REGISTRATION DOCUMENT

INVESTEC BANK PLC

(A company incorporated with limited liability in England and Wales with registered number 489604)

This document (as amended and supplemented from time to time and including any document incorporated by reference herein) constitutes a registration document (the "**Registration Document**") for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**"). This Registration Document has been prepared for the purpose of providing information about Investec Bank plc (the "**Bank**") to enable any investors (including any persons considering an investment) in any debt or derivative securities issued by the Bank ("**Securities**") during the period of twelve months after the date hereof to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Bank as issuer of such Securities. Information on any Securities can be found in a separate securities note containing disclosure on such Securities (and, where appropriate, in the relevant summary note applicable to the relevant Securities), which, together with this Registration Document, constitutes a prospectus issued in compliance with Article 5.3 of the Prospectus Directive. Investors seeking to make an informed assessment of an investment in any Securities are advised to read the whole prospectus (including this Registration Document).

This Registration Document has been filed with, and approved by, the Financial Conduct Authority (the "**FCA**"), in its capacity as the United Kingdom ("**UK**") competent authority under the Financial Services and Markets Act 2000 (the "**FSMA**").

Information on how to use this Registration Document is set out on page i.

The principal risk factors relating to the Bank are set out in "Risk Factors" on pages 1 to 22.

17 July 2019

HOW TO USE THIS REGISTRATION TO DOCUMENT

All references in this section of this Registration Document to "Bank" and "Issuer" refer to Investec Bank plc, all references to "Group" refer to Investec Bank plc and its subsidiary undertakings and all references to "Investec Group" refer to Investec plc and Investec Limited.

This Registration Document provides information about Investec Bank plc (the "**Bank**") and incorporates by reference the annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2019 of the Bank, which has previously been published and filed with the FCA (the "**2019 Annual Report** "). The 2019 Annual Report includes the latest publicly available financial information relating to the Bank and its subsidiary undertakings (the "**Group**") and other information in relation to the Group, which is relevant to investors. This Registration Document (including such information incorporated by reference) contains information necessary for investors to make an informed assessment of the Bank. Investors must read this Registration Document together with the 2019 Annual Report. Where further information is provided in the 2019 Annual Report on matters covered by this Registration Document, this is highlighted in this Registration Document.

This Registration Document is split up into a number of sections, each of which is briefly described below.

Important Notices sets out important information about the Bank's responsibility for this Registration Document and provides information about its authorised use.

Risk Factors provides details of the principal risks relating to the Bank that may affect the Bank's ability to fulfil its obligation under its Securities.

Documents Incorporated by Reference provides details of the documents incorporated by reference which form part of this Registration Document and which are publicly available.

Business Description of the Bank provides information about the Bank and the Group, including on its history and development, the legislation under which it operates, its principal activities and markets, its organisational structure, trends affecting the Bank, its credit ratings and its management.

General Information provides additional, general disclosure in relation to the Bank.

IMPORTANT NOTICES

The Bank accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Bank, which has taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document is to be read and construed with any amendment or supplement hereto and with all documents incorporated by reference into it.

*No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by the Bank ("**Securities**").*

This Registration Document should not be considered as a recommendation by the Bank, any trustee or any dealer appointed in relation to any issue of Securities that any recipient of this Registration Document including any document incorporated by reference herein, should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent assessment and appraisal of the financial condition, affairs and creditworthiness, of the Bank. No part of this Registration Document, including any documents incorporated by reference herein, constitutes an offer or invitation by or on behalf of the Bank, any trustee or any dealer appointed in relation to any issue of Securities or any of them to any person to subscribe for or to purchase any of the Securities.

Neither the delