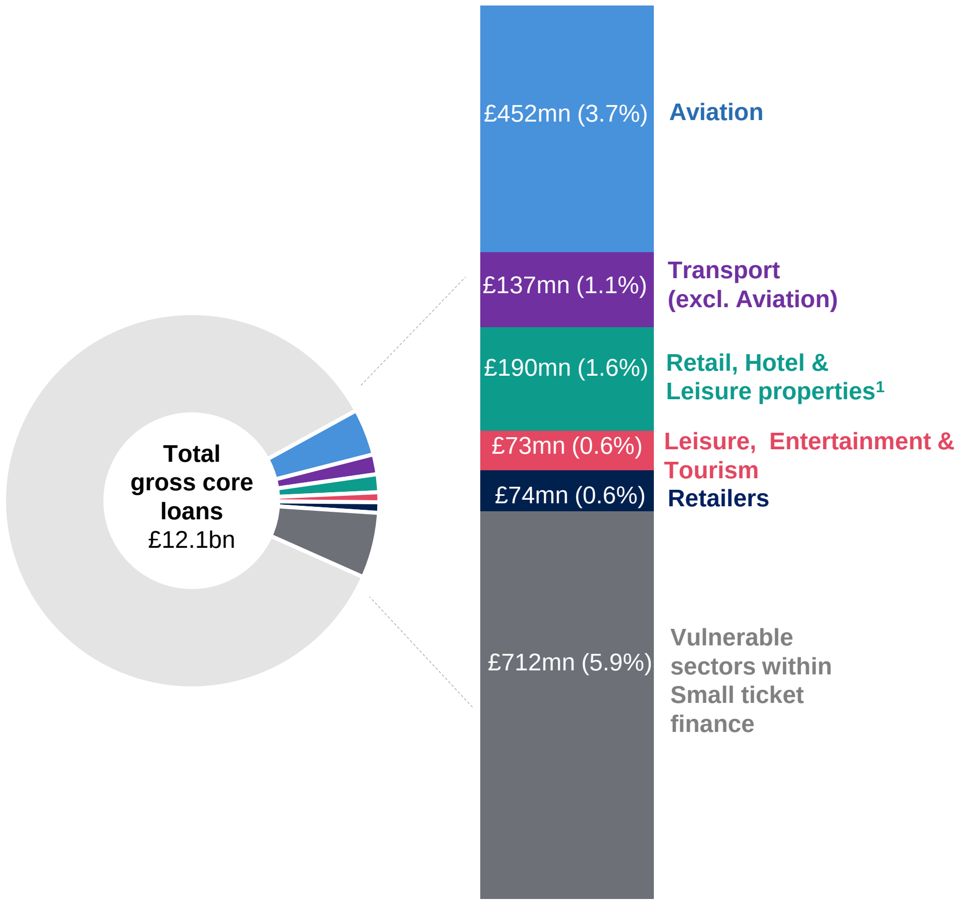


- Stage 2 exposures increased from 5.1% at 31 March 2020 to 11.5% at 30 September 2020, reflecting deterioration in the forward looking recognition of impairment charges under IFRS9. Of the increase in Stage 2, 97% relates to the impact of the weakened IFRS9 macro-economic scenarios.
- In line with regulatory and accounting bodies guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages
- COVID-19 relief measures currently in place have reduced from a peak of 13.7% of gross core loans at end June 2020 to 9.0% at 30 September 2020.
- Stage 3 in the Ongoing book (excluding Legacy) totalled £228mn or 2.0% of gross core loans subject to ECL at 30 September 2020 (31 March 2020: 2.2%). Tail risk from Legacy portfolio has reduced significantly (0.8% of net core loans).

Sectors particularly affected by COVID-19

Exposures to vulnerable sectors

30 September 2020



Our exposure to sectors considered to have been particularly affected by COVID-19 totalled £1,638mn as at 30 September 2020 or 13.5% of gross core loans and advances

- We have a **diversified portfolio across sectors**. Government stimulus and support measures to date have provided substantial support to the underlying economy which has helped to mitigate the impact on the vulnerable sectors.
- Limited direct exposure to Leisure, entertainment and tourism, Transport (excl. Aviation) and Retailers through the Corporate portfolio in line with our risk appetite
- These exposures are well managed, typically with substantial sponsors in place to support the transactions and well understood by the bank given the small number of deals in each sector
- In the **property portfolio**, direct exposure to Retail (excl. supermarkets) and Hotels / Leisure is limited. A large proportion of retail exposures have anchor tenants which are well known discount retailers or DIY stores which are expected to weather the potential recessionary environment well
- The **aviation portfolio** totalled £452mn of gross core loans at 30 September 2020. There is no unsecured corporate exposure to the airline industry. The majority of the exposure is either senior secured on aircraft with conservative loan to value ratios, to flag carriers who are likely to be supported by their respective governments during this period or to lessors, rather than direct to airlines, where these companies have substantial balance sheets which are continuing to support debt service. We continue to closely monitor these exposures given the significant ongoing disruption to this industry as a result of COVID-19, albeit the underlying transactions are well structured and underpinned by good assets
- **Small ticket asset finance** borrowers are predominantly in the UK SME market and as a result have been affected by COVID-19, however, this business (average ticket size of £10K – £25K) covers a broad range of sectors and actively seeks to avoid concentration to any particular industry. In addition, there are diversified underlying assets with a focus on hard assets. The government schemes announced are expected to directly support the clients within this business as well as in other areas of corporate and other lending

[1] Retail properties which have no underlying tenants that are either food retailers or other essential goods and services

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

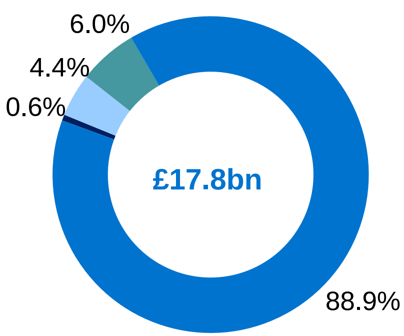
Conservative and prudent funding strategy

- **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*

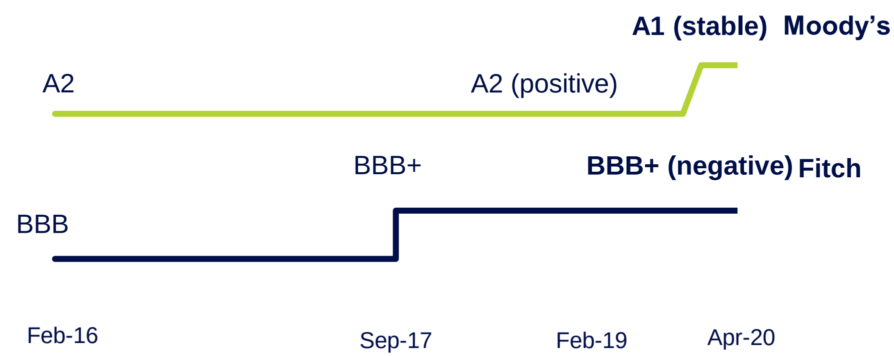
- In February 2019, **Moody's** upgraded IBP's long-term deposit rating to **A1** (stable outlook) from A2 (positive outlook) and its baseline credit assessment (BCA) to baa1 from baa2. These ratings were affirmed on 16 August 2019.
- On 24 July 2020, **Fitch** affirmed IBP's Long Term Issuer Default Rating (IDR) at **BBB+** and removed the Rating Watch Negative (that had been placed on IBP's ratings on 1 April 2020 following the onset of the COVID-19 pandemic) to reflect Fitch's view that IBP's ratings are not immediately at risk from the impact of the economic downturn. The outlook on the Long-Term IDR is negative to reflect the ongoing downside risks relating to COVID-19.

Selected funding sources



£'mn	Sep 2020
Customer deposits	15,835
Debt securities in issue^	1,071
Subordinated liabilities	790
Liabilities arising on securitisation of other assets	109
Total	**17,805**

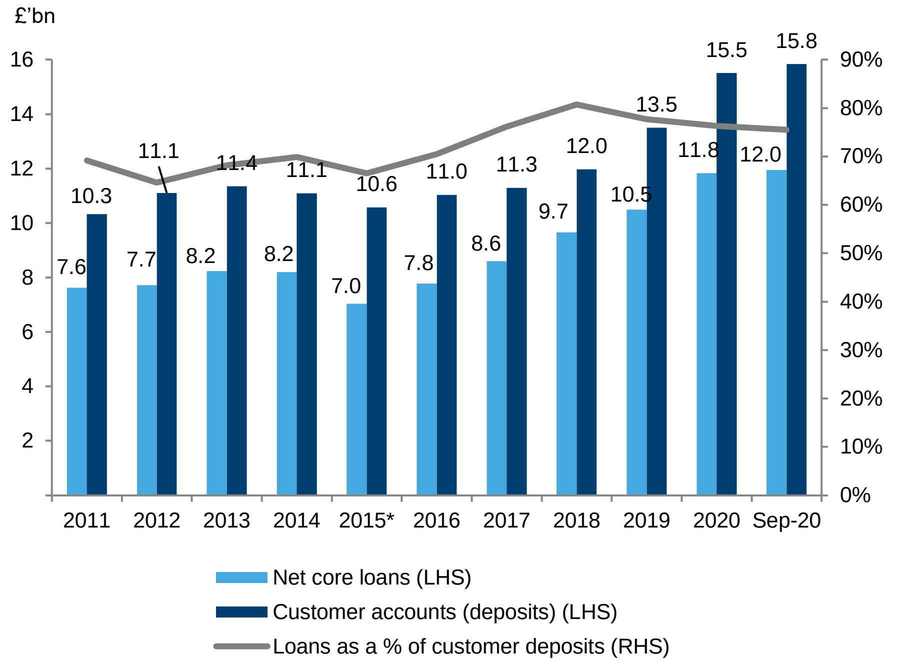
IBP's long-term ratings



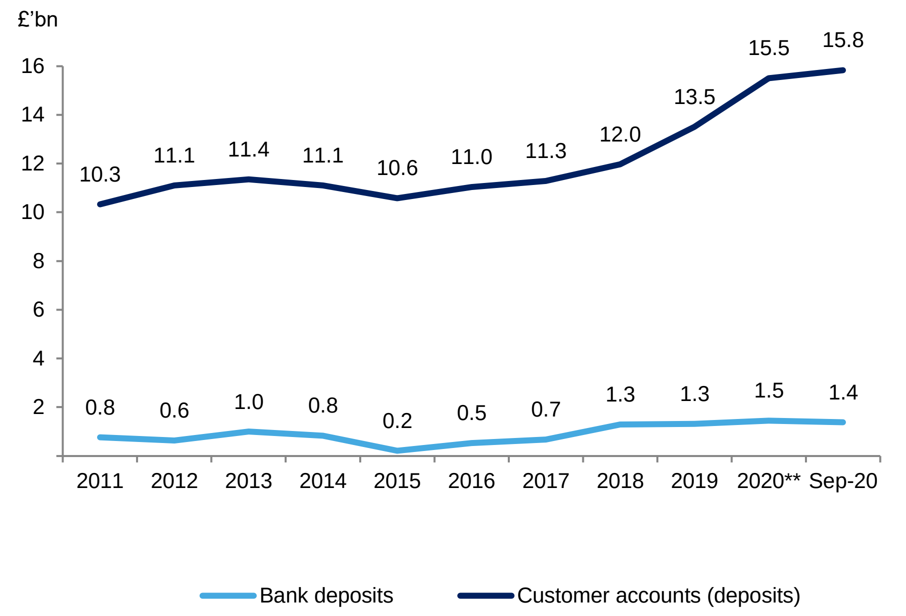
*A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.
^Of which £139mn relates to retail customers.

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 53% (c.5% CAGR) to £15.8bn at 30 September 2020**
- Loans and advances to customers as a percentage of customer deposits remained conservative at 75.5%

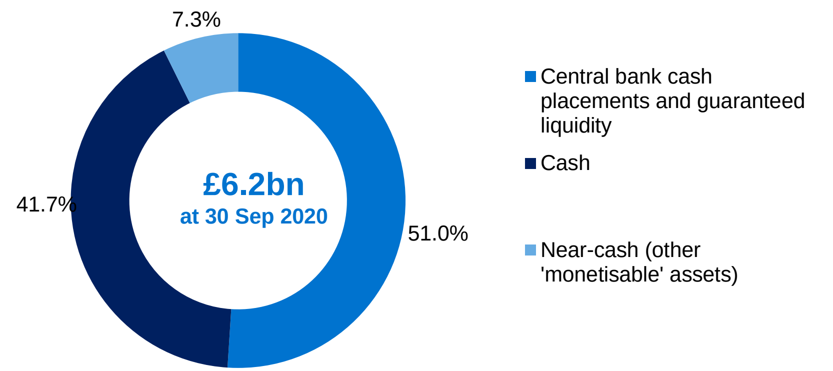
- Increase in retail deposits and very little reliance on wholesale deposits
- Fixed and notice deposits make up a large proportion of customer deposits and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products

*FY15 impacted by the sale of group assets, largely in Australia.
**As at 31 March 2020, certain Investec structured products amounting to £823 million 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.

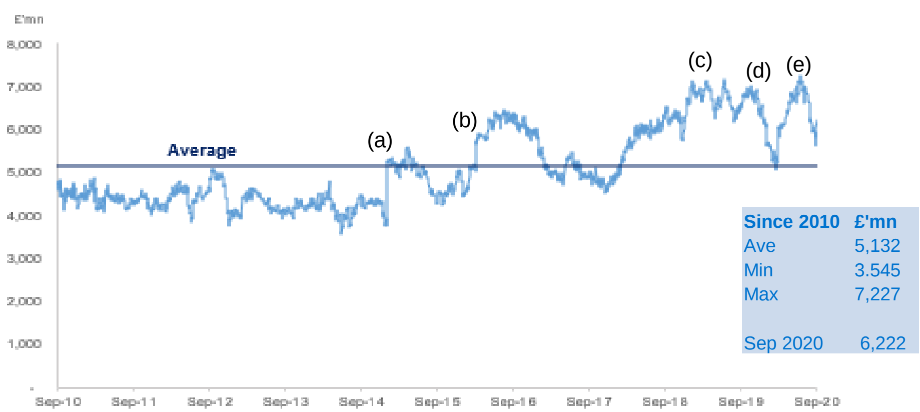
IBP: maintaining robust surplus liquidity

