



Investec Bank plc

Overview

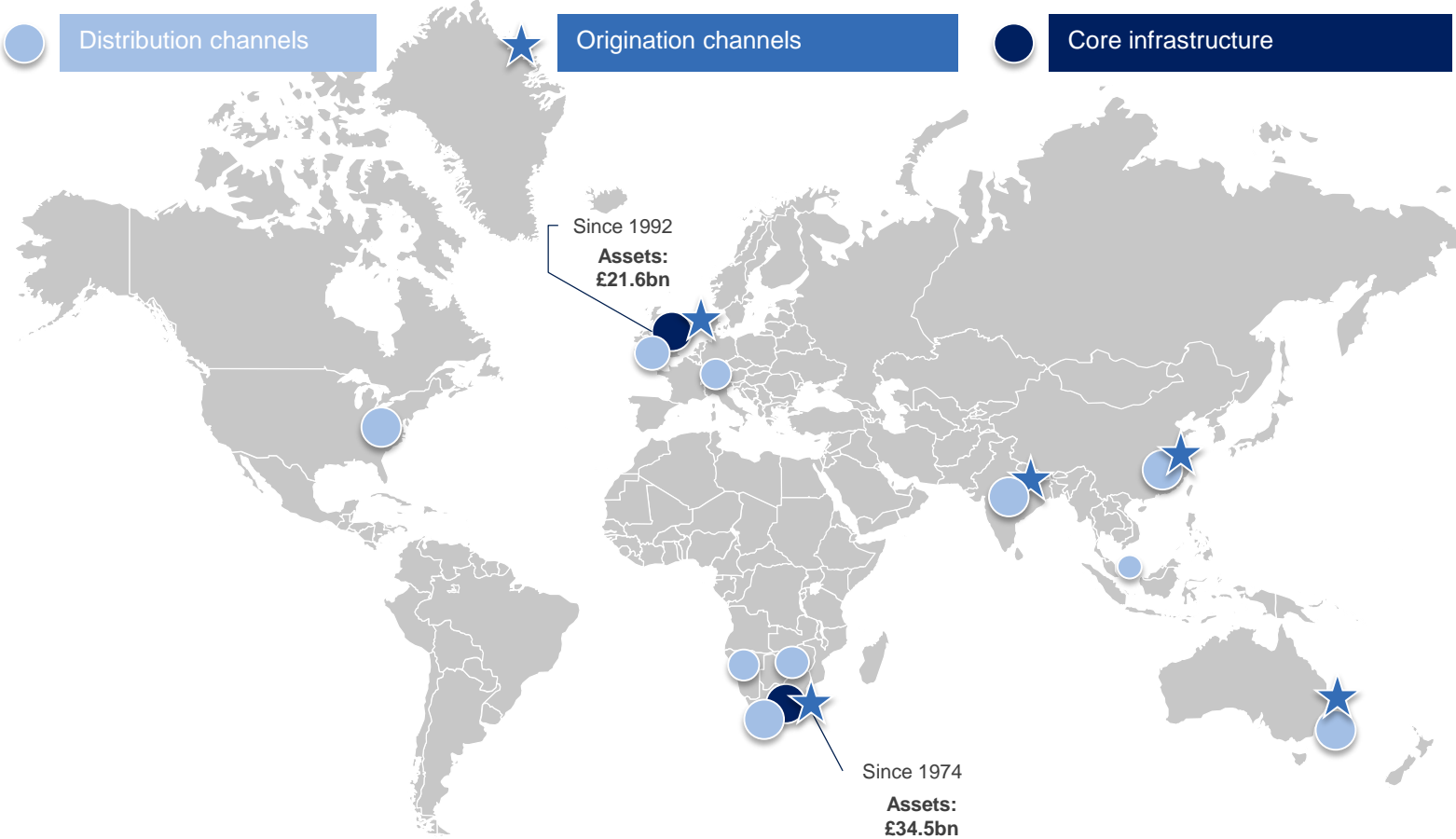
The information in this presentation relates to the six months ending 30 September 2018, unless otherwise indicated.



An overview of the Investec group

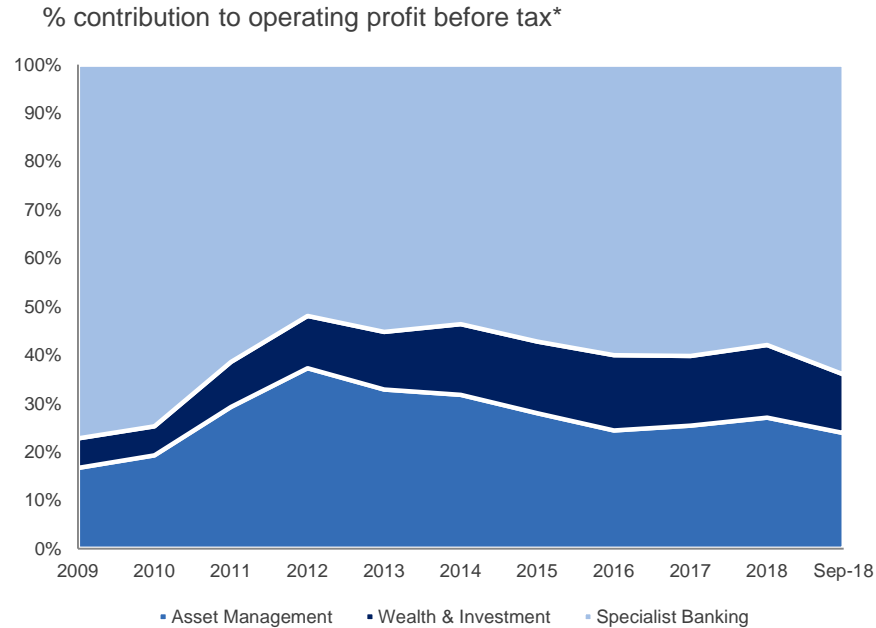
Investec: a distinctive specialist bank and asset manager

- Established in 1974
- Today, efficient integrated international business platform employing approximately **10 300** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £56.1bn; total equity £5.1bn; total FUM £166.5bn



Solid recurring income base supported by a diversified portfolio

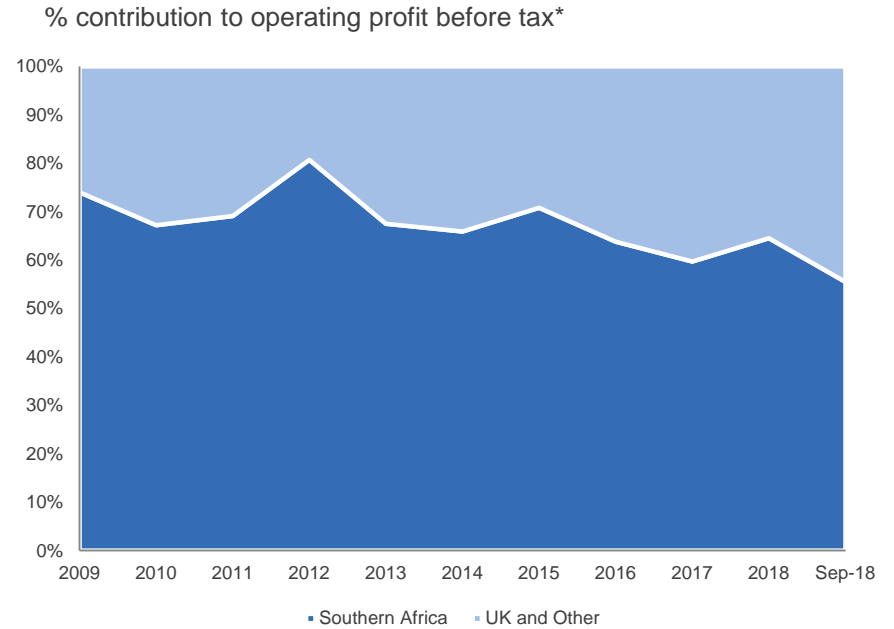
Across businesses



Overall contribution from Asset Management and Wealth & Investment

Sept 2018: 36% 2018: 42% 2017: 40% 2016: 40% 2015: 43% 2014: 46% 2013: 45% 2012: 48%

Across geographies



* Before goodwill, acquired intangibles, non-operating items, group costs and after other non-controlling interests

Strategic focus

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

The Investec distinction

Client focused approach

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

Specialised strategy

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

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing capital light versus capital intensive activities 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.

Our strategy

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

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

Our long-term internationalisation strategy

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

We have a very deliberate and focused client strategy:

- To leverage our unique client profile
- To provide the best integrated solution supported by our comprehensive digital offering.

Asset Management

- Concentrate on our existing offering
- Scale through our global distribution model and capture the next waves of flows, including North America and Asia
- Continue to deepen and strengthen investment and client capabilities for long-term

Investec (Bank and Wealth)

- Target market acquisition and deepening client relationships
- Establishing a high-tech and high-touch domestically relevant UK private Bank
- Investing in our technology platforms
- Improving the jaws ratio
- Increasing capital light activities
- Managing our capital base

Balanced business model supporting our long-term strategy

Three distinct business activities focused on well defined target clients

Corporate / Institutional / Government

Private client (high net worth / high income) / charities / trusts

Asset Management

(operating completely independently)

Provides investment management services to external clients

Specialist Banking

Provides a broad range of services:

- Lending
- Transactional banking
- Deposit raising activities
- Treasury and trading
- Advisory
- Investment activities

Wealth & Investment

Provides investment management services and independent financial planning advice

Maintaining an **appropriate balance** between revenue earned from capital light activities and revenue earned from capital intensive activities

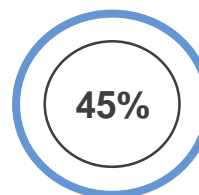
Capital light activities



Contributed to group income

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

Capital intensive activities



Contributed to group income

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

Fee and commission income



Types of income



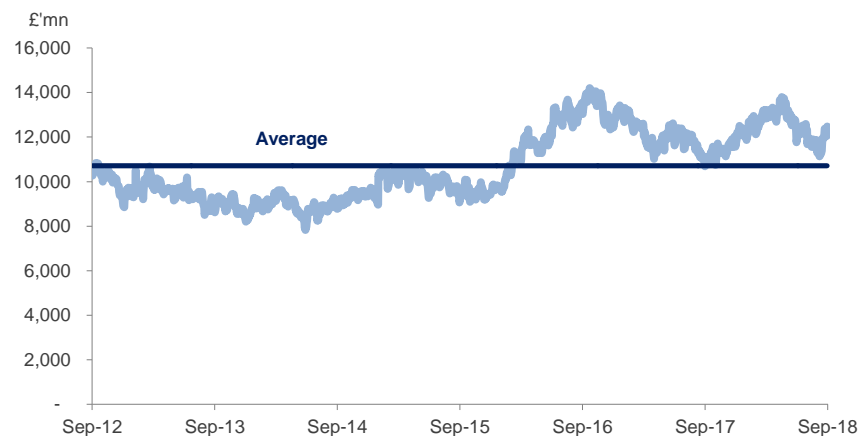
Net interest, investment, associate and trading income

We continue to have a sound balance sheet

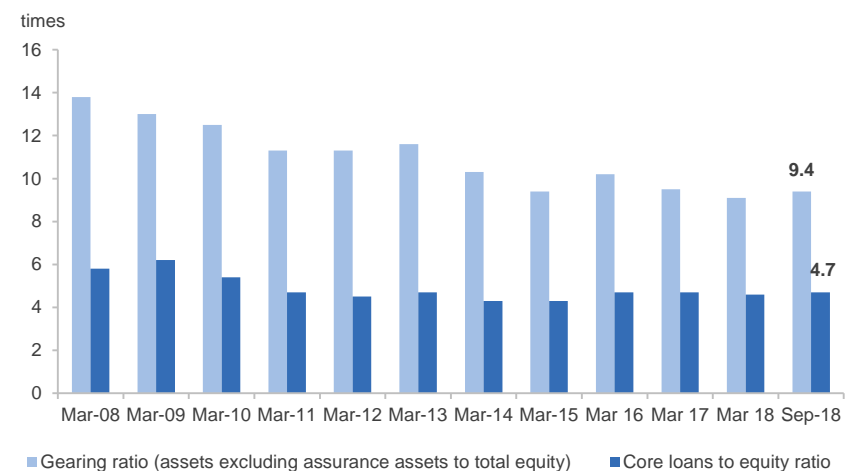
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets:** representing c. 25% - 35% of our liability base. Cash and near cash balances amounted to £12.5 billion at year end, representing 41.1% of customer deposits.
- No reliance on wholesale funding
- Healthy capital ratios: always held **capital in excess of regulatory requirements** and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios between 14% and 17%
- **Low gearing ratio:** 9.4x with leverage ratios in excess of 7%
- Geographical and operational diversity with a **high level of recurring income** continues to support sustainability of operating profit

Cash and near cash



Low gearing ratios



We have invested in our Brand



...our Communities

...our People



... and the Planet





An overview of Investec Bank plc (IBP)

Investec Bank plc

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

Total assets £21.2bn	Net core loans £10.0bn	Shareholders' equity £2.1bn	Customer deposits £12.7bn	Third Party FUM £39.7bn	Employees (approx.) 3,700
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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
 - Asset Management is housed in a fellow subsidiary under Investec plc
- PRA and FCA regulated and a member of the London Stock Exchange
- Long-term rating of A2 positive outlook (Moody's) and BBB+ stable outlook (Fitch)
- **Balanced and defensive business model** comprising Specialist Banking and Wealth & Investment – c.28% of 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

*at 30 Sept 2018 (before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests)

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
- High level of **annuity revenue**[^] accounting for 66% of total operating income
- **Strong growth in third party FUM**
- Simplification of banking business resulting in a **reduction in legacy portfolio and impairments**

Sound balance sheet

- **Never required shareholder or government support**
- **Robust capital base: 11.1% CET1 ratio** and **strong leverage ratio** (7.3% on a fully loaded basis) as of 30 September 2018*
- IBP benefits from a substantial unlevered asset, being Wealth & Investment (AUM: £39.4bn)
- **Low gearing: 10.2x**
- **Strong liquidity ratios** with high level of readily available, high quality liquid assets representing 49% of customer deposits (cash and near cash: £6.3bn)
- **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding

Strong culture

- **Stable management** - senior management team average tenor of c.15 – 20 years
- Strong, entrepreneurial culture balanced with a strong risk awareness
- Employee ownership – long-standing philosophy

[^] Where annuity income is net interest income and annuity fees

*CET1 ratios shown on a consolidated basis as at 30 Sept 2018; after the deduction of foreseeable charges and dividends as required by the CRR and EBA technical standards

FUM= Third party funds under management

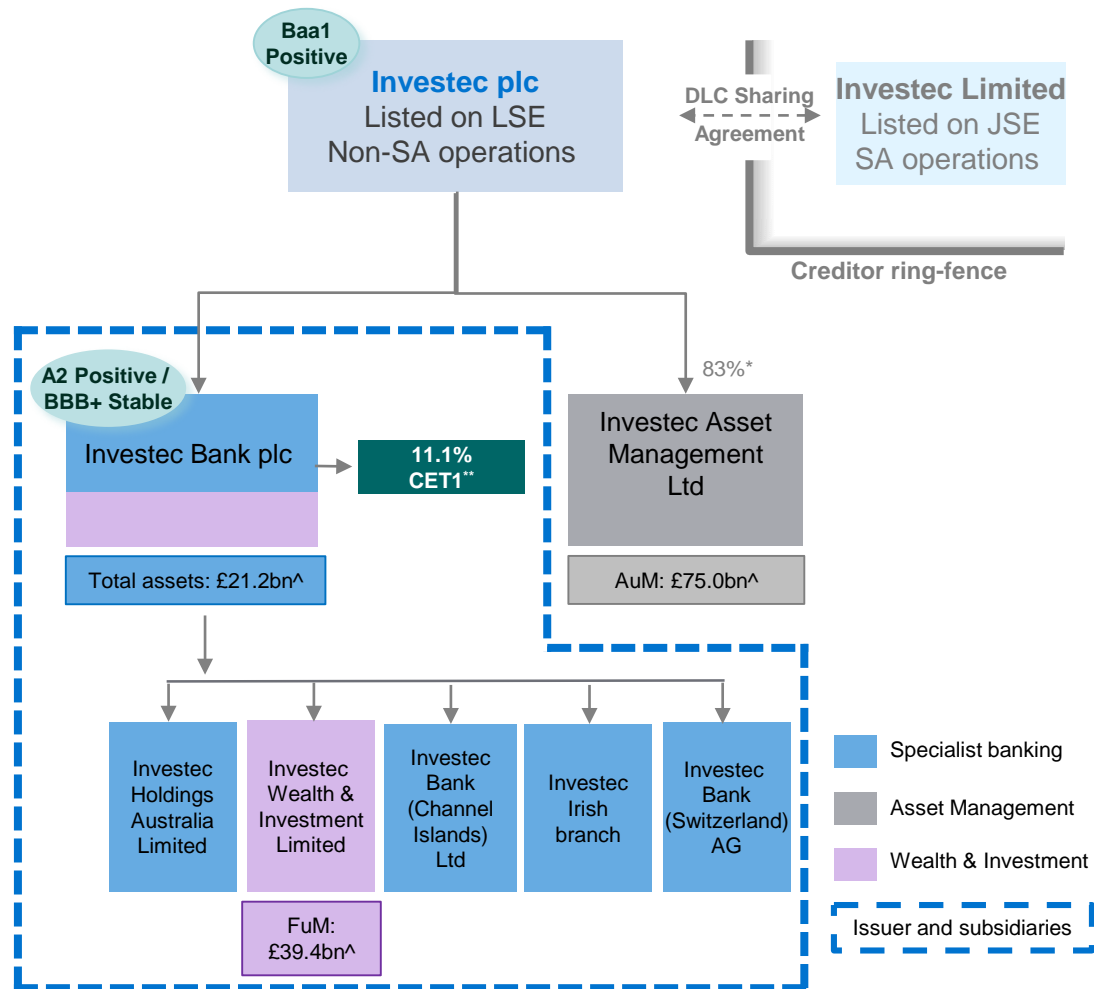
Investec and IBP: structure and main operating subsidiaries

Features of Investec's structure

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

Features of the Investec Group's DLC structure

- Investec implemented a **Dual Listed Companies Structure** in July 2002
- Creditors are ring-fenced** to either Investec Limited or Investec plc as there are no cross guarantees between the companies
- Capital and liquidity are prohibited from flowing between the two entities** under the DLC structure conditions
- Shareholders have common economic and voting interests** (equivalent dividends on a per share basis; joint electorate and class right voting) as a result of a Sharing Agreement
- Investec operates as if it is a single unified economic enterprise** with the same Boards of Directors and management at the holding companies



Assets under Management	Sept-18	Mar-18
UK & Other		
Investec Wealth & Investment	£39.4bn	£36.9bn
Investec Asset Management	£75.0bn	£69.4bn
Other	£0.4bn	£0.3bn
Total third party assets under management	£114.7bn	£106.6bn

IBP: balanced business model supporting our long-term strategy

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

Client	Corporate / Institutional / Government	Private client (high net worth / high income) / charities / trusts
Business	Specialist Banking <ul style="list-style-type: none"> • Lending • Transactional banking • Deposit raising activities • Treasury and trading • Advisory • Investment activities 	Wealth & Investment <ul style="list-style-type: none"> • Investment management services • Independent financial planning advice
Region	UK and Europe, Australia, Hong Kong, India, USA	UK, Channel Islands (Guernsey), Ireland, Hong Kong, Switzerland
Value Proposition	<ul style="list-style-type: none"> • High-quality specialist banking solutions with leading positions in selected areas • High touch personalised service – supported by technology and execution capability • Ability to leverage international, cross-border platforms • Well positioned to capture opportunities between the developed and the emerging world – internationally mobile • Balanced and diversified business model • Strong ability to originate, manufacture and distribute • Generated 72% of operating profit* in the current financial year 	<ul style="list-style-type: none"> • Business built over a long period of time, organically and inorganically – current focus is on organic growth in key markets • Well-established platforms in the regions in which we operate • Five distinct channels: direct, intermediaries, charities, international and digital • Low risk, capital light, annuity income generation • £39.4bn in funds under management • Generated 28% of operating profit* in the current financial year

*Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

IBP: strategic objectives

Maintain healthy capital ratios

- Always held capital in excess of regulatory requirements
- Targets:
 - Common Equity Tier 1 ratio >10% (11.1% at 30 Sept 2018)
 - Tier 1 ratio >11% (12.4% at 30 Sept 2018)
 - Total capital adequacy: 14% – 17% (16.8% at 30 Sept 2018)
 - Leverage ratio >6% (7.6% at 30 Sept 2018)
- 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% (49.4% as at 30 Sept 2018)
- Maintain diversified sources of funding

Perpetuate the quality of the balance sheet

Focus on revenue drivers

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

Maintain operational efficiency

- IBP cost to income ratio 76.8% at 30 Sept 2018 (blend of banking and wealth management businesses)
- Targeting cost to income of below 70%
- We are focusing on managing costs, our cost to income ratio has been elevated as we have been investing in infrastructure and resources to grow the franchise, notably the build-out of the private client offerings
- Our solid corporate franchise should continue to support sound growth in revenue

IBP: focusing on capital light activities

- We have realigned our business model over the past few years and focused on **growing our capital light businesses**
- We have **significantly increased our third party funds under management** - a key capital light annuity income driver - in the Wealth & Investment business
- Our total capital light activities **account for 51% of IBP's revenue**

