

2016

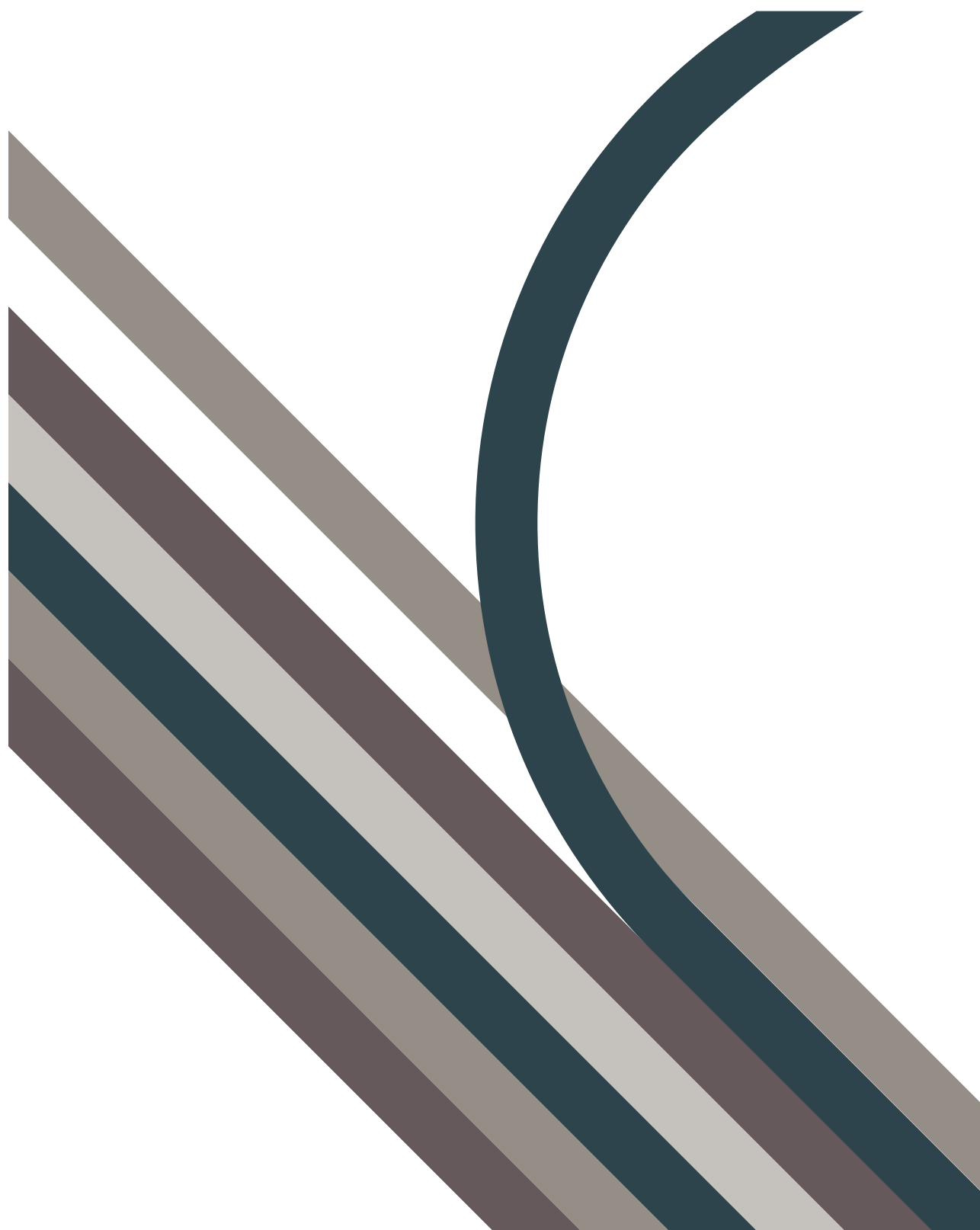
**INVESTEC BANK
(CHANNEL ISLANDS) Limited
(IBCI)**

Q and A fact sheet



Out of the Ordinary[®]

 **Investec**



Overview of

Investec, Investec Bank plc and Investec Bank (Channel Islands) Limited

INVESTEC is an international specialist bank and asset manager that 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. Investec focuses on delivering distinct profitable solutions for its clients in three core areas of activity, namely: Asset Management, Wealth & Investment and Specialist Banking

In July 2002, the Investec group implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg. 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 and also houses the Wealth & Investment business. IBP is authorised by the UK Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is a member of the London Stock Exchange.