- 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 £6.2bn at 30 September 2020 **(representing 39% of customer deposits)**
- At 30 September 2020 the **Liquidity Coverage Ratio** reported to the Prudential Regulatory Authority for IBP (solo basis) was **353%** and the **Net Stable Funding Ratio^ was 125%** - both metrics well ahead of current minimum regulatory requirements

Cash and near cash composition

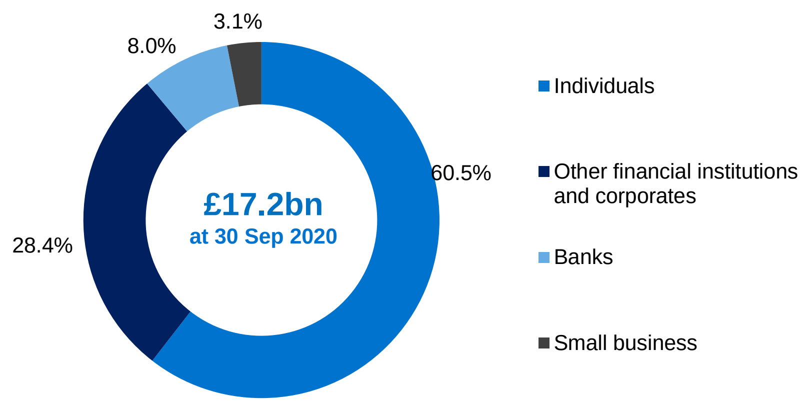


High level of cash and near cash balances



(a) Impacted by sale of group assets; (b) Prudent increase in cash pre Brexit referendum; (c) Pre-funding ahead of loss of Irish deposits; (d) Prior to the onset of the COVID-19 pandemic, cash and near cash reduced to business-as-usual level as we paid out the Irish deposits that we had already pre-funded; (e) COVID-19 pandemic

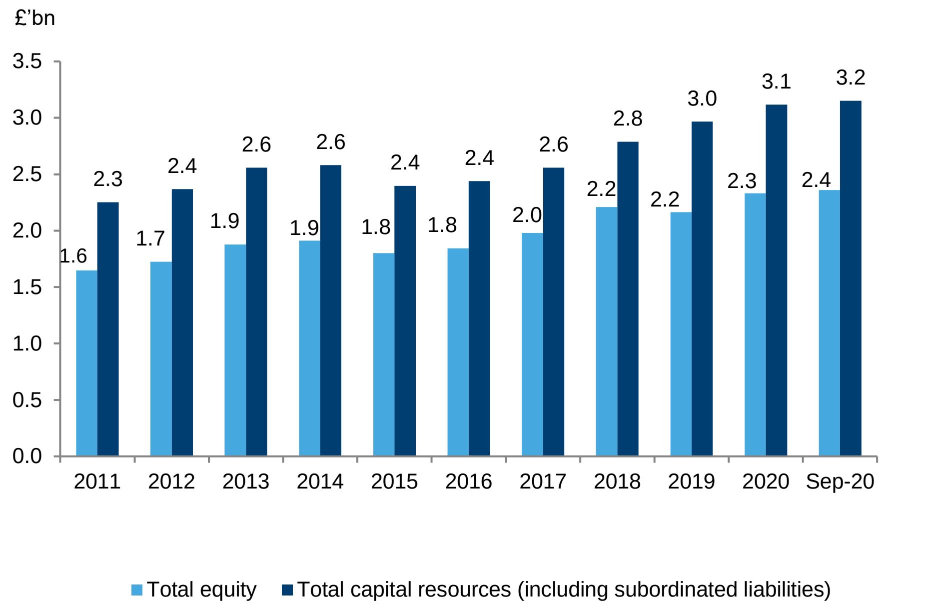
Depositor concentration by type



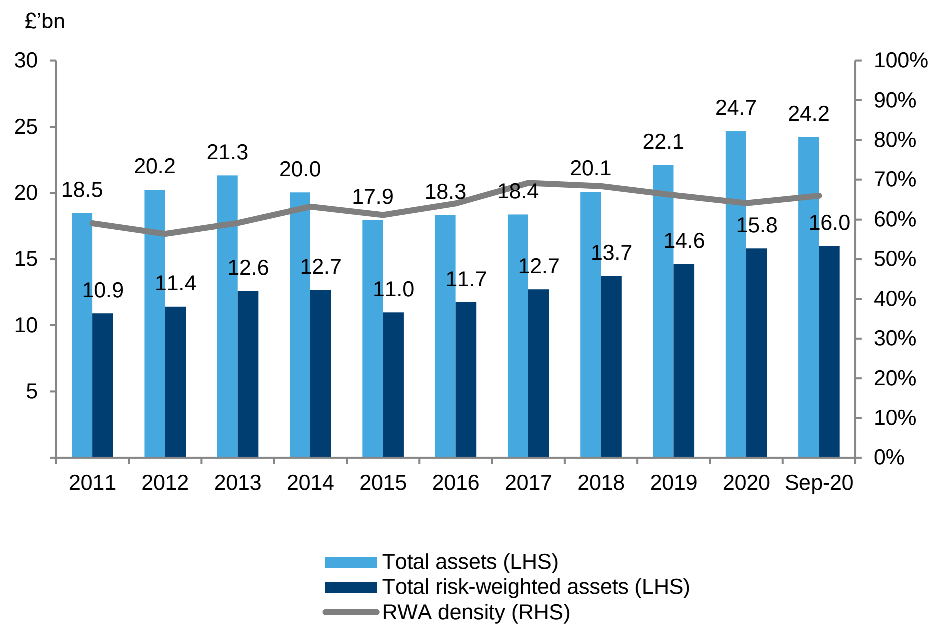
^The LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The reported LCR and NSFR may change over time with regulatory developments and guidance.

IBP: sound capital base and capital ratios

Total capital



Total risk-weighted assets: high RWA density



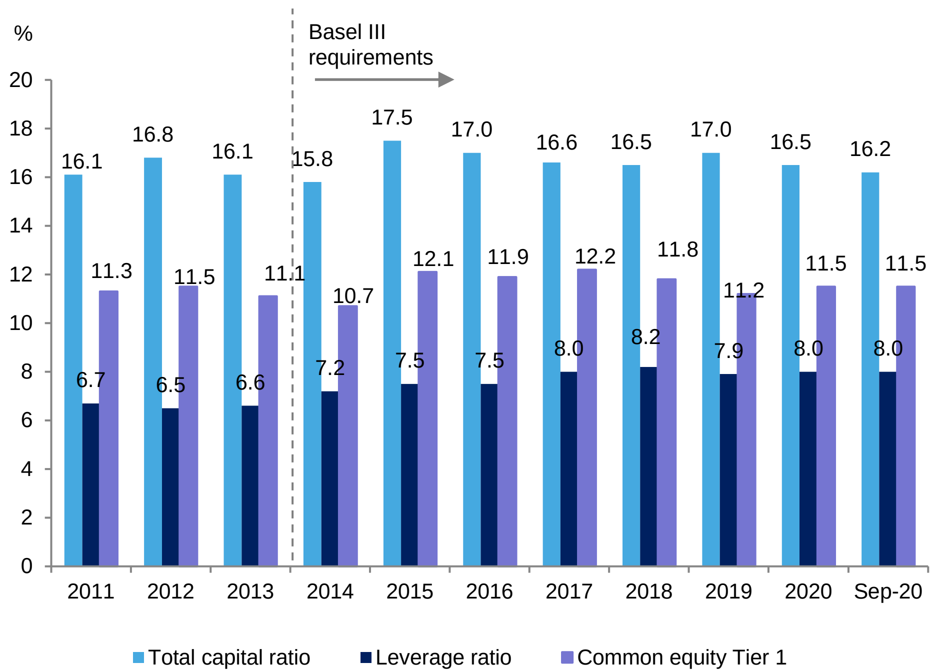
- **We have continued to grow our capital base** and did not require recourse to government or shareholders during the global financial crisis
- Our **total equity** has grown by c.43% since 2011 to £2.4bn at 30 September 2020 (CAGR of c.4%)

- 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 **66%**, 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 2020, the Bank of England confirmed that the preferred resolution strategy for IBP remains 'modified insolvency'. As a result, the BoE has therefore set **IBP's MREL requirement as equal to its Total Capital Requirement** (Pillar 1 + Pillar 2A).

Basel capital ratios*



Capital development

A summary of ratios*	30 Sep 2020	31 Mar 2020	Target
Common equity tier 1 (as reported)#	11.5%	11.5%	>10%
Common equity tier 1 (fully loaded)^	11.0%	11.1%	
Tier 1 (as reported)#	13.1%	13.1%	>11%
Total capital ratio (as reported) #	16.2%	16.5%	14% to 17%
Leverage ratio** (current)	8.0%	8.0%	>6%
Leverage ratio** (fully loaded)^	7.7%	7.7%	
Leverage ratio** (current UK leverage ratio framework)^^	9.0%	9.1%	

^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 7bps (31 March 2020: 0bps) higher. The leverage ratio prior to 2014 has been estimated. #The reported CET 1, T1 and total capital adequacy amounts and ratios are calculated applying the IFRS 9 transitional arrangements (including the changes introduced in the "quick fix" regulation adopted in June 2020).

Well positioned to withstand current stress arising from COVID-19 pandemic

- Since the global financial crisis in 2007 / 2008, IBP has reshaped its business model and shifted its composition of revenues **toward lower lending risks** with a greater focus on **lower risk activities that generate more stable fee and commission income.**
- **IBP also includes capital light non-banking income from IW&I** (0% profit contribution in 2011 to 62% profit contribution in 1H2021), one of the largest private client wealth managers in the UK with £37.6bn FUM and an estimated value of c.£1bn (pre-crisis) not included in IBP's capital ratios, which provides IBP additional loss absorbing buffer.
- Continued focus on growing our capital light businesses, contributing 51.8% of IBP's total operating income (only 25% in March 2011).
- **IBP shifted its risk appetite away from wholesale funding** following the global financial crisis and has demonstrated a consistently strong track record in raising and retaining customer deposits, which now total £15.8bn. Funding raised in the wholesale markets is used to diversify and lengthen overall funding.
- IBP absorbed over £1bn worth of losses as a result of the global financial crisis largely in relation to the bank's Legacy portfolio yet the bank managed to **remain profitable throughout the crisis**, build on its capital base, pay dividends and not require government support.
- Since then, IBP's credit risk appetite for over 10 years has focused on a **diversified, secured portfolio** with limited concentration risk as evidenced through the substantial reduction in Lending collateralised by property (from a peak of 52% in 2010 to 17% at 30 September 2020) and strong performance of the Ongoing portfolio over this time.
- **IBP's resilience** is demonstrated by its strong liquidity (cash and near cash £6.2bn), diversified stable funding, robust capital (CET1 ratio of 11.6%) supported by a high leverage ratio (8.0%) and with resilient revenues from multiple business lines to support performance, leaving the bank well positioned to be able to withstand the substantial disruption that has taken place to date as well as anticipated future impacts over the coming months.

Further information

IBP: two core areas of activity

Wealth & Investment: Key income drivers and performance statistics

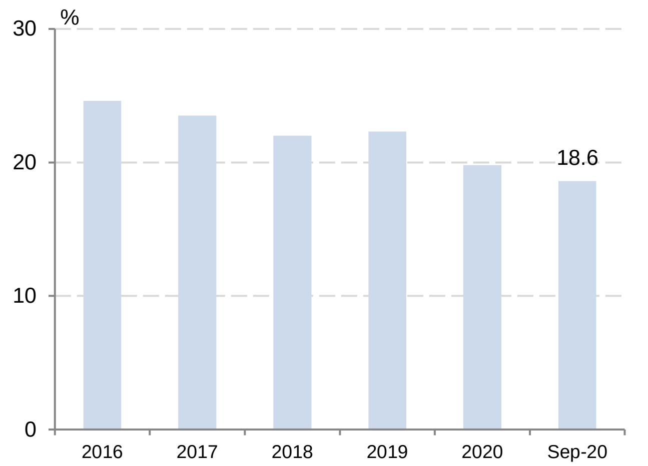
Key income drivers (besides market levels)

- 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

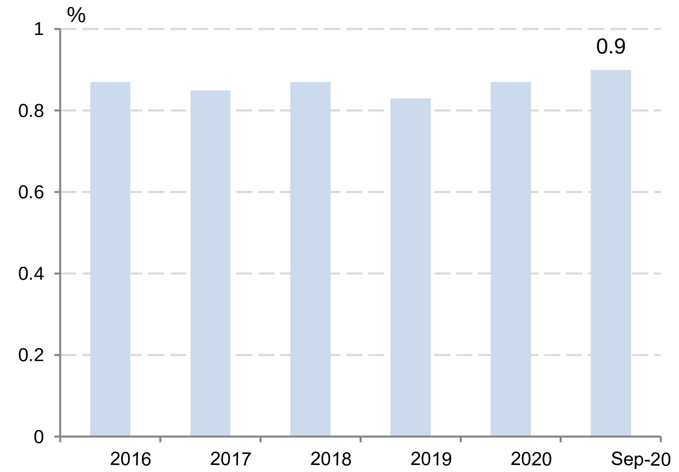
Current positioning

- Number of employees: c.1,300
- Operating margin: 18.6%
- FUM: £37.6bn
- Net inflows as a % of opening FUM: 0.8% (£0.32bn net inflows for the six months ended 30 September 2020)
- Average income yield# earned on funds under management: 0.9%
- Adjusted operating profit*: £28.9mn (September 2019: £30.5mn)
- % contribution to IBP adjusted operating profit*: 62%

