

For financial adviser use only.
Not to be used with retail clients.



Due Diligence Support Pack

2019



About this document

When advising on Structured Products and in particular, Structured Investments, advisers need to consider the product provider and carry out sufficient due diligence on all of the underlying counterparties involved in the contract. Following the collapse of Lehmans, Counterparty exposure or credit risk as it's often referred to, has become more relevant. With the extensive regulatory guidance issued on the subject, advisers must ensure they understand their obligations.

The purpose of this document is to provide you with the necessary information to support your assessment of counterparty risk on Investec Bank plc and other banks and institutions. Many of whom are party to some of our own Structured Investment Plans via our Collateralised options. Information such as credit ratings, share price fluctuations, capital ratios and leverage are important factors in understanding the credit quality of the institutions behind your clients' investments.

Our online version of this document is regularly updated with the latest information available. To download and for further information, please visit www.investec.com/structured-products

Contents

About this document	2
About Investec	4
Frequently asked questions about Investec Bank plc	5
Credit ratings	7
IBP – share price performance	9
IBP – peer group comparisons	10

About Investec

Investec Bank plc (Investec)

The Investec group (comprising Investec Limited and Investec plc) is an international, specialist bank and asset manager which provides a diverse range of financial products and services to a select client base in three principal markets: the UK and Europe, South Africa and Asia/Australia as well as certain other countries.

The group was established in 1974 and currently has approximately 10,100 employees.

Investec is organised as a network of three business divisions: Asset Management, Wealth & Investment and Specialist Banking.

For the year to 31 March 2018, the Investec group made an operating profit before goodwill and non-operating items of £607.5 million.

As at 31 March 2018, the Investec group had £160.6 billion of third party assets under management and balance sheet assets of £57.6 billion.

In July 2002, the Investec group implemented a Dual Listed Companies (DLC) structure with linked companies listed on the London Stock Exchange (LSE) and Johannesburg Stock Exchange (JSE Limited). Investec plc (housing the non – Southern African operations) and Investec Limited (housing the Southern African operations) form a single economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Investec Bank plc (IBP) is the main banking subsidiary of Investec plc.

Year end results announcement – 31 March 2018.

Investec Structured Products

Investec Structured Products is a trading name of Investec Bank plc, part of the Investec Group.

Investec Structured Products is a business that is defined by our product proposition; clear, transparent and client focused. Since our launch in 2008, we've been voted Best Structured Products Provider 21 times by 7 different industry bodies. We've also received awards for our Financial Adviser service in addition to our product, marketing and website awards.

We offer a wide range of consistently available structured deposits and investments covering a variety of risk and return profiles. These Plans are designed to complement investment portfolios and are distributed exclusively through Financial Advisers and Intermediaries. We're constantly striving to improve and define our proposition and where appropriate, our structuring specialists can work directly with your business to develop tailored investments to maximise market opportunities.

For more information about Investec Structured Products, please visit our website www.investec.com/structured-products

Frequently asked questions about Investec Bank plc

Does Investec Bank plc have a sound liquidity position?

We have a liquidity management philosophy that has been in place for many years. We continue to focus on maintaining a high level of readily available, high quality liquid assets targeting a minimum cash-to-customer deposit ratio of 25%. On 31 March 2018, we had £5.6 billion of cash and near cash to support our activities, representing 46.8% of customer deposits. Furthermore, we maintain an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to finance core lending asset growth. Customer deposits have increased by 6.0% since 31 March 2017 to £12.0 billion. We target a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Our loan to deposit ratio was 80.7% as at 31 March 2018 (31 March 2017: 76.2%).

When my client buys a Plan from Investec Structured Products, do they take on any credit risk?

When your client buys a Plan from Investec Structured Products their credit exposure will be either to Investec Bank plc or, on selected Plans, spread across one or more named institutions.

With all Plans, Investec Structured Products is the Plan Manager. On a selection of our Plans we offer a collateralised option to give your client the opportunity to alter their credit exposure.

The main banking activities of Investec's UK operations, is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and is wholly owned by Investec plc.



Does Investec Bank plc have a sound capital position?