CAPITAL LIGHT ACTIVITIES

Third party asset management, advisory and transactional income

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

CAPITAL INTENSIVE 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

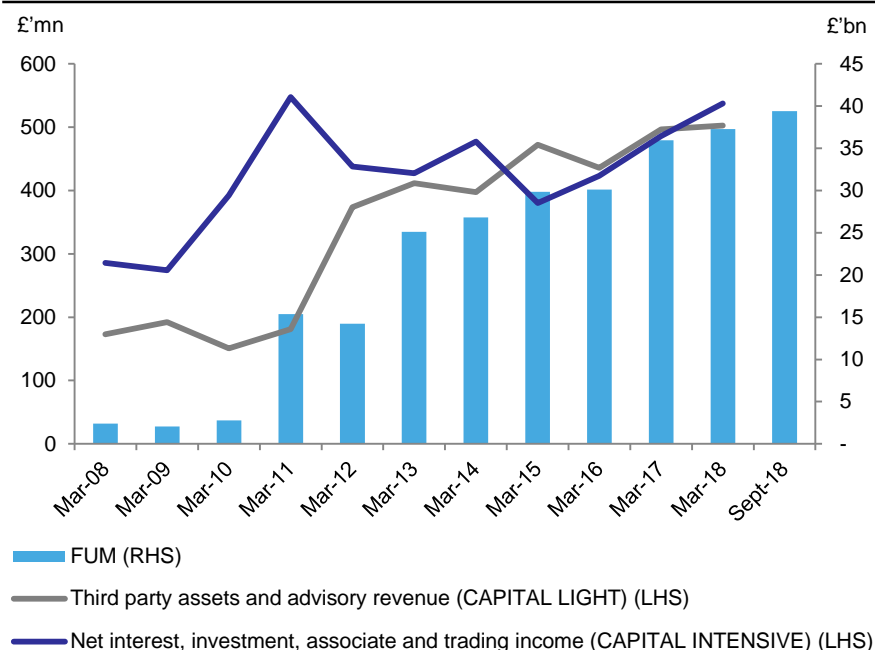
CAPITAL LIGHT BUSINESSES

£276mn
51% of total revenue

Net fees and commissions
£273mn
50% of total revenue

Other
£3mn
1% of total revenue

IBP revenues and funds under management



CAPITAL INTENSIVE BUSINESSES

£261mn
49% of total revenue

Net interest income
£195mn
36% of total revenue

Customer flow and other trading income
£61mn
12% of total revenue

Investment and associate income
£5mn
1% of total revenue

Fee and commission income



Types of income



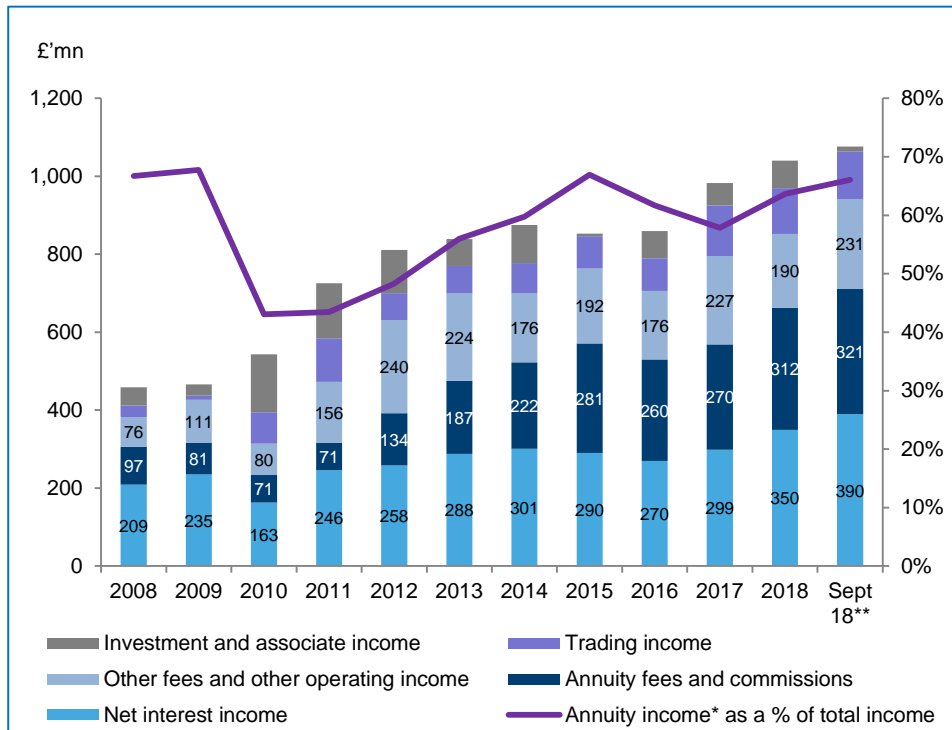
Net interest, customer flow trading, investment and associate income



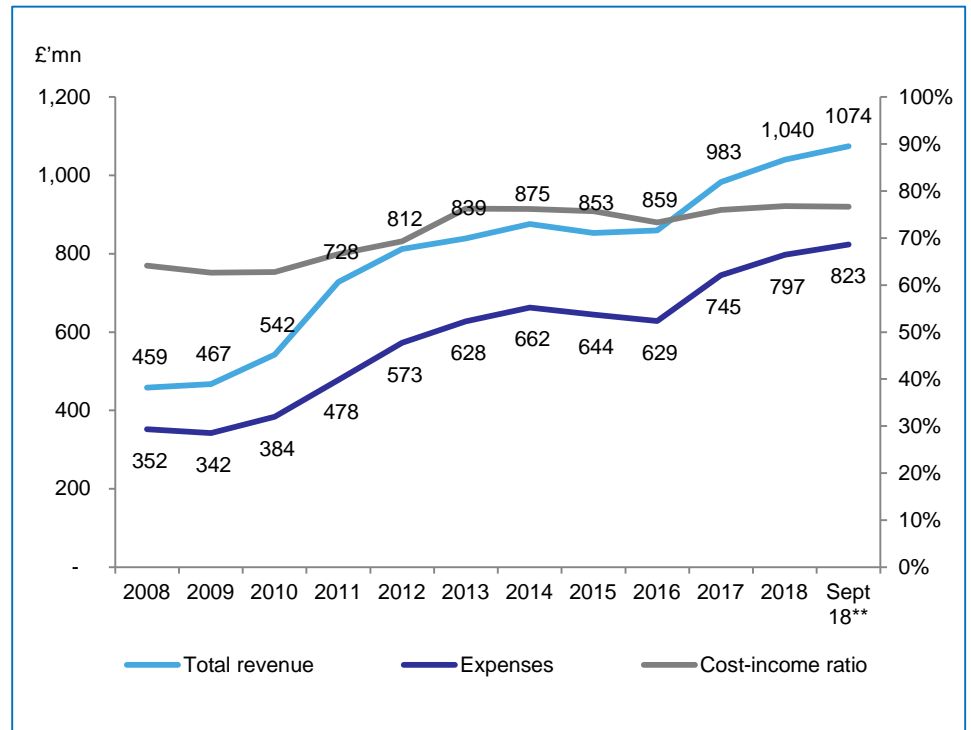
IBP's operating fundamentals

IBP: profitability supported by diversified revenue streams

Annuity income



Revenue versus expenses



- **High level of annuity income*** (currently 66% of total operating income) which has been enhanced by the growth in our wealth management business
- **Total capital light activities account for 51% of IBP's income**

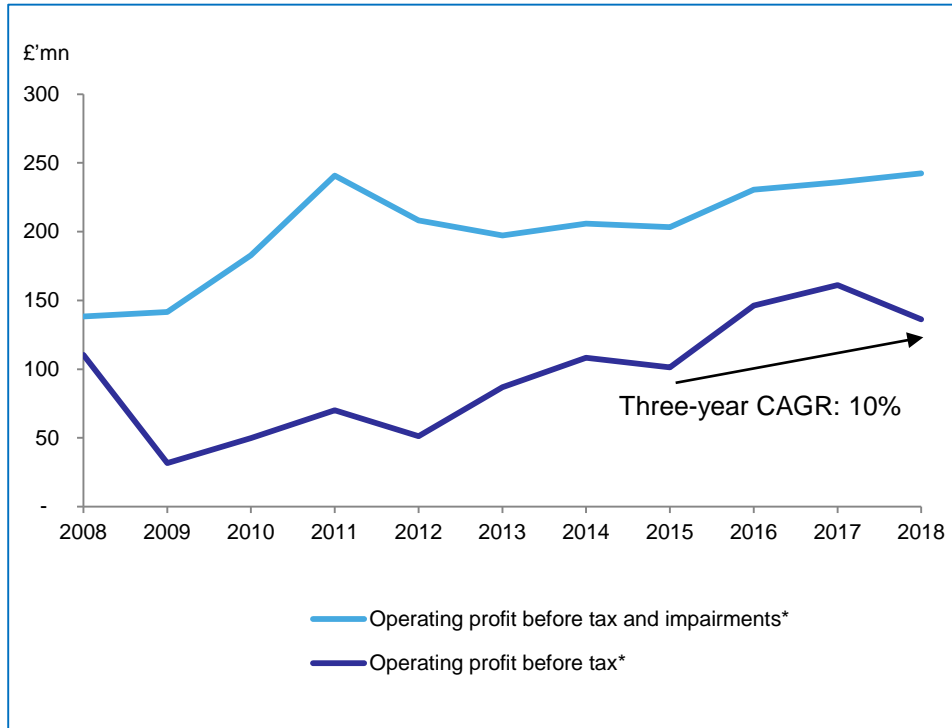
- We are focusing on managing costs while building for the future
- Our cost to income ratio has been elevated as we have been **investing in infrastructure and resources to grow the franchise**, notably the build-out of the private client offerings

*Where annuity income is net interest income and annuity fees

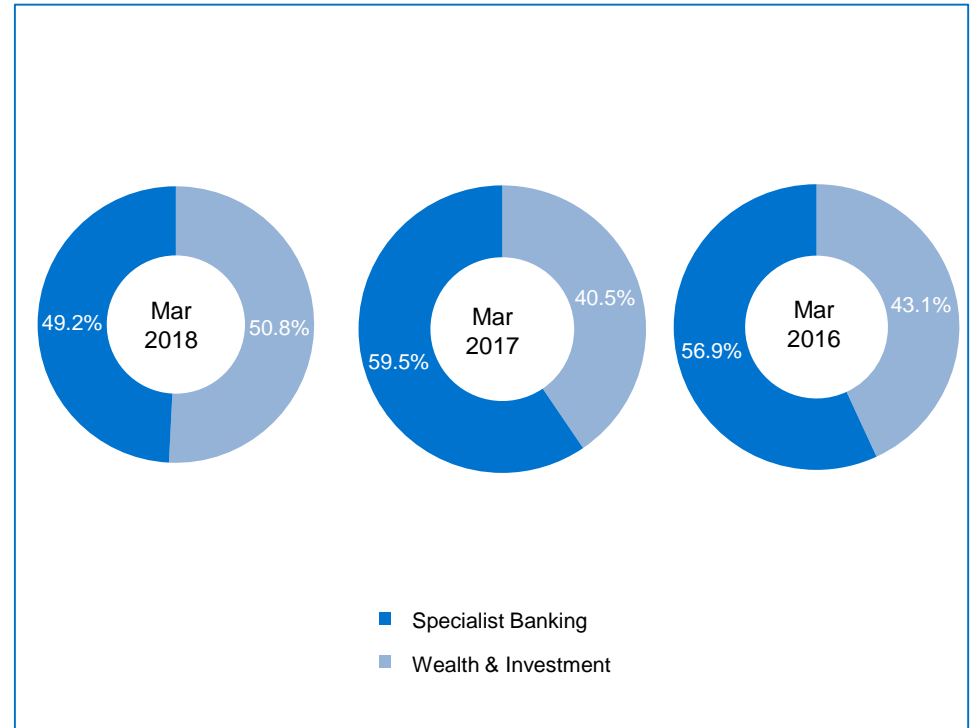
**Annualised

IBP: profitability supported by diversified revenue streams

Operating profit before tax*



Business mix percentage contribution to operating profit*



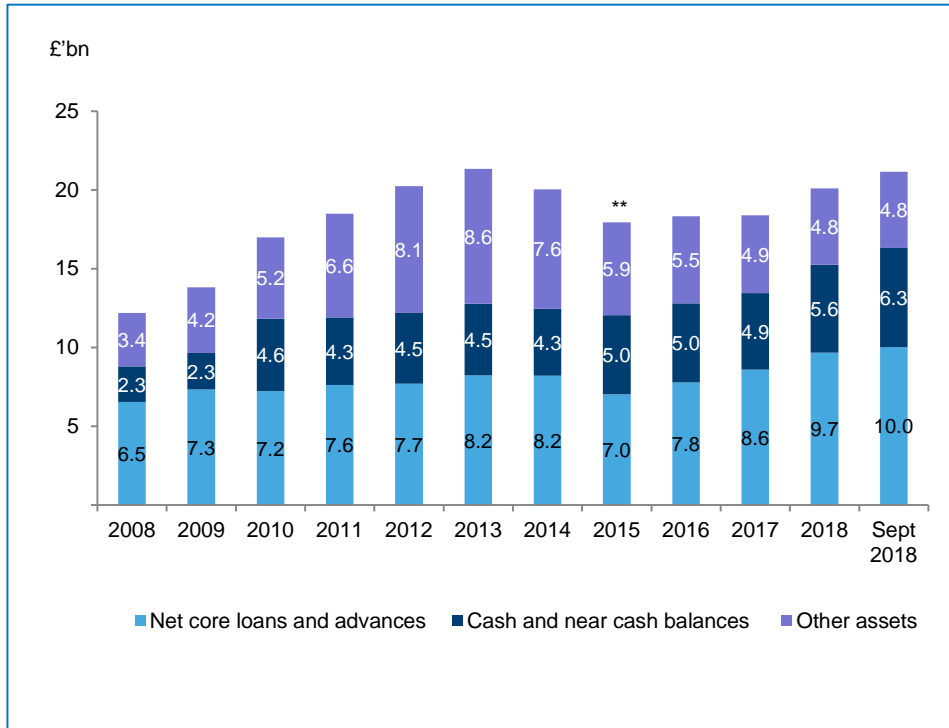
- **We have grown operating profit** (increased by £35mn over the past three years to £136mn; CAGR of 10%)
- Since 2008 results have been impacted by elevated impairments driven by the legacy portfolio. This is again evident in the 2018 financial year as increased impairments were recognised in anticipation of accelerated exits on certain legacy assets. This is not expected to be repeated going forward. Notwithstanding this, we remained profitable throughout the crisis and have built a solid client franchise business which has supported growth in revenue

- Operating profit is **well balanced between businesses**
- **Significant contribution from Wealth & Investment to operating profit**

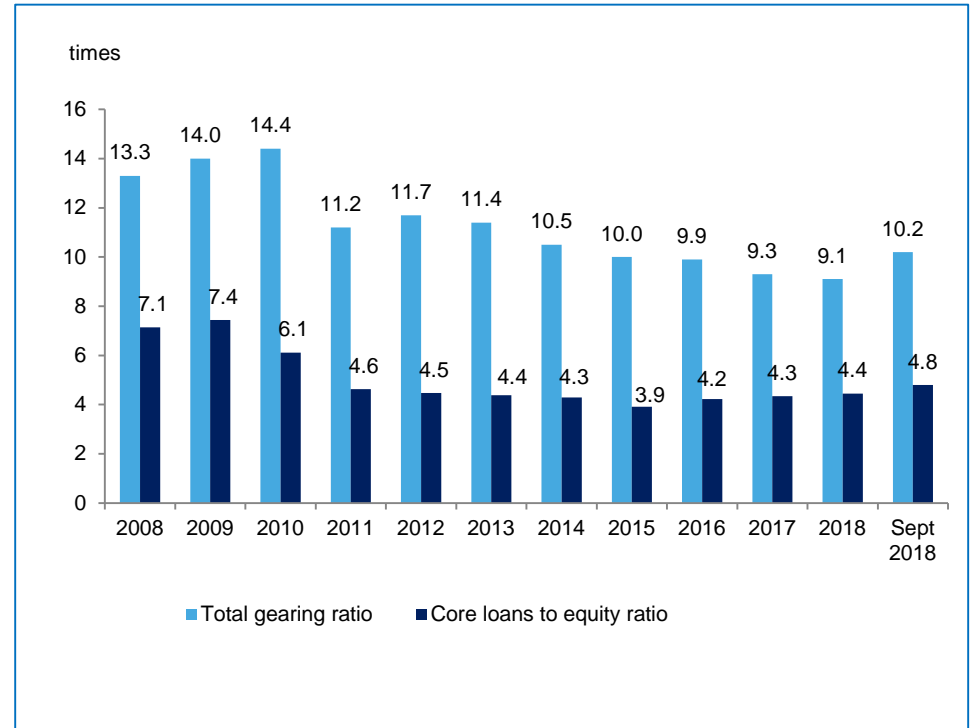
*Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

IBP: consistent asset growth, gearing ratios remain low

Total assets composition



Gearing* remains low



- Our core loans and advances have grown moderately over the past 10 years (CAGR of 4% since 2008)
- Strongest growth in cash and near cash balances (CAGR of 9.8% since 2008)

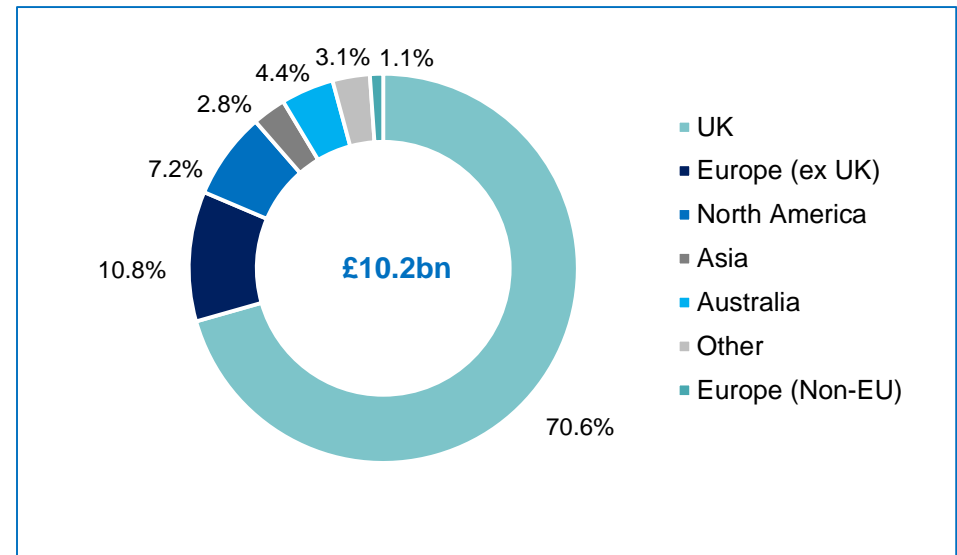
- We have **maintained low gearing ratios*** with total gearing at 10.2x and an average of 11.3x since 2008

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

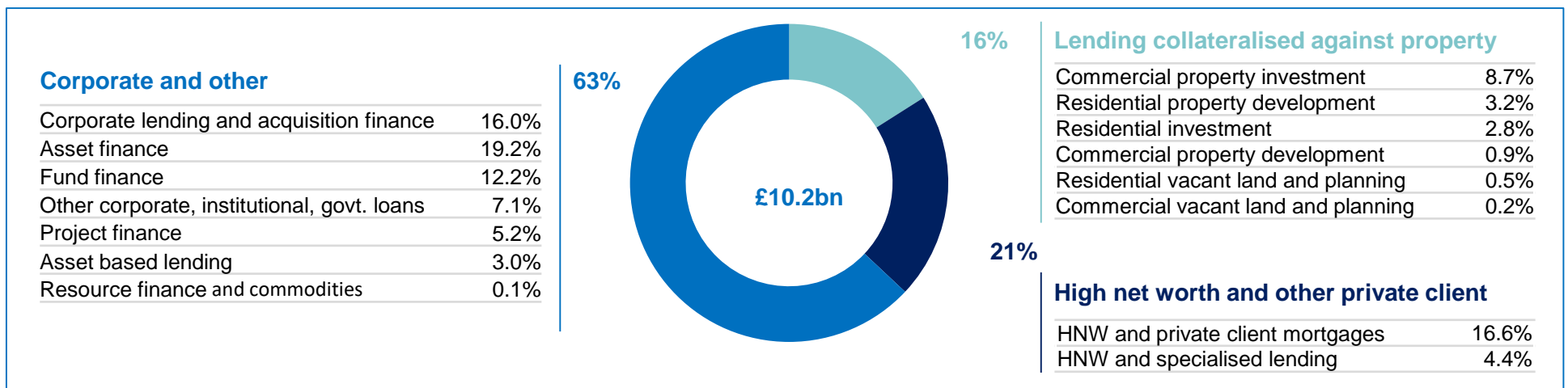
IBP: exposures in a select target market

- Credit and counterparty exposures are to a **select target market**:
 - High net worth and high income clients
 - Mid to large sized corporates
 - Public sector bodies and institutions
- The majority of exposures reside **within the UK**
- We typically originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our client

Gross core loans by country of exposure at 30 Sept 2018

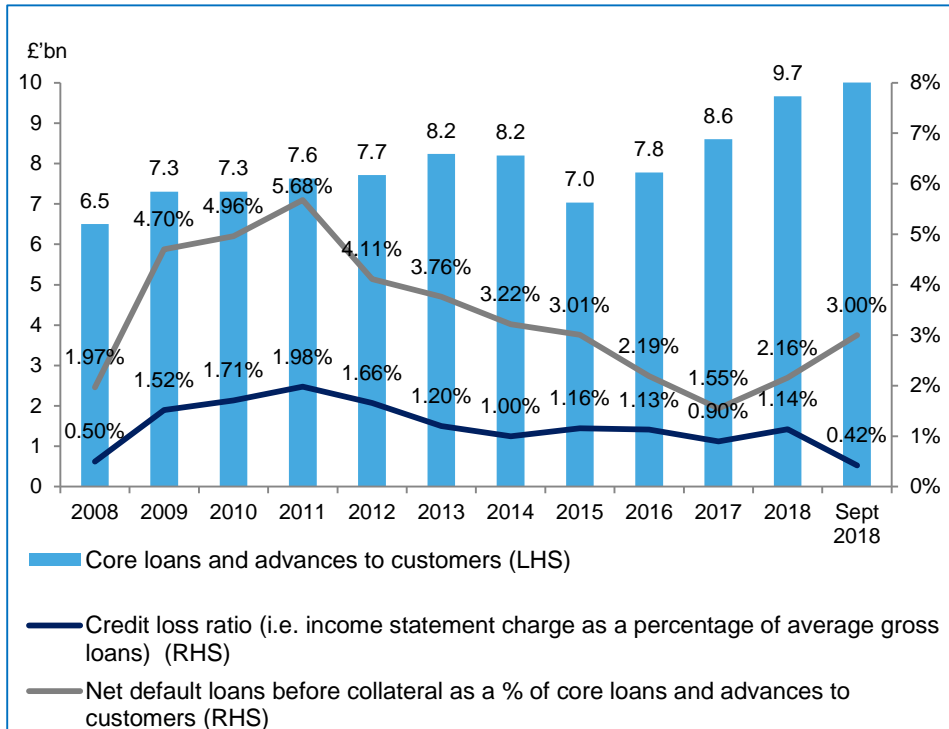


Gross core loans by risk category at 30 Sept 2018



IBP: sound and improving asset quality

Core loans and asset quality



• Credit quality on core loans and advances for the six months ended 30 Sept 2018:

- **Total ECL impairment charges** amounted to £10.4mn, a substantial reduction from £37.6mn in the prior period, primarily reflecting a reduction in legacy impairments
- The **annualised credit loss ratio** amounted to 0.42% (1 April 2018: 1.14%), now within its **long term average range**
- **Stage 3 exposures net of ECLs** amounted to **£277mn** (1 April 2018: £372mn) and are predominantly driven by a reduction in legacy exposures
- **Stage 3 exposure net of ECLs as a % of net core loans and advances subject to ECLs** amounted to 3.0% (1 April 2018: 4.3%)

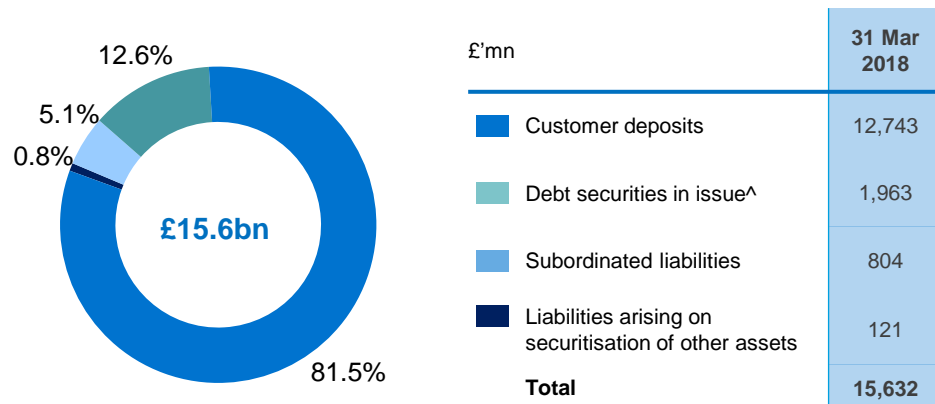
IBP: diversified funding strategy and credit ratings

- 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**

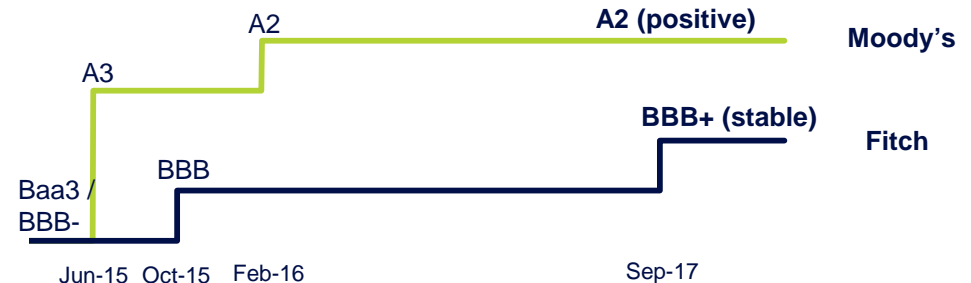
Selected funding sources



Credit ratings*

- Moody's** upgraded IBP's long-term deposit rating to A3 from Baa3 in June 2015, to **A2 in February 2016** and changed to **positive outlook in September 2017**
- In October 2015, IBP's long-term default rating was upgraded by **Fitch** to BBB (stable outlook) from BBB-, then upgraded in **September 2017 to BBB+ (stable outlook)**
- Investec plc's long-term issuer rating was upgraded by Moody's from Ba1 to Baa3 in June 2015, to Baa2 in February 2016, to Baa1 in April 2016, and changed to positive outlook in September 2017

IBP's long-term ratings

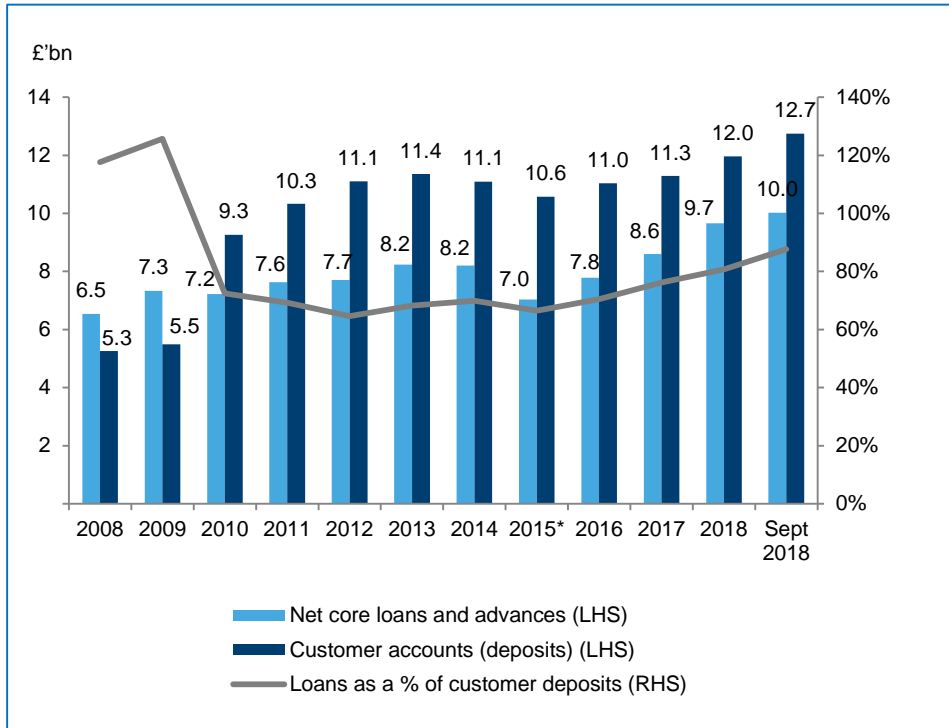


*A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization

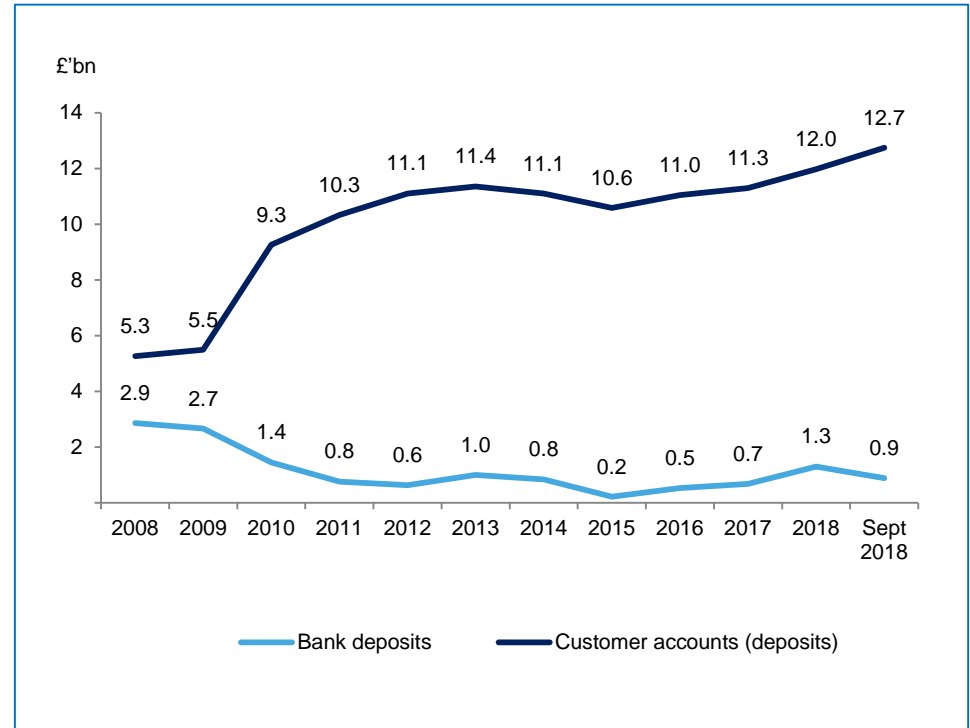
[^]of which 971mn relates to retail customers

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

Fully self-funded: healthy loan to deposit ratio



Total deposits: growing customer deposits



- **Customer deposits have grown by 179% (c.10% CAGR) since 2008 to £12.7bn at 30 Sept 2018**
- Advances as a percentage of customer deposits amounted to 78.7%

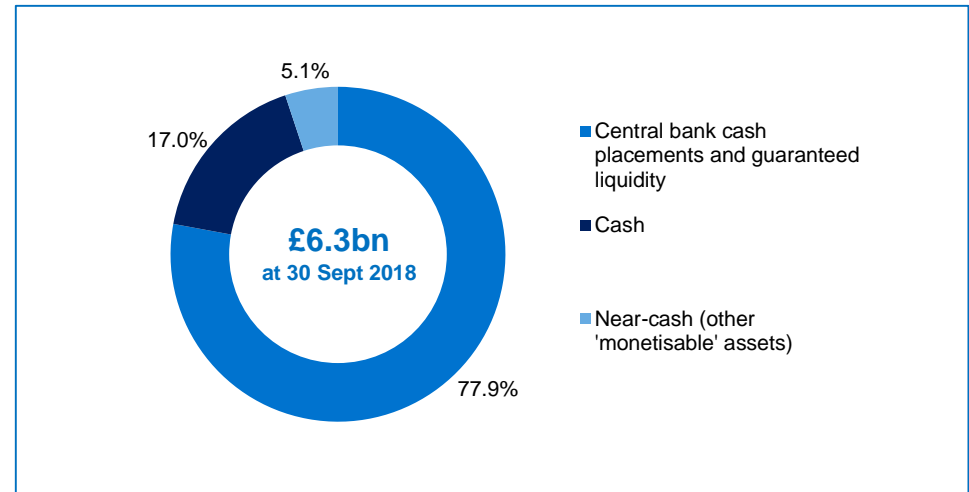
- Increase in retail deposits and reduced reliance on wholesale deposits
- Fixed and notice customer deposits have continued to grow and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products