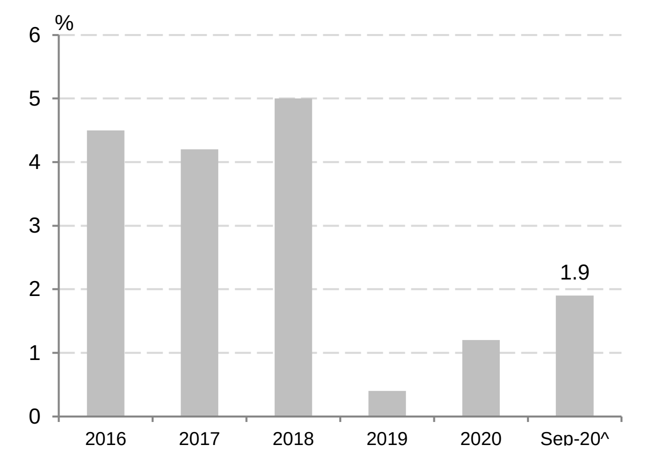
Operating margin



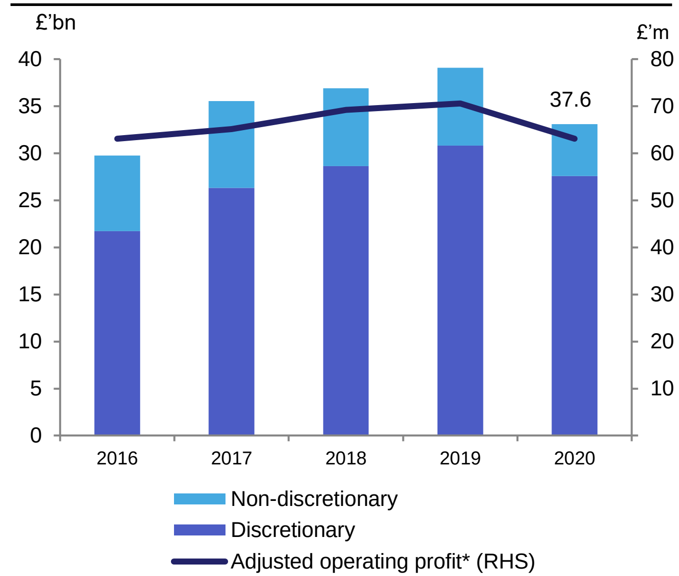
Average income# as a % of FUM



Net inflows as a % of opening FUM



Funds under management



#The average income yield on funds under management represents the annualised 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 (where applicable) 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. ^Annualised net flows in funds under management as a % of opening funds under management.

IBP: two core areas of activity (continued)

Specialist Banking ongoing: Key income drivers and performance statistics

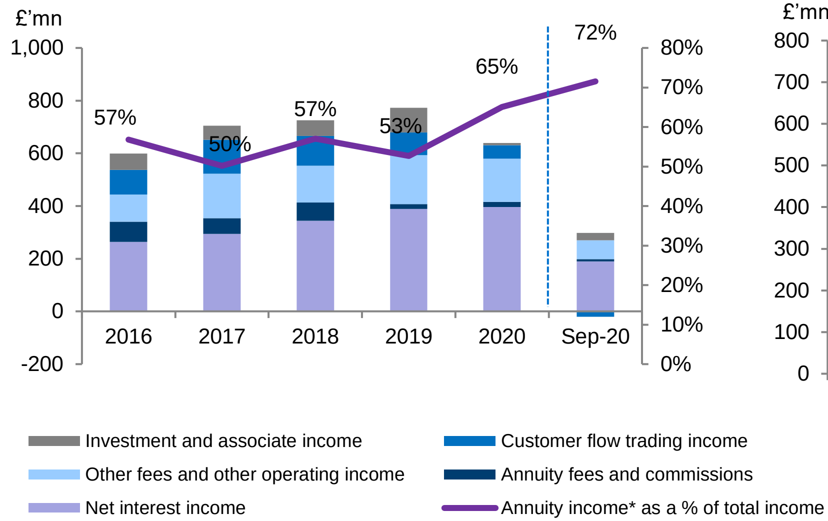
Key income drivers (besides market, economic and rate levels)

- **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

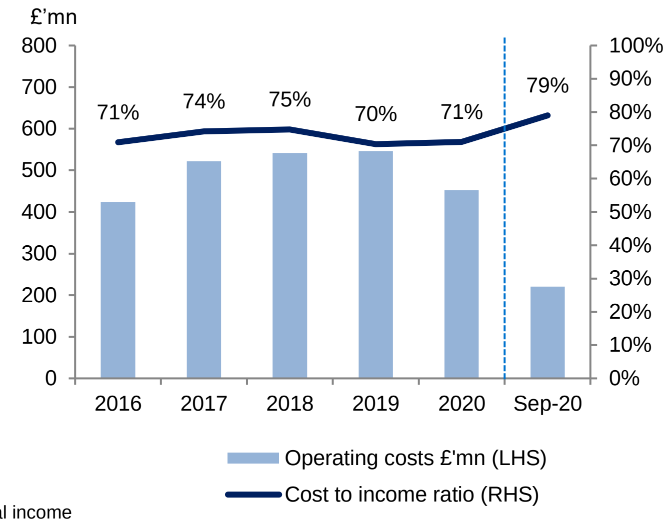
Current positioning

- Number of employees: c.2,400
- Cost to income: 79.3%
- NIM (annualised): 1.83% (Sep 2019: 2.10%)
- Adjusted operating profit*: £17.8mn (Sep 2019: £82.7mn)
- % contribution to IBP adjusted operating profit*: 38%

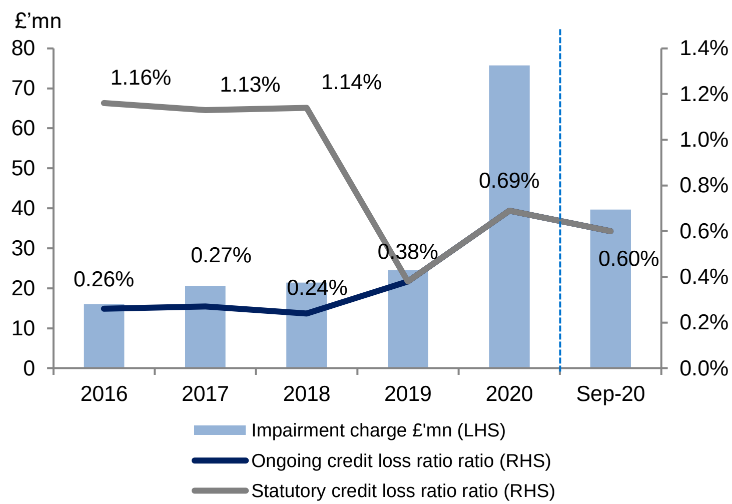
Revenue



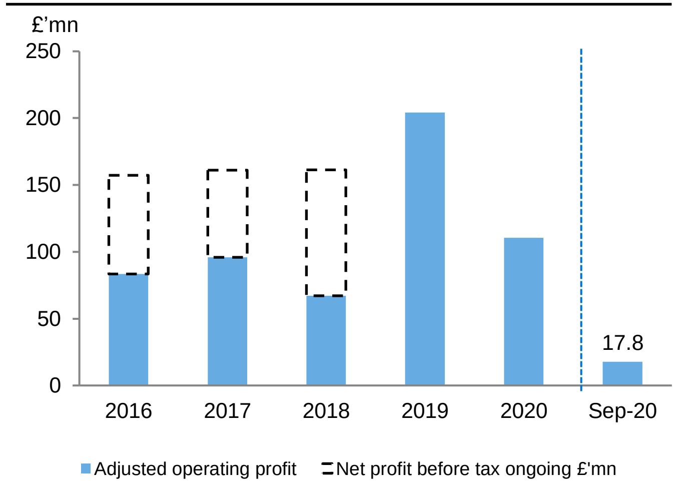
Costs



Expected credit loss impairment charges



Adjusted operating profit**

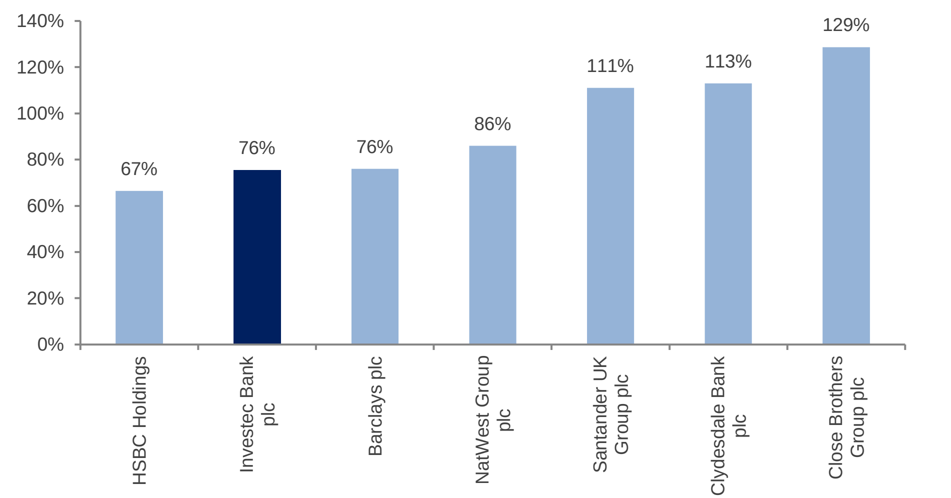


Information for financial years pre 2019 reflects the results of the ongoing business (excluding UK Specialist Bank legacy assets and businesses sold). Information from FY19 onwards is presented on a statutory basis. *Adjusted operating profit is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

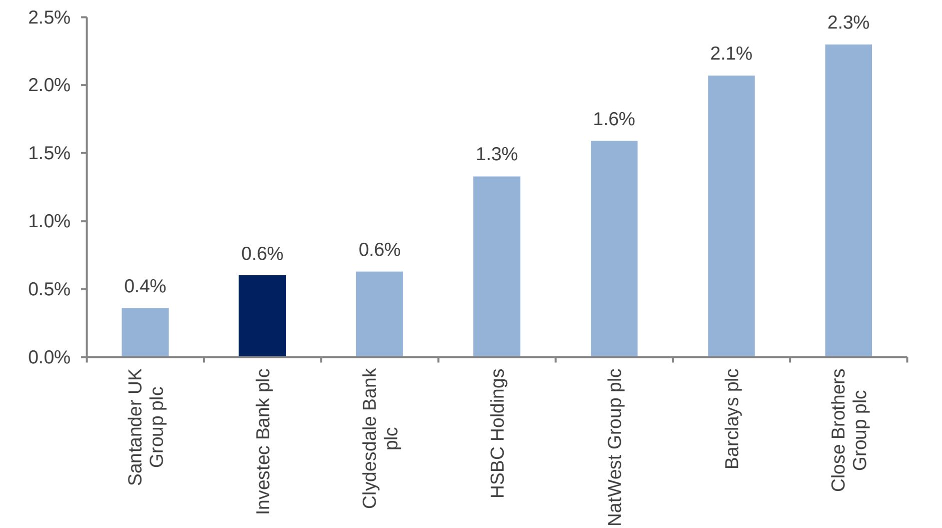
Investec Bank plc:
peer analysis

Investec Bank plc: peer group comparisons

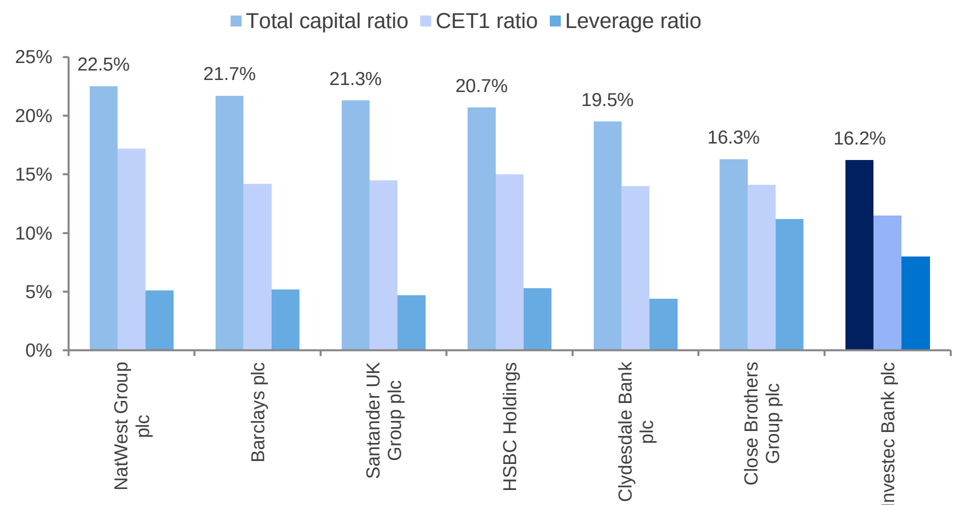
Funding: Loans and advances to customers as a % of customer deposits (smaller number is better)



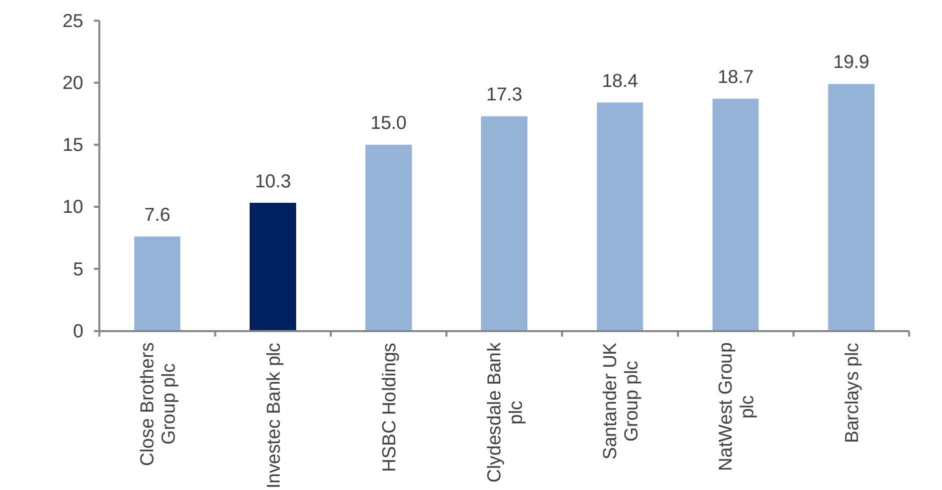
Credit loss ratio: ECL impairment charges as a % of average core loans and advances (smaller number is better)



Capital ratios* (larger number is better)



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



Source: Company year end/interim financial results as at 18 November 2020. *IBP applies the standardised approach in the calculation of risk-weighted assets and as a result we inherently hold more capital than our peers who are on the Advanced Internal Ratings Model approach. IBP's total RWAs/Total assets was 66% at 30 September 2020, which is substantially higher than some other UK banks which have an average RWA intensity of c.30%.