The entity gathering your deposits is Investec Bank (Channel Islands) which is a wholly owned subsidiary of IBP.

Key financial statistics for the year ended

SALIENT FEATURES

Investec Bank plc	31 March 2016	31 March 2015	% change
Total operating income before impairment losses on loans and advances (£'000)	859 189	853 053	0.7%
Operating costs (£'000)	628 515	644 322	(2.5%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	146 347	101 243	44.6%
Earnings attributable to ordinary shareholders (£'000)	96 635	105 848	(8.7%)
Cost to income ratio	73.3%	75.7%	
Total capital resources (including subordinated liabilities) (£'000)	2 440 165	2 398 038	1.8%
Total shareholders' equity (£'000)	1 842 856	1 801 115	2.3%
Total assets (£'000)	18 334 568	17 943 469	2.2%
Net core loans and advances (£'000)	7 781 386	7 035 690	10.6%
Customer accounts (deposits) (£'000)	11 038 164	10 579 558	4.3%
Cash and near cash balances (£'000)	5 046 171	5 010 861	0.7%
Funds under management (£'million)*	30 104	29 838	0.9%
Capital adequacy ratio	17.0%	17.5%	
Tier 1 ratio	11.9%	12.1%	
Common equity tier 1 ratio	11.9%	12.1%	
Leverage ratio – current	7.5%	7.5%	
Leverage ratio – 'fully loaded'	7.5%	7.5%	
Defaults (net of impairments) as a % of net core loans and advances	2.19%	3.01%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	1.13%	1.16%	
Total gearing ratio (i.e. total assets to total equity)	9.9x	10.0x	
Loans and advances to customers: customer accounts (deposits)	70.5%	66.5%	

AN OVERVIEW OF INVESTEC BANK (CHANNEL ISLANDS) LIMITED AND REGULATION IN THE CHANNEL ISLANDS

The majority of Investec Bank (Channel Islands) Limited's (IBCI) activities form part of IBP's Private Banking division. As at 31 March 2016 IBCI had £154 million of capital and reserves, total assets of £1.9 billion and a loan book of £702 million.

The finance industry in the Channel Islands is regulated by the Guernsey and Jersey Financial Services Commissions, whose mandate it is, to administer legislation that protects depositors and oversee all aspects of the financial community in their respective jurisdiction. Banks are strictly regulated and controlled by these regulators. The Channel Islands are recognised by global regulatory authorities as having a stable, well-regulated environment with a skilled workforce and excellent communications with the rest of the world.

IBCI is licensed in Guernsey by the Guernsey Financial Services Commission under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987 to carry on banking and investment business. The Jersey branch of IBCI is regulated by the Jersey Financial Services Commission to carry on deposit taking business under the Banking Business (Jersey) Law 1991, as amended.

IBCI is a participant in both the Guernsey and Jersey Banking Deposit Compensation Schemes. These Schemes offer protection for 'qualifying deposits/eligible deposits' up to £50 000, subject to certain limitations. The maximum total amount of compensation is capped at £100 million in any five-year period. Full details are available on request or alternatively on the Guernsey Scheme's website www.dcs.gg or on the Jersey States website www.gov.je which will also highlight the banking groups covered.

Sound operating fundamentals – IBP

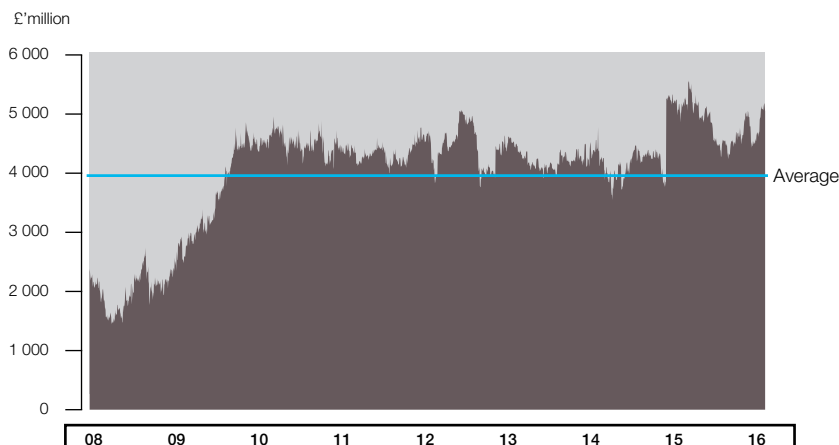
LIQUIDITY AND FUNDING

£5.0 billion
(cash and near cash)

IBP has a liquidity management philosophy that has been in place for many years. The bank continues to focus on maintaining a high level of readily available high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%. At 31 March 2016, the bank had £5.0 billion of cash and near cash to support its activities, representing approximately 39.9% of its liability base.

Furthermore, the bank maintains an appropriate mix of term funding, placing a low reliance on interbank wholesale funding to fund core lending asset growth. IBP targets a diversified funding base, avoiding undue concentrations by investor types, maturity and market source, instrument and currency. Customer deposits have increased by 4.3% since 31 March 2015 to £11.0 billion at 31 March 2016. The bank's loan to deposit ratio was 70.5% as at 31 March 2016 (31 March 2015: 66.5%).

CASH AND NEAR CASH TREND



CAPITAL ADEQUACY

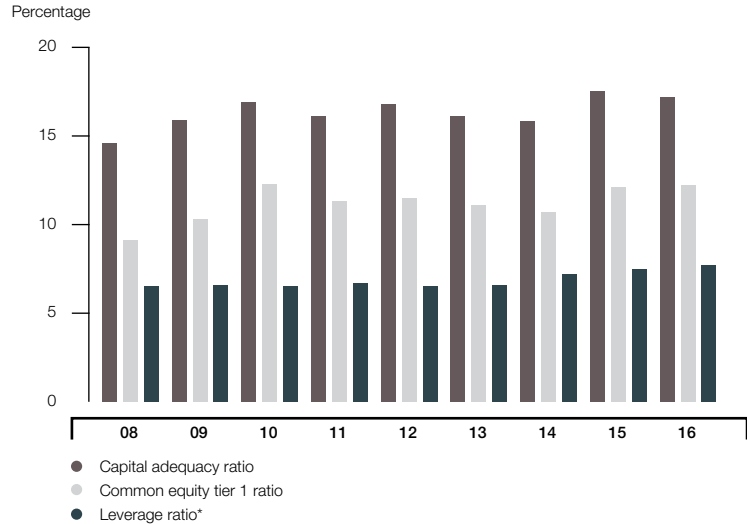
17.0%

IBP holds 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. At 31 March 2016, the capital adequacy ratio of IBP was 17.0% and the tier 1 ratio was 11.9%.

The bank's anticipated 'fully loaded' Basel III common equity tier 1 ratio and leverage ratio are 11.9% and 7.5% respectively (where 'fully loaded' is based on Basel III requirements as fully phased in by 2022). These disclosures incorporate the deduction of foreseeable dividends as required by the regulations. Excluding this deduction, the common equity tier 1 ratio would be 30bps higher.

We are on the Standardised Approach in terms of Basel, thus our risk-weighted assets represent a large portion of our total assets.

BASEL CAPITAL RATIOS – STANDARDISED APPROACH



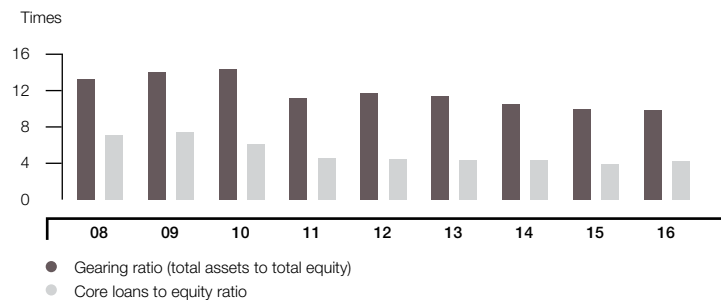
* The leverage ratio has only been disclosed since 2014. Historic information has been estimated.