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

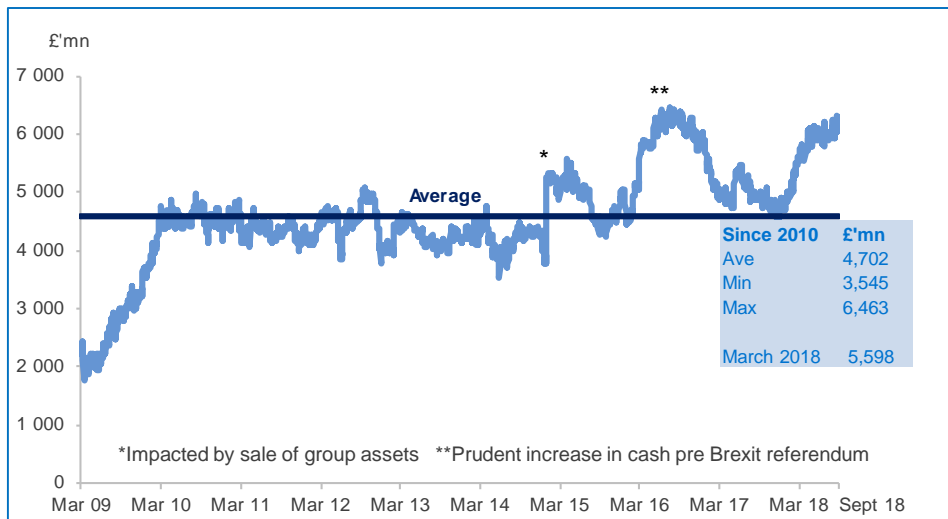
IBP: maintaining robust surplus liquidity

- We **maintain** a high level of readily available, high-quality **liquid assets** – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased significantly since 2008 to £6.3bn at 30 Sept 2018 (**representing 49% of customer deposits**)
- At 30 Sept 2018 the **Liquidity Coverage Ratio** reported to the Prudential Regulatory Authority for IBP (solo basis) was **339%** and the **Net Stable Funding Ratio[^]** was **134%** - both metrics well ahead of current minimum regulatory requirements

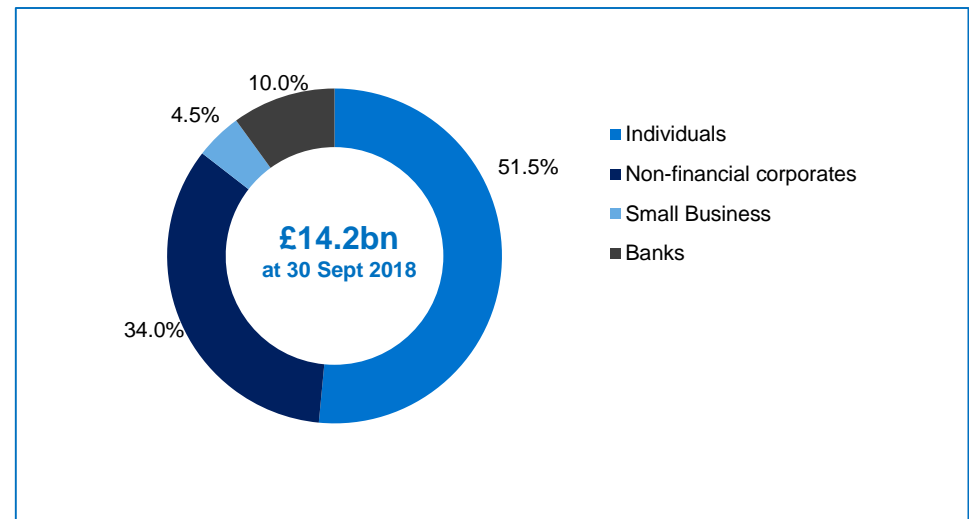
Cash and near cash composition



High level of cash and near cash balances



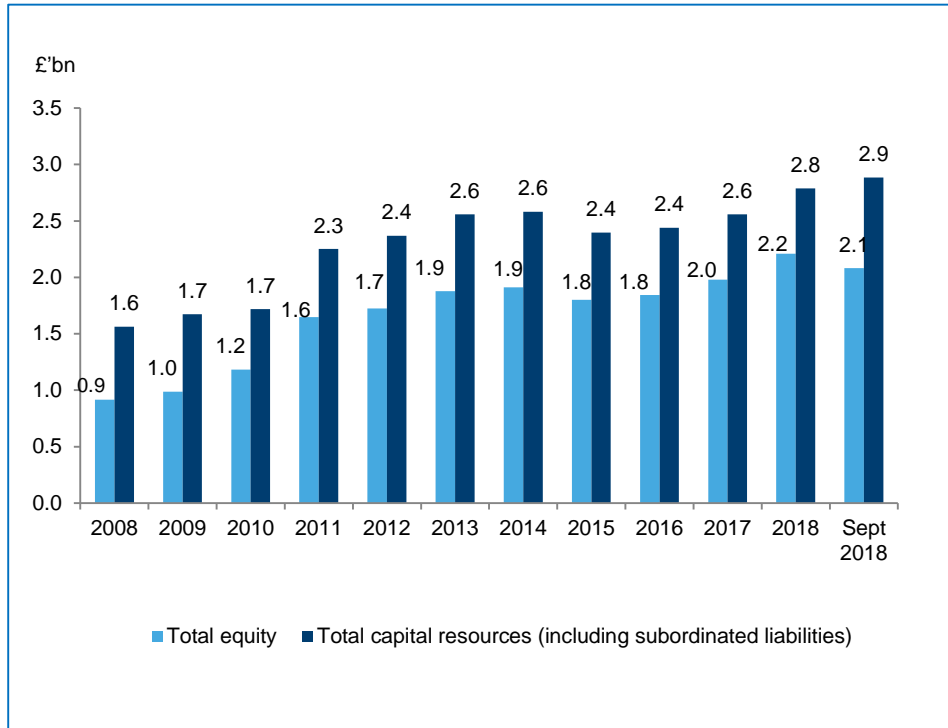
Depositor concentration by type



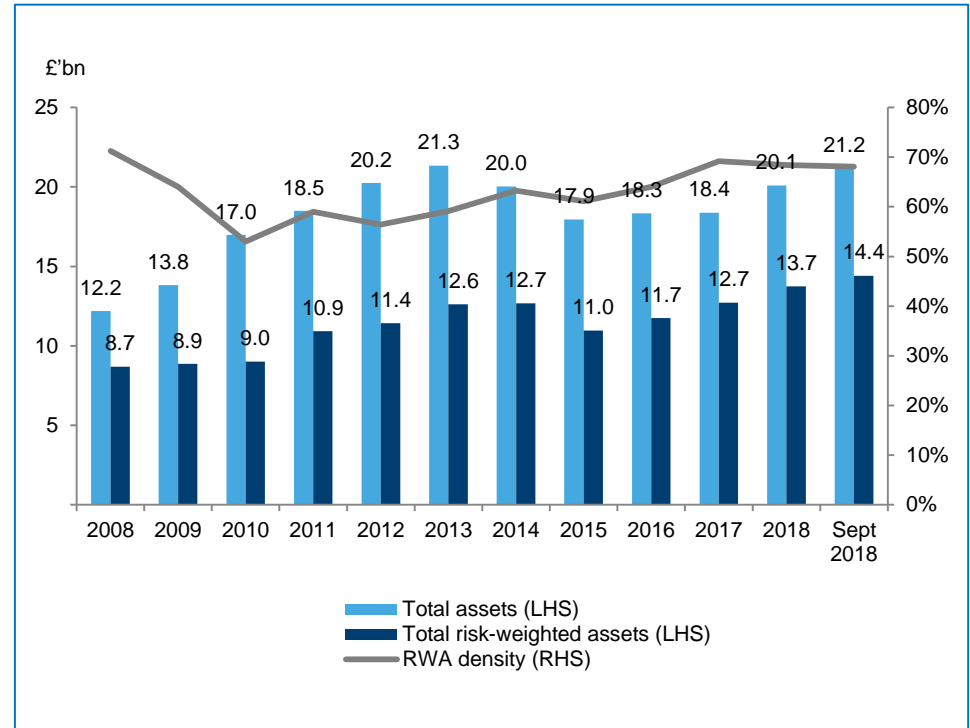
[^]The LCR is calculated using our own interpretations of the EU Delegated Act. Ahead of the implementation of the final NSFR rules, the bank has applied its own interpretations of regulatory guidance and definitions from the BCBS final guidelines, to calculate the NSFR. The reported LCR and NSFR may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

IBP: sound capital base and capital ratios

Total capital



Total risk-weighted assets: high RWA density



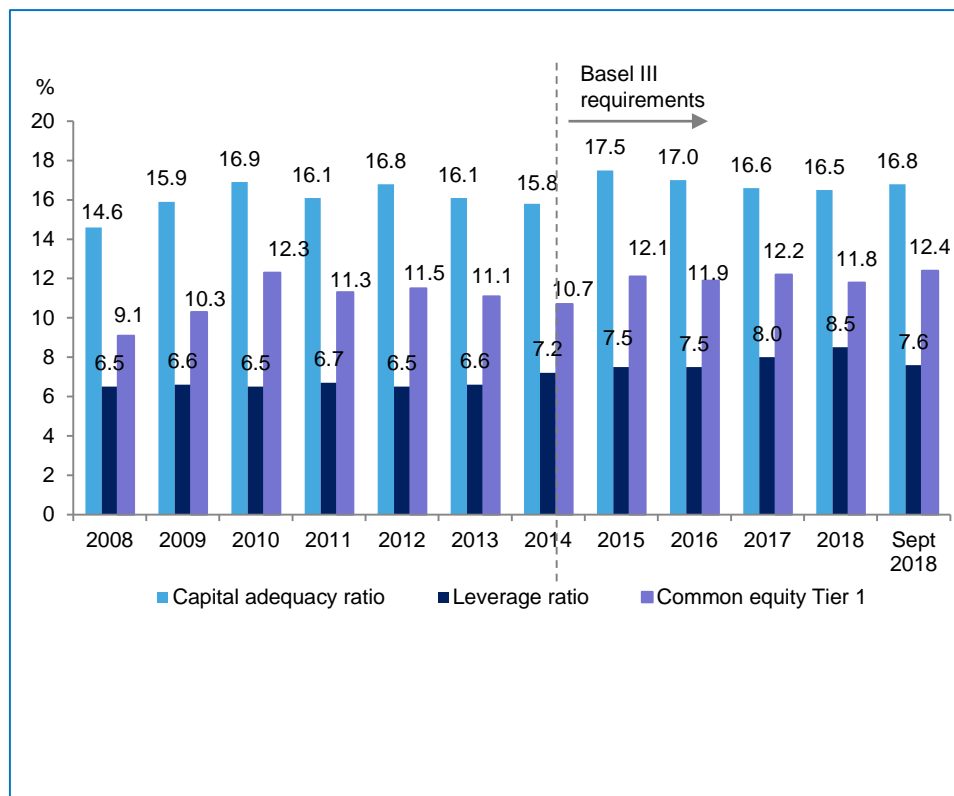
- **We have continued to grow our capital base** and did not require recourse to government or shareholders during the crisis
- Our total shareholders' equity has grown by c127% since 2008 to £2.1bn at 30 Sept 2018 (CAGR of c.8%)
- The proposed transaction is expected to further enhance the efficiency of total capital resources

- As we use the Standardised Approach for our Basel III risk RWA calculations, our RWA represent a large portion of our total assets
- IBP's Total RWAs / Total assets is 68%, which is higher relative to many UK banks on the Advanced Approach
- As a result we **inherently hold more capital**

IBP: sound capital base and capital ratios (continued)

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

Basel capital ratios*



Capital development

A summary of ratios*	30 Sept 2018	1 Apr 2018	Target
Common equity tier 1 (as reported)^	11.1%	11.3%	>10%
Common equity tier 1 (fully loaded)^^	10.6%	11.0%	
Tier 1 (as reported)^	12.4%	12.8%	>11%
Total capital adequacy ratio (as reported)^	16.8%	16.0%	14% to 17%
Leverage ratio** (current)	7.6%	8.2%	>6%
Leverage ratio** (fully loaded)^^	7.3%	8.1%	

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

^^Based on the group's understanding of current regulations, 'fully loaded' is based on CRR requirements as fully phased in by 2022, including full adoption of IFRS 9. As a result of the adoption of IFRS 9 IBP elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2018 of £18mn (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the instrument.