Investec Bank plc: peer group comparisons

Definitions and/or explanations of certain ratios:

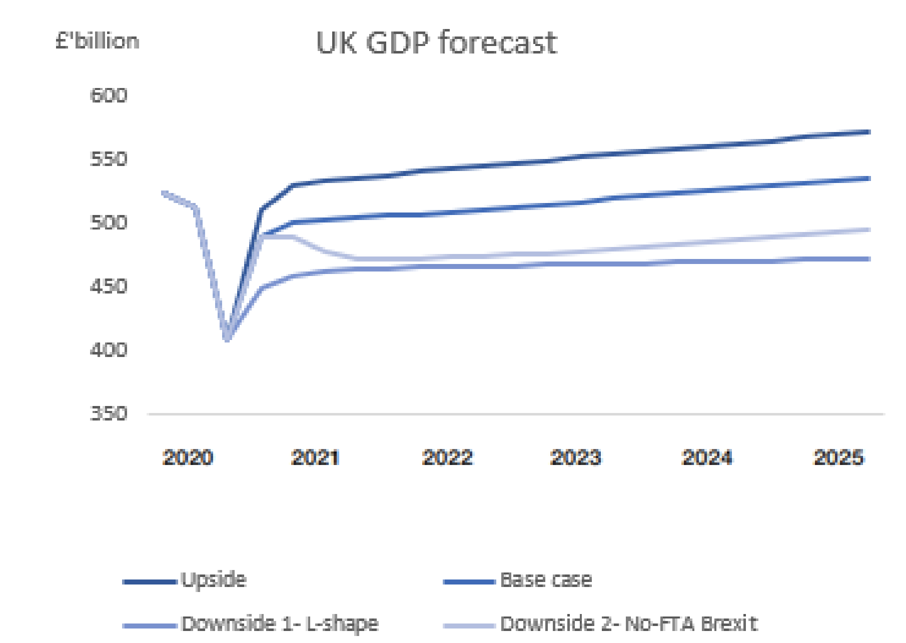
- Customer deposits do not include deposits from banks.
- The loans and advances to customers as a % of customer deposits ratio reflects how much of a bank's advances to customers are funded from the "retail and corporate" market as opposed to the "wholesale funding and banking market". A ratio higher 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 as a percentage of average gross core loans subject to ECL.
- Stage 3/Default loans largely comprise loans that are impaired and/or over 90 days in arrears.

Appendix – summary financials

IFRS 9 macro economic scenario forecasts

- For Investec Bank plc, four macro-economic scenarios are used in the measurement of ECL. These scenarios incorporate a base case, an upside case and two downside cases. Given that the scenarios have now been fully updated to reflect the latest macro-economic risk, the COVID-19 long and COVID-19 short scenarios utilised at 31 March 2020 to support an ECL overlay.
- As such, the base case has been updated to reflect the unprecedented falls in GDP witnessed in the second quarter of 2020 and the latest views around the shape of the economic recovery in light of the most recent indicators. Additionally, the downside scenarios have been replaced with two new stress cases to better reflect the current risk backdrop. The downside 1 L-shape scenario has been included to reflect pandemic related risks, whilst rising Brexit risks have been addressed through the downside 2 No-free trade agreement (No-FTA) Brexit scenario. The upside case envisages a quicker than expected recovery from the COVID-19 pandemic with GDP recovering its pre-crisis peak by the end of 2020.

UK GDP forecast under COVID assumptions
£'bn



Macro-economic scenarios	Upside %	Base case %	Downside 1 L-shape	Downside 2 No-FTA Brexit
		UK		
GDP growth	2.1	0.7	(1.7)	(1.0)
Unemployment	3.9	5.4	7.7	7.5
House price growth	2.5	1.4	(0.9)	(0.8)
BoE – Bank rate	0.9	0.2	(0.3)	0.1
		Euro area		
GDP growth	1.9	0.7	(1.0)	0.1
		US		
GDP growth	2.6	1.4	0.1	1.4
Scenario weighting	5	50	10	35

IBP: salient financial features

Key financial statistics	30 Sept 2020	30 Sept 2019	% change	31 March 2020
Total operating income before expected credit loss impairment charges (£'000)	432 761	513 441	(15.7%)	957 207
Operating costs (£'000)	346 895	384 334	(9.7%)	705 626
Adjusted operating profit* (£'000)	46 716	113 161	(58.7%)	173 604
Earnings attributable to ordinary shareholder (£'000)	31 188	60 690	(48.6%)	57 822
Cost to income ratio (%)	80.1%	74.8%		73.9%
Total capital resources (including subordinated liabilities) (£'000)	3 151 081	3 066 788	2.7%	3 118 202
Total equity (£'000)	2 360 776	2 255 204	4.7%	2 331 172
Total assets (£'000)	24 223 341	23 000 166	5.3%	24 669 539
Net core loans (£'000)	11 952 722	10 759 230	11.1%	11 832 499
Customer accounts (deposits) (£'000)	15 835 090	13 656 843	15.9%	15 505 883
Loans and advances to customers as a % of customer deposits	75.5%	78.8%		76.3%
Cash and near cash balances (£‘mn)	6 222	6 460	(3.7%)	6 040
Funds under management (£'mn)	38 018	41 539	(8.5%)	33 465
Total gearing ratio (i.e. total assets to equity)	10.3x	10.2x		10.6x
Total capital ratio	16.2%	17.1%		16.5%
Tier 1 ratio	13.1%	13.3%		13.1%
CET 1 ratio	11.5%	11.6%		11.5%
Leverage ratio – current	8.0%	8.0%		8.0%
Leverage ratio – ‘fully loaded’^^	7.7%	7.8%		7.7%
Stage 3 exposure as a % of gross core loans subject to ECL	3.0%	3.1%		3.3%
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	2.2%	2.2%		2.4%
Credit loss ratio[#]	0.60%	0.28%		0.69%

^^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 as a % of average gross core loans 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	Six months to 30 Sept 2020	Six months to 30 Sept 2019	% change	Year to 31 Mar 2020
Interest income	356 156	392 847	(9.3%)	784 421
Interest expense	(164 316)	(192 527)	(14.7%)	(374 872)
Net interest income	**191 840**	**200 320**	**(4.2%)**	**409 549**
Fee and commission income	226 322	257 299	(12.0%)	495 789
Fee and commission expense	(6 478)	(5 156)	25.6%	(13 766)
Investment income	26 246	18 492	41.9%	6 591
Share of post taxation profit of associates and joint venture holdings	1 356	595	>100%	2 128
Trading income arising from				
- customer flow	(20 081)	45 736	(>100%)	50 980
- balance sheet management and other trading activities	9 341	(6 429)	>100%	(528)
Other operating income	4 215	2 584	63.1%	6 464
Total operating income before expected credit loss impairment charges	**432 761**	**513 441**	**(15.7%)**	**957 207**
Expected credit loss impairment charges	(39 680)	(16 025)	>100%	(75 706)
Operating income	**393 081**	**497 416**	**(21.0%)**	**881 501**
Operating costs*	(346 895)	(384 334)	(9.7%)	(707 033)
Operating profit before acquired intangibles and strategic actions	**46 186**	**113 082**	**(59.2%)**	**174 468**
Amortisation of acquired intangibles	(6 414)	(6 548)	(2.0%)	(12 915)
Closure and rundown of the Hong Kong direct investments business	(2 158)	(49 469)	(95.6%)	(89 257)
Operating profit	**37 614**	**57 065**	**(34.1%)**	**72 296**
Financial impact of group restructures	-	11 584	(100%)	(26 898)
Profit before taxation	**37 614**	**68 649**	**(45.2%)**	**45 398**
Taxation on operating profit before acquired intangibles and strategic actions	(8 181)	(19 745)	(58.6)	(7 638)
Taxation on acquired intangibles and strategic actions	1 225	11 707	(89.5%)	20 926
Profit after taxation	**30 658**	**60 611**	**(49.4%)**	**58 686**
Profit / Loss attributable to non-controlling interests	530	79	>100%	(864)
Earnings attributable to shareholder	**31 188**	**60 690**	**(48.6%)**	**57 822**

*Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million), which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.

IBP: balance sheet

£'000	30 Sept 2020	31 March 2020	% change
Assets			
Cash and balances at central banks	1 918 509	2 277 318	(15.8%)
Loans and advances to banks	1 632 185	1 793 867	(9.0%)
Reverse repurchase agreements and cash collateral on securities borrowed	2 183 917	1 627 246	34.2%
Sovereign debt securities	1 537 996	1 688 670	(8.9%)
Bank debt securities	65 645	51 238	28.1%
Other debt securities	757 275	695 818	8.8%
Derivative financial instruments	900 732	1 251 394	(28.0%)
Securities arising from trading activities	665 035	582 693	14.1%
Investment portfolio	392 734	350 662	12.0%
Loans and advances to customers	11 956 708	11 834 207	1.0%
Other loans and advances	175 091	266 501	(34.3%)
Other securitised assets	107 353	106 218	1.1%
Interests in associated undertakings and joint venture holdings	7 265	6 579	10.4%
Deferred taxation assets	120 441	129 715	(7.1%)
Other assets	1 277 195	1 462 159	(12.7%)
Property and equipment	202 038	216 955	(6.9%)
Investment properties	-	-	-
Goodwill	253 058	252 958	0%
Software*	7 108	6 955	2.2%
Other intangible assets	63 056	68 386	(7.8%)
Total assets	**24 223 341**	**24 669 539**	**(1.8%)**

* Software of £7.1 million (31 March 2020: £7.0 million; 30 September 2019: £8.8 million), which was previously reported within Intangible assets, is now reported as a separate line item. The prior period has been re-presented to reflect the same basis.

IBP: balance sheet (continued)

£'000	30 Sept 2020	31 March 2020	% change
Liabilities			
Deposits by banks	1 384 329	1 450 463	(4.6%)
Derivative financial instruments	949 105	1 246 109	(23.8%)
Other trading liabilities	101 542	118 572	(14.4%)
Repurchase agreements and cash collateral on securities lent	192 593	396 811	(51.5%)
Customer accounts (deposits)	15 835 090	15 505 883	2.1%
Debt securities in issue	1 071 279	1 026 474	4.4%
Liabilities arising on securitisation of other assets	109 107	110 679	(1.4%)
Current taxation liabilities	36 329	43 470	(16.4%)
Deferred taxation liabilities	20 010	22 112	(9.5%)
Other liabilities	1 372 876	1 630 764	(15.8%)
	21 072 260	**21 551 337**	**(2.2%)**
Subordinated liabilities	790 305	787 030	0.4%
	21 862 565	**22 338 367**	**(2.1%)**
Equity			
Ordinary share capital	1 280 550	1 280 550	0.0%
Share premium	199 538	199 538	0.0%
Capital reserve	153 177	153 177	0.0%
Other reserves	(6 079)	(11 071)	(45.1%)
Retained income	479 064	455 609	5.1%
Shareholder's equity excluding non-controlling interests	**2 106 250**	**2 077 803**	**1.4%**
Additional Tier 1 securities in issue	250 000	250 000	0.0%
Non-controlling interests in partially held subsidiaries	4 526	3 369	34.3%
Total equity	**2 360 776**	**2 331 172**	**1.3%**
Total liabilities and equity	**24 223 341**	**24 669 539**	**(1.8%)**

IBP: segmental analysis of operating profit

For the six months ended 30 September 2020 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	1 597	190 243	191 840
Fee and commission income	153 389	72 933	226 322
Fee and commission expense	(385)	(6 093)	(6 478)
Investment income	47	26 199	26 246
Share of post taxation profit of associates and joint venture holdings	-	1 356	1 356
Trading income arising from			
- customer flow	323	(20 404)	(20 081)
- balance sheet management and other trading activities	102	9 239	9 341
Other operating income	-	4 215	4 215
Total operating income before expected credit loss impairment charges	**155 073**	**277 688**	**432 761**
Expected credit loss impairment releases/(charges)	(6)	(39 674)	(39 680)
Operating income	**155 067**	**238 014**	**393 081**
Operating costs*	(126 190)	(220 705)	(346 895)
Operating profit before acquired intangibles and strategic actions	**28 877**	**17 309**	**46 186**
Profit attributable to non-controlling interests	-	530	530
Adjusted operating profit	**28 877**	**17 839**	**46 716**
Selected returns and key statistics			
Cost to income ratio	81.4%	79.3%	80.1%
Total assets (£'million)	995	23 228	24 223

*Depreciation on operating leased assets of £0.4 million, which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.

IBP: segmental analysis of operating profit

For the six months ended 30 September 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 charges	1	(16 026)	(16 025)
Operating income	**162 291**	**335 125**	**497 416**
Operating costs*	(131 836)	(252 498)	(384 334)
Operating profit before acquired intangibles and strategic actions	**30 455**	**82 627**	**113 082**
Loss attributable to non-controlling interests	0	79	79
Adjusted operating profit	**30 455**	**82 706**	**113 161**
Selected returns and key statistics			
Cost to income ratio	81.2%	71.9%	74.8%
Total assets (£'million)	959	22 041	23 000

*Depreciation on operating leased assets of £0.8 million, which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.

IBP: asset quality under IFRS 9

£‘million	30 Sept 2020	31 March 2020
Gross core loans subject to ECL	**11 575**	**11 354**
Stage 1	9 898	10 339
Stage 2	1 332	576
of which past due greater than 30 days	*13*	*31*
Stage 3	345	379
*Ongoing (excluding Legacy) Stage 3**	*228*	*249*
Gross core loans subject to ECL (%)		
Stage 1	85.5%	91.6%
Stage 2	11.5%	5.1%
Stage 3	3.0%	3.3%
*Ongoing (excluding Legacy) Stage 3**	*2.0%*	*2.2%*
Stage 3 net of ECL	253	272
*Ongoing (excluding Legacy) Stage 3**	*181*	*187*
Aggregate collateral and other credit enhancements on Stage 3	257	274
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans subject to ECL	3.0%	3.3%
*Ongoing (excluding Legacy) Stage 3**	*2.0%*	*2.2%*
Total ECL as a % of Stage 3 exposure	49.0%	46.2%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	2.4%
*Ongoing (excluding Legacy) Stage 3**	*1.6%*	*1.7%*

*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

£'million	30 Sept 2020	31 March 2020*
Tier 1 capital		
Shareholders' equity	2 058	2 061
Non-controlling interests	-	-
Regulatory adjustments to the accounting basis	106	91
Deductions	(327)	(333)
Common equity tier 1 capital	**1 837**	**1 819**
Additional tier 1 capital	250	250
Tier 1 capital	**2 087**	**2 069**
Tier 2 capital	**503**	**533**
Total regulatory capital	**2 590**	**2 602**
Risk-weighted assets^	**15 989**	**15 808**
Capital ratios^		
Common equity tier 1 ratio	11.5%	11.5%
Tier 1 ratio	13.1%	13.1%
Total capital ratio	16.2%	16.5%

*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 7bps (31 March 2020: 0bps) 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.