We hold capital in excess of regulatory requirements to ensure that we remain well capitalised and we intend on continuing this philosophy – we have never needed shareholder or government support. As at 31 March 2018, our capital adequacy ratio was 16.5% and the tier 1 ratio was 13.2%. Our current capital structure and capital ratios exceed the minimum Basel III capital requirements. Our estimated fully loaded common equity tier 1 and leverage ratios are 11.8% and 8.5% respectively. These disclosures incorporate the deduction of foreseeable charges and dividends as required by the regulations. Excluding these deductions, the common equity tier 1 ratio would be 13bps higher.

Detail on Investec Bank plc's asset quality and exposures

The bulk of our credit and counterparty risk arises through our private client and corporate client activities. We lend to high net worth individuals, mid to large sized corporates, public sector bodies and institutions. The majority of our credit and counterparty exposures reside within our principal operating geography, namely the UK.

Impairments on loans and advances amounted to £106.1 million for the year to 31 March 2018 (2017: £75.0 million), largely reflecting an increase in impairments for accelerated exits anticipated to occur on certain legacy assets.

The credit loss charge as a percentage of average gross core loans and advances amounted to 1.14% (2017: 0.90%).

Gross defaults totalled £360.6 million at 31 March 2018 (31 March 2017: £260.3 million) largely due to legacy loans. The percentage of default loans (net of impairments but before taking collateral into account) to net core loans and advances amounted to 2.16% (31 March 2017: 1.55%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.40 times (2017: 1.44 times).

What is Investec Bank plc's credit rating?

We have a long-term investment grade credit rating of A1 from Moody's, with a positive outlook and BBB+ from Fitch Ratings, with a stable outlook.

Credit ratings

Clearly it's the credit, rather than the credit rating, that's important. Investors need to fully understand the rating before they use it as a guide for making investment decisions.

Many investors are surprised to learn that credit ratings are not wholly scientific. Ratings agencies use a scorecard methodology in their rating process. Their scorecards take into account a number of factors, including quantitative factors, qualitative factors, and support factors. Whilst these scorecards do take into account reported results, they are inherently subjective as a number of stress tests, weightings and forward looking assessments are applied before ultimately determining the assigned rating.

On a stand-alone financial score basis (i.e. looking at the key quantitative financial factors of the other banks, excluding assumptions around support and subjective qualitative factors) there is very little difference between the key financial ratios of IBP and the other banks in the United Kingdom.

Where can I get more information on Investec Bank plc?

You can find further information on our website www.investec.com

For further information about Investec's financial, capital and liquidity positioning, including latest results visit:
www.investec.co.uk/about-investec/investor-relations.html

This material is issued by Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and a member of the London Stock Exchange. This material is not intended as an offer or solicitation to buy or sell any of the structured products referred to in this document. Whilst all reasonable care has been taken to ensure that the information stated herein is accurate and opinions fair and reasonable, neither Investec Bank plc nor any of its directors, officers or employees shall be held responsible in anyway for the contents of this document.