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

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

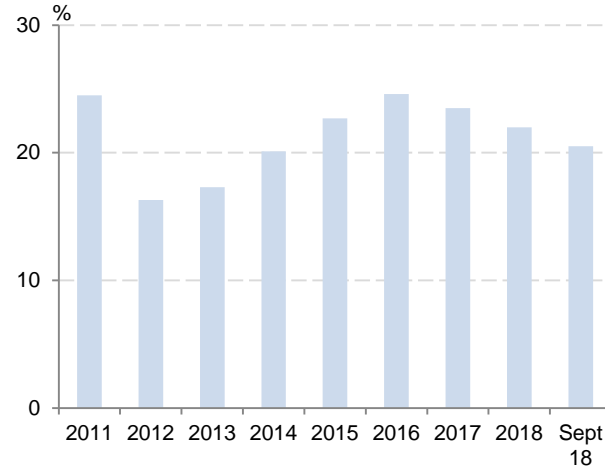
(besides market levels)

- 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

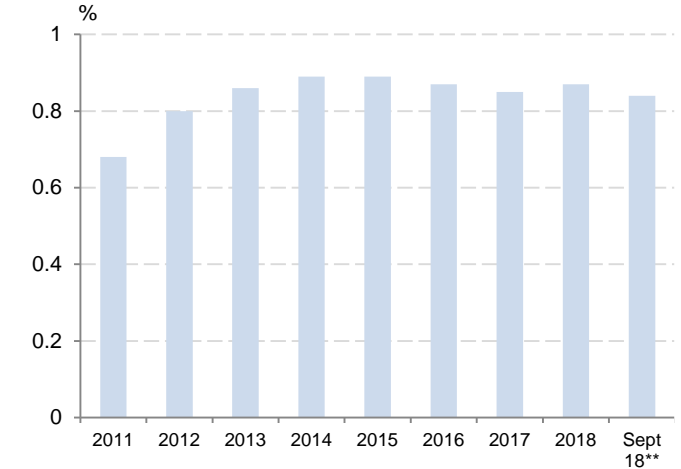
Current positioning

- Number of employees: 1,378
- Operating margin: 20.5%
- FUM: £39.4bn
- Net inflows as a % of opening FUM: 2.5% (£0.7bn net inflows for the six months ended 30 Sept 2018)
- Pre-tax profit: £32.9mn (2017: £35.4mn)
- % contribution to IBP operating profit*: 28%

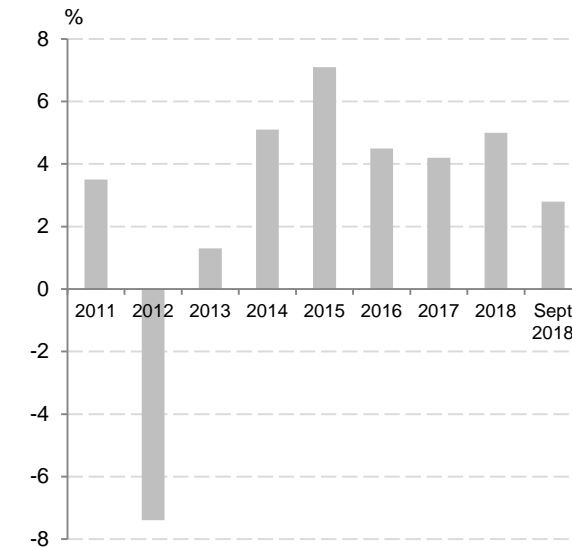
Operating margin



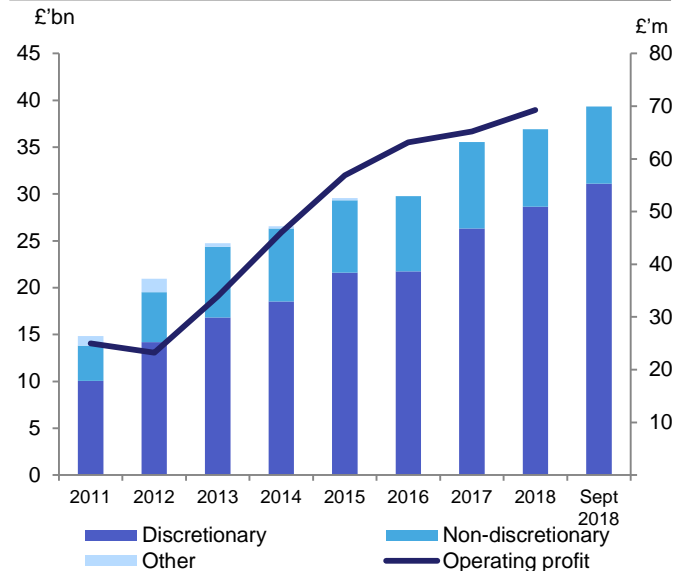
Average income[^] as a % of FUM



Net inflows as a % of opening FUM



Funds under management



[^]The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods

*Before goodwill, acquired intangibles, non-operating items and taxation **Annualised

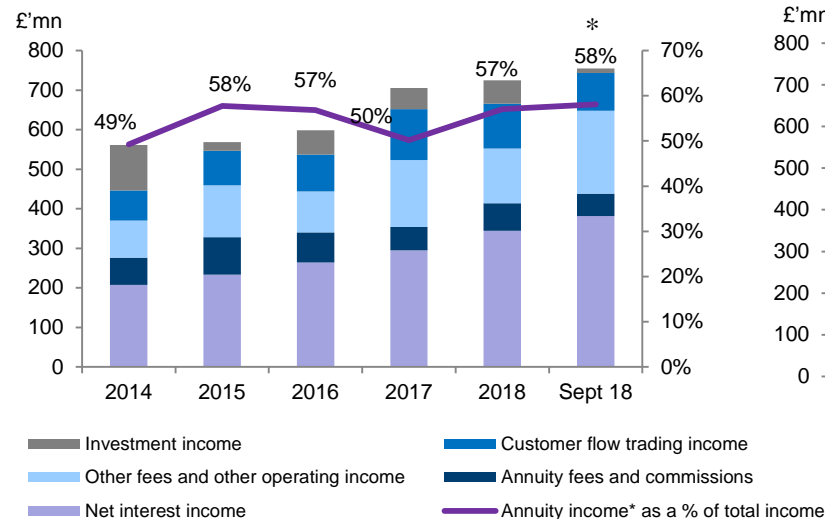
IBP: two core areas of activity (continued)

Specialist Banking ongoing: Key income drivers and performance statistics

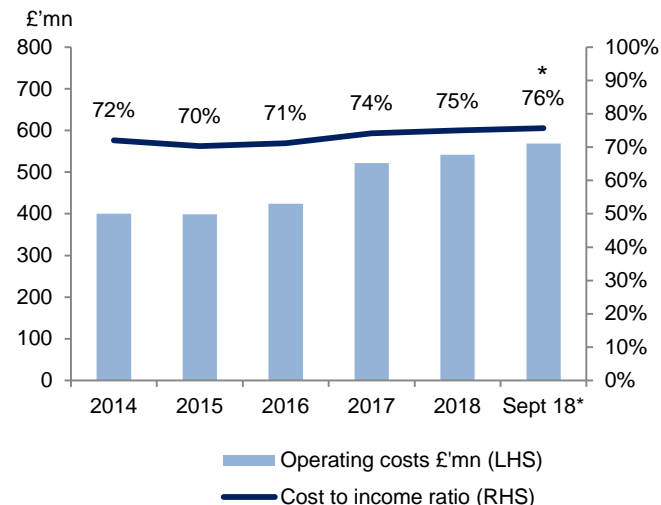
Key income drivers (besides market, economic and rate levels)

- **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



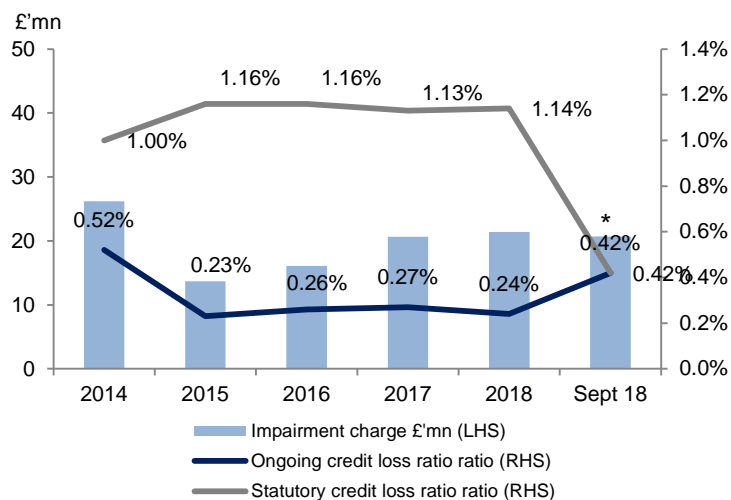
Costs



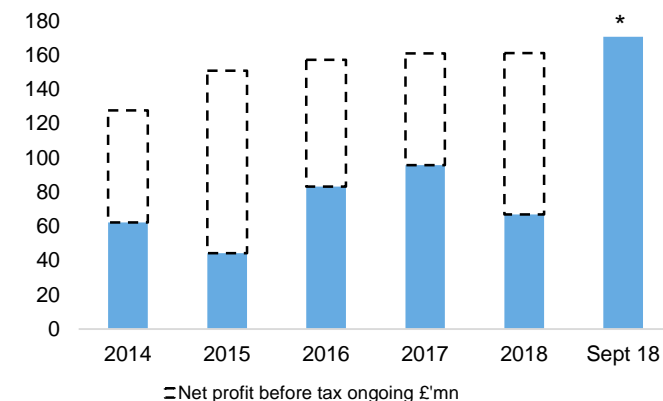
Current positioning

- Number of employees: 2,353
- Cost to income: 75.7%
- NIM: 2.29% (2017: 2.19%)
- Pre-tax profit: £85.4mn (2017: £43.8mn)
- % contribution to IBP operating profit**: 72%

Impairments



Net profit before tax



Tends in the above graphs are for the year ended 31 March, and reflect the Ongoing specialist banking business. September 2018 reflects the specialist banking statutory results.*Annualised **Operating profit before goodwill, acquired intangibles, non-operating items and taxation but after non-controlling interests



Appendix – summary financials

IBP: salient financial features

Key financial statistics	30 Sept 2018	30 Sept 2017	% change	31 Mar 2018
Total operating income before expected credit losses/impairment losses (£'000)	537 232	492 157	9.2%	1 040 147
Operating costs (£'000)	411 632	378 315	8.8%	797 049
Operating profit before goodwill and acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	118 275	79 285	49.2%	136 347
Earnings attributable to ordinary shareholders (£'000)	96 441	58 711	64.3%	97 841
Cost to income ratio (%)	76.8%	77.0%		76.8%
Total capital resources (including subordinated liabilities) (£'000)	2 886 130	2 601 422	10.9%	2 788 840
Total equity (£'000)	2 082 242	1 994 082	4.4%	2 209 167
Total assets (£'000)	21 162 620	18 477 936	14.5%	20 097 225
Net core loans and advances (£'000)	10 026 162	8 872 736	13.0%	9 663 172
Customer accounts (deposits) (£'000)	12 743 472	11 221 444	13.6%	11 969 625
Loans and advances to customers as a % of customer deposits	78.7%	79.1%		80.7%
Cash and near cash balances (£'000)	6 294 407	4 869 067	29.3%	5 598 418
Funds under management (£'mn)	39 710	37 500	5.9%	37 276
Total gearing ratio (i.e. total assets to equity)	10.2x	9.3x		9.1x

Key asset quality and capital ratios	30 Sept 2018	1 April 2018
Capital adequacy ratio	16.8%	16.0%
Tier 1 ratio	12.4%	12.8%
CET 1 ratio	11.1%	11.3%
Leverage ratio – current	7.6%	8.2%
Leverage ratio – ‘fully loaded’ [^]	7.3%	8.1%
Stage 3 exposure as a % of gross core loans and advances to customers subject to ECL	4.2%	6.3%
Stage 3 exposure net of ECL as a % of net core loans and advances to customers subject to ECL	3.0%	4.3%
Credit loss ratio [#]	0.42%*	1.14%**

[^] Based on group's understanding of current regulations, 'fully loaded' is based on Capital Requirements Regulation requirements as fully phased in by 2022, including full adoption of IFRS 9 * Annualised ** As at 31 March 2018

[#] 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: income statement

£'000	Six months to 30 Sept 2018	Six months to 30 Sept 2017	% change	Year to 31 Mar 2018
Interest income	349 659	285 559	22.4%	598 494
Interest expense	(154 873)	(121 736)	27.2%	(248 876)
Net interest income	194 786	163 823	18.9%	349 618
Fee and commission income	277 661	254 578	9.1%	504 606
Fee and commission expense	(4 720)	(4 553)	3.7%	(10 094)
Investment income	5 409	15 474	(65.0%)	68 943
Share of post taxation operating profit	94	1 375	(93.2%)	1 444
Trading income arising from				
- customer flow	48 420	55 500	(12.8%)	114 502
- balance sheet management and other trading activities	12 600	3 191	>100.0%	2 838
Other operating income	2 982	2 769	7.7%	8 290
Total operating income before expected credit losses/impairment losses	537 232	492 157	9.2%	1 040 147
Expected credit loss impairment charges*	(10 363)	-		-
Impairment losses on loans and advances*	-	(37 631)		(106 085)
Operating income	526 869	454 526	15.9%	934 062
Operating costs	(411 632)	(378 315)	8.8%	(797 049)
Depreciation on operating leased assets	(1 167)	(1 149)	1.6%	(2 350)
Operating profit before goodwill and acquired intangibles	114 070	75 062	52.0%	134 663
Amortisation of acquired intangibles	(6 408)	(6 636)	(3.4%)	(13 273)
Profit before taxation	107 662	68 426	57.3%	121 390
Taxation on operating profit before goodwill and acquired intangibles	(16 596)	(15 147)	9.6%	(27 651)
Taxation on goodwill and acquired intangibles	1 170	1 209	(3.2%)	2 418
Profit after taxation	92 236	54 488	69.3%	96 157
Loss attributable to non-controlling interests	4 205	4 223	(0.4%)	1 684
Earnings attributable to shareholder	96 441	58 711	64.3%	97 841

IBP: balance sheet

£'000	30 Sept 2018	1 April 2018*	% change
Assets			
Cash and balances at central banks	3 882 703	3 487 716	11.3%
Loans and advances to banks	882 183	772 231	14.2%
Reverse repurchase agreements and cash collateral on securities borrowed	681 276	750 102	(9.2%)
Sovereign debt securities	1 287 930	1 155 472	11.5%
Bank debt securities	54 619	113 274	(51.8%)
Other debt securities	366 261	281 939	29.9%
Derivative financial instruments	610 332	604 848	0.9%
Securities arising from trading activities	783 308	701 728	11.6%
Investment portfolio	464 994	472 083	(1.5%)
Loans and advances to customers	10 027 694	9 539 858	5.1%
Other loans and advances	263 437	415 666	(36.6%)
Other securitised assets	126 595	132 172	(4.2%)
Interests in associated undertakings	6 958	6 414	8.5%
Deferred taxation assets	144 689	148 636	(2.7%)
Other assets	1 107 258	1 013 440	9.3%
Property and equipment	97 902	53 183	84.1%
Investment properties	14 500	14 500	-
Goodwill	261 255	261 075	0.1%
Intangible assets	98 726	103 972	(5.0%)
	21 162 620	20 028 309	5.7%

IBP: balance sheet (continued)

£'000	30 Sept 2018	1 April 2018*	% change
Liabilities			
Deposits by banks	1 414 371	1 295 847	9.1%
Derivative financial instruments	651 702	533 319	22.2%
Other trading liabilities	85 079	103 496	(17.8%)
Repurchase agreements and cash collateral on securities lent	155 159	168 640	(8.0%)
Customer accounts (deposits)	12 743 472	11 969 625	6.5%
Debt securities in issue	1 963 398	1 942 869	1.1%
Liabilities arising on securitisation of own originated loans and advances	121 161	127 853	(5.2%)
Current taxation liabilities	156 289	135 517	15.3%
Deferred taxation liabilities	20 501	22 120	(7.3%)
Other liabilities	965 358	1 014 956	(4.9%)
	18 276 490	17 314 242	5.6%
Subordinated liabilities	803 888	716 564	12.2%
	19 080 378	18 030 806	5.8%
Equity			
Ordinary share capital	1 186 800	1 186 800	-
Share premium	143 288	143 288	-
Capital reserve	162 789	162 789	-
Other reserves	(4 687)	(56 014)	(91.6%)
Retained income	401 729	363 700	10.5%
Shareholder's equity excluding non-controlling interests	1 889 919	1 800 563	5.0%
Additional Tier 1 securities in issue	200 000	200 000	-
Non-controlling interests in partially held subsidiaries	(7 677)	(3 060)	150.9%
Total equity	2 082 242	1 997 503	4.2%
Total liabilities and equity	21 162 620	20 028 309	5.7%

* The 1 April 2018 balance sheet has been presented on an IFRS 9 basis

IBP: segmental analysis of operating profit

For the six months to 30 Sept 2018 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	4 046	190 740	194 786
Fee and commission income	155 939	121 722	277 661
Fee and commission expense	(373)	(4 347)	(4 720)
Investment income	47	5 362	5 409
Share of post taxation operating profit	-	94	94
Trading income arising from			
- customer flow	393	48 027	48 420
- balance sheet management and other trading activities	3	12 597	12 600
Other operating income	-	2 982	2 982
Total operating income before expected credit losses	160 055	377 177	537 232
Expected credit loss impairment charges*	(27)	(10 336)	(10 363)
Operating income	160 028	366 841	526 869
Operating costs	(127 164)	(284 468)	(411 632)
Depreciation on operating leased assets	-	(1 167)	(1 167)
Operating profit before goodwill and acquired intangibles	32 864	81 206	114 070
Loss attributable to non-controlling interests	-	4 205	4 205
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 864	85 411	118 275
Selected returns and key statistics			
Cost to income ratio	79.5%	75.7%	76.8%
Total assets (£'million)	876	20 287	21 163

* On adoption of IFRS 9, there is a move from an incurred loss model to an expected credit loss methodology

IBP: segmental analysis of operating profit

For the six months to 30 Sept 2017 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 025	161 798	163 823
Fee and commission income	147 539	107 039	254 578
Fee and commission expense	(395)	(4 158)	(4 553)
Investment income	411	15 063	15 474
Share of post taxation operating profit	415	960	1 375
Trading income arising from			
- customer flow	380	55 120	55 500
- balance sheet management and other trading activities	2	3 189	3 191
Other operating income	-	2 769	2 769
Total operating income before impairment on loans and advances	150 377	341 780	492 157
Impairment losses on loans and advances	-	(37 631)	(37 631)
Operating income	150 377	304 149	454 526
Operating costs	(114 936)	(263 379)	(378 315)
Depreciation on operating leased assets	-	(1 149)	(1 149)
Operating profit before goodwill and acquired intangibles	35 441	39 621	75 062
Loss attributable to non-controlling interests	-	4 223	4 223
Operating profit before goodwill, acquired intangibles and after non-controlling interests	35 441	43 844	79 285
Selected returns and key statistics			
Cost to income ratio	76.4%	77.3%	77.0%
Total assets (£'million)	919	17 559	18 478

IBP: asset quality under IFRS 9

£'million	30 Sept 2018	1 April 2018
Gross core loans and advances to customers subject to ECL	9 275	8 877
Stage 1	8 345	7 721
Stage 2	542	592
<i>of which past due greater than 30 days</i>	19	18
Stage 3	388	564
<i>Ongoing (excluding Legacy) stage 3*</i>	193	221
Gross core loans and advances to customers subject to ECL (%)		
Stage 1	90.0%	87.0%
Stage 2	5.8%	6.7%
Stage 3	4.2%	6.3%
<i>Ongoing (excluding Legacy) stage 3*</i>	2.1%	2.6%
Stage 3 net of ECL	277	372
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	154	176
Aggregate collateral and other credit enhancements on stage 3	297	414
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans and advances to customers subject to ECL	4.2%	6.3%
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	2.1%	2.6%
Total ECL impairments as a % of stage 3 exposure	42.0%	43.8%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	3.0%	4.3%
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	1.7%	2.0%

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

IBP: capital adequacy

£'million	30 Sept 2018	1 April 2018
Tier 1 capital		
Shareholders' equity	1 859	1 777
Non-controlling interests	(8)	(3)
Regulatory adjustments to the accounting basis	101	145
Deductions	(358)	(361)
Common equity tier 1 capital	1 594	1 558
Additional tier 1 capital	200	200
Tier 1 capital	1 794	1 758
Tier 2 capital	626	445
Total regulatory capital	2 420	2 203
Risk-weighted assets^^	14 416	13 777
Capital ratios^^		
Common equity tier 1 ratio	11.1%	11.3%
Tier 1 ratio	12.4%	12.8%
Total capital ratio	16.8%	16.0%

*The capital adequacy disclosures for Investec Bank plc include the deduction of foreseeable charges and dividends when calculating common equity tier (CET) 1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. These disclosures are different to the capital adequacy disclosures included in the Interim Report, which follow our normal basis of presentation and do not include the deduction for foreseeable charges and dividends when calculating CET 1 capital. Investec Bank plc's CET 1 ratio would be 13bps (31 March 2018: 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