GEARING

9.9 times

IBP is not a highly geared bank. A number of banks that have come into difficulty over the past few years have been in excess of 40 times geared. IBP's comparative ratio would be 9.9 times.

GEARING RATIO



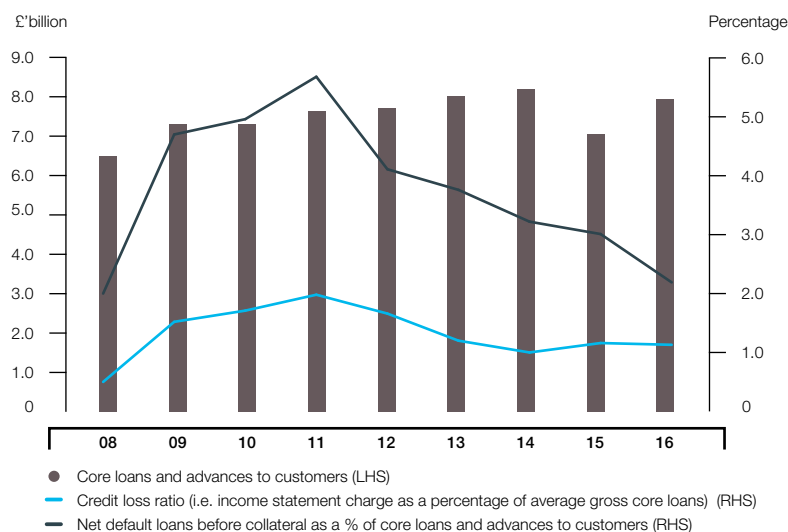
ASSET QUALITY AND EXPOSURES

1.13% (credit loss ratio)

The bulk of IBP's credit and counterparty risk arises through its private client and corporate client activities. The bank lends to high net worth and high income individuals, mid to large sized corporates, public sector bodies and institutions. The majority of IBP's credit and counterparty exposures reside within its principal operating geography, namely the UK.

Impairments on loans and advances decreased from £102.1 million to £84.2 million for the year to 31 March 2016. The credit loss charge as a percentage of average gross core loans and advances amounted to 1.13% at 31 March 2016 (31 March 2015: 1.16%).

CORE LOANS AND ASSET QUALITY



Since 31 March 2015 total defaults have decreased from £400.1 million to £313.9 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.19% (31 March 2015: 3.01%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.19 times (31 March 2015: 1.33 times).

CREDIT RATINGS

IBP has a long-term rating of A2 (stable) from Moody's and BBB (stable) from Fitch.

FINANCIAL PERFORMANCE

IBP reported a 44.6% increase in operating profit before non-operating items and taxation (but after non-controlling interests) to £146.3 million for the year to 31 March 2016 (2015: £101.2 million). Good levels of activity in the Specialist Banking business supported strong loan growth with the business reporting results substantially ahead of the prior year. The Wealth & Investment business benefited from higher average funds under management and positive net inflows. There has been continued investment in infrastructure, digital platforms and increased headcount to support growth initiatives in the overall business. A diversified portfolio and a sound balance of earnings generated between capital light and capital intensive businesses continues to support a high level of recurring income.

The balance sheet remains strong supported by sound capital, leverage and liquidity ratios.

FOR FURTHER information:

For queries regarding information on IBP and Investec contained in this document:

Investor Relations

Tel: (44) 20 7597 5546 e-mail: investorrelations@investec.com Internet address: www.investec.com

For more information on our private banking offering:

Investec Bank (Channel Islands) Limited

Registered number: 5845

The Financial Intermediaries team

Investec Bank (Channel Islands) Limited, PO Box 188, Gategny Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WR

Tel: (44) 1481 723 506 (Guernsey)/(44) 1534 512 650 (Jersey) Internet address: www.investec.ci.com

Jersey branch: One The Esplanade, St Helier, Jersey, JE2 3QA