IBP – share price performance

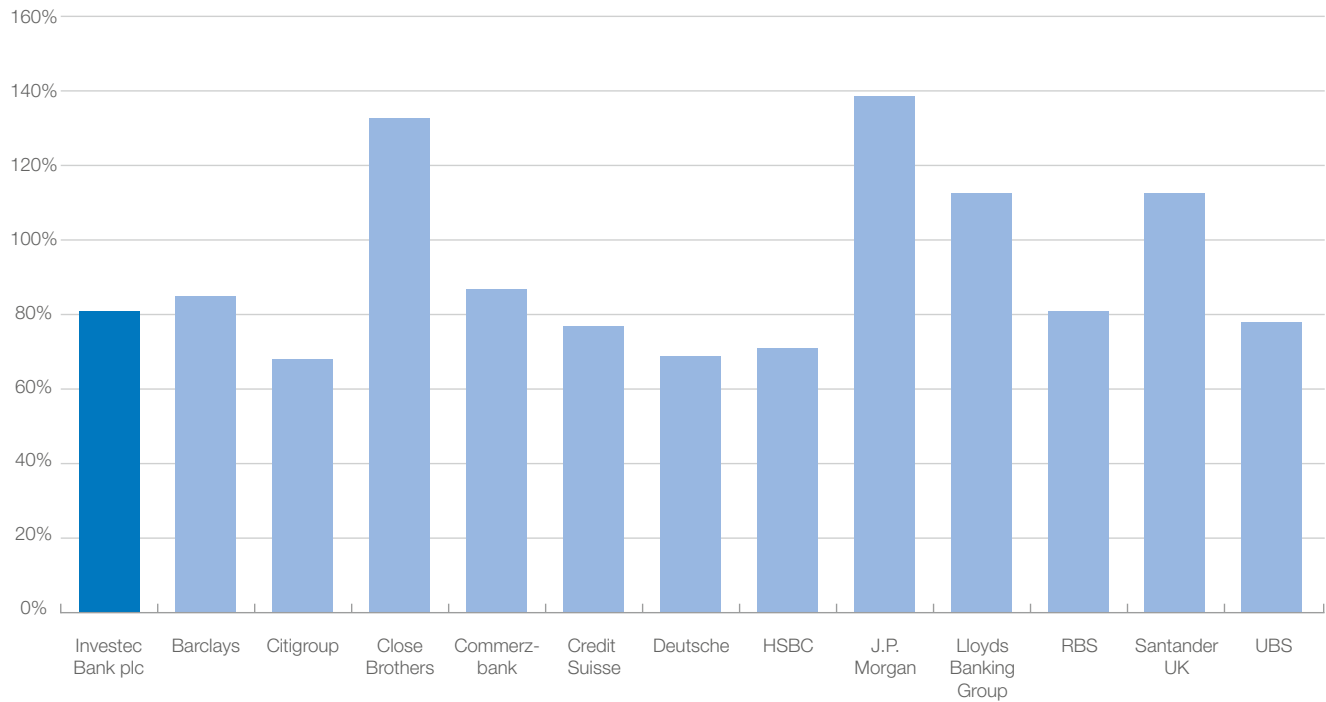
Investec Bank plc's share price performance relative to HSBC, Barclays, Lloyds, Santander and RBS since December 2007:



Source: Bloomberg. As at end of July 2018.

IBP – peer group comparisons

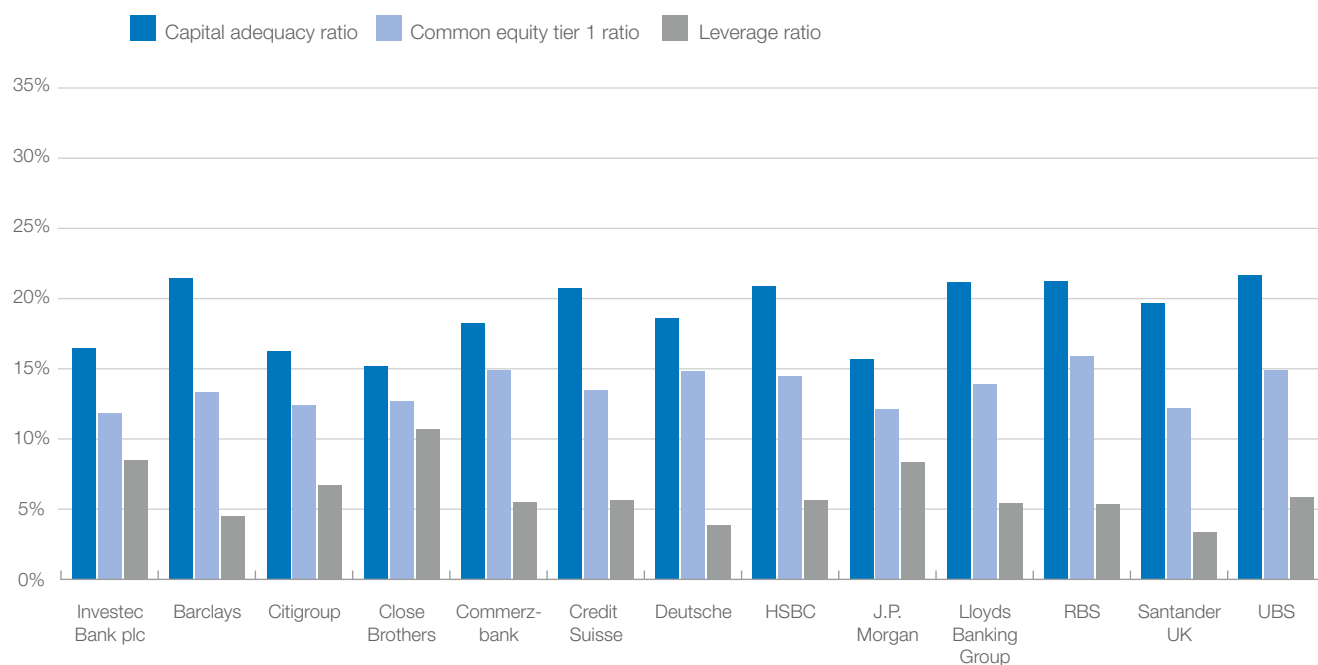
Funding: advances to customers as a percentage (%) of customer deposits (smaller number is better)



Definition and/or explanation: The customer advances to 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 100% indicates that advances to customers are not fully funded from the retail and corporate market, with the balance being funded from the wholesale market.

Source: Company interim/annual financial results. As at 17 May 2018.

Capital ratios: (larger number is better)

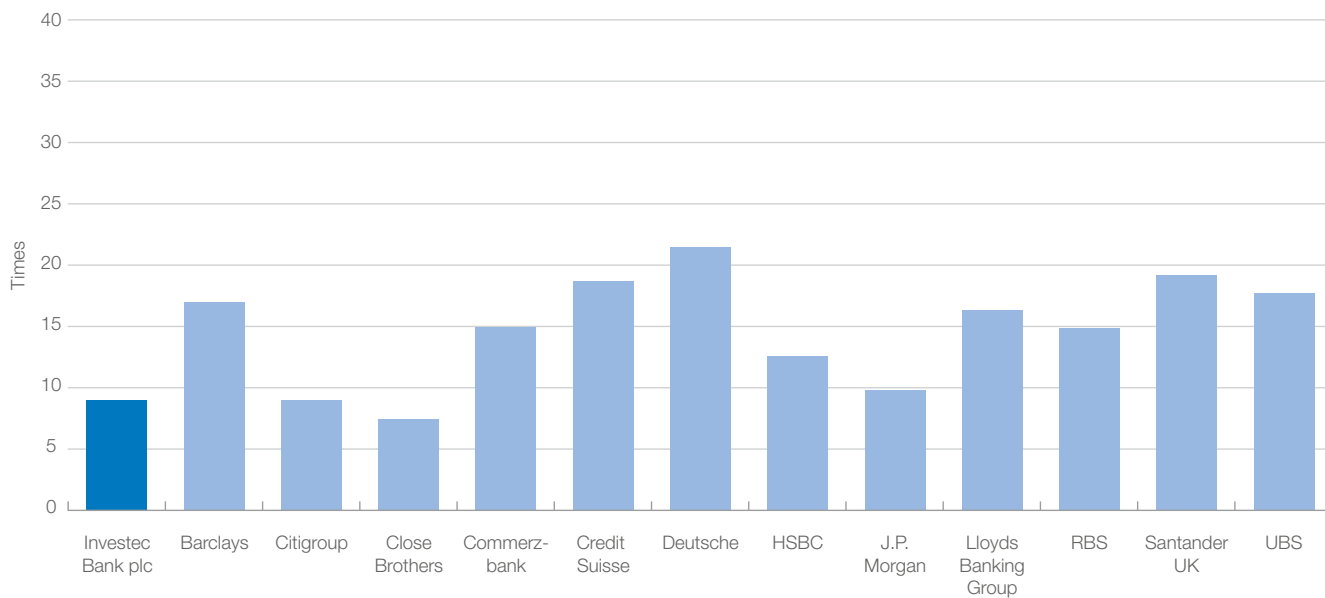


Definition and/or explanation: A capital adequacy ratio is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted assets. It is based on regulatory qualifying capital (including common equity tier 1, additional tier 1 and tier 2 capital) as a percentage of risk-weighted 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 ensures that all assets are 100% risk-weighted and is a more conservative measure than the capital adequacy ratio. Regulators are expecting that this ratio should exceed 5%.

Source: Company interim/annual financial results. As at 17 May 2018.

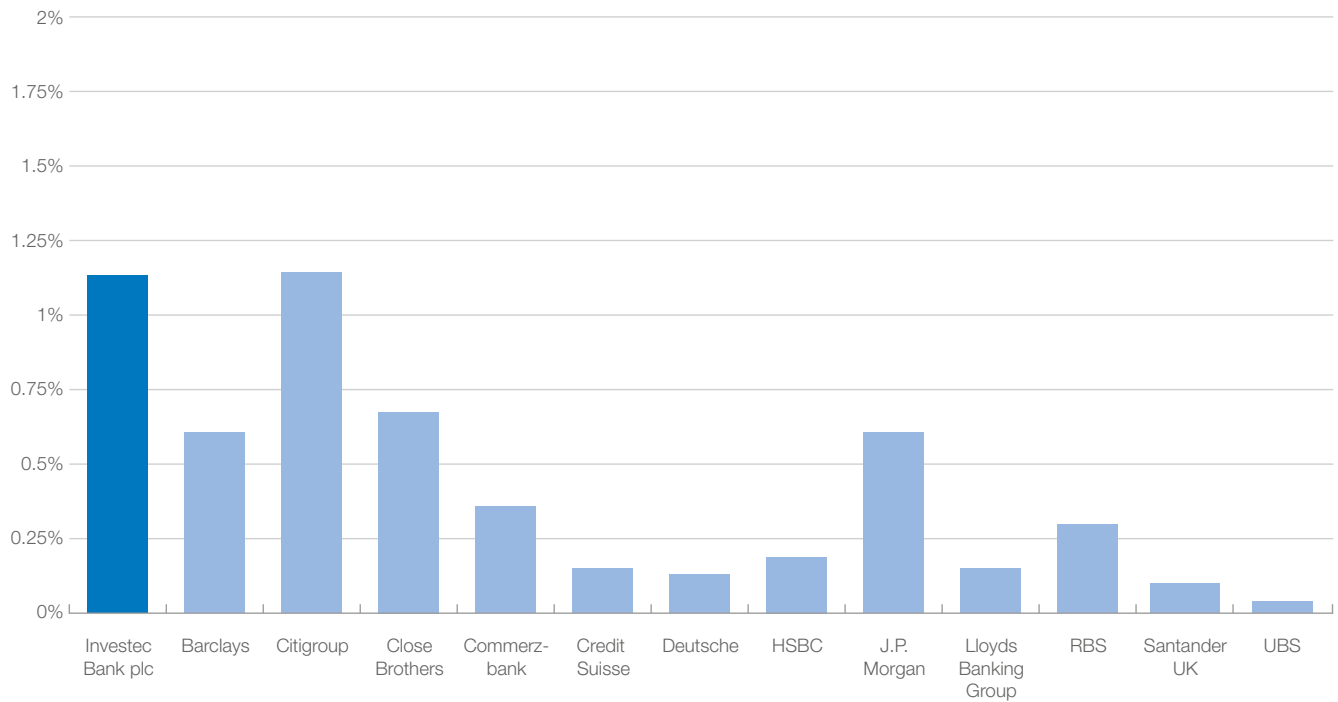
Gearing ratio: assets : equity (smaller number is better)



Definition and/or explanation: The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).

Source: Company interim/annual financial results. As at 17 May 2018.

Credit loss ratio: P&L impairments as a % of average advances (smaller number is better)



Definition and/or explanation: The credit loss ratio is calculated as the income statement impairment/charge on advances as a percentage of average gross advances to customers.

Source: Company interim/annual financial results. As at 17 May 2018.

Out of the Ordinary®



Contact details

Investec Bank plc

For further information about Investec Bank plc please refer to the investor relations website:

www.investec.com/en_gb/welcome-to-investec/about-us/investor-relations.html

Investec Structured Products

For further information about Investec Structured Products please visit:

www.investec.com/structured-products

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered under Financial Services Register reference 172330.

Registered and incorporated in England and Wales No. 00489604.

Registered address is 30 Gresham Street, London EC2V 7QP.



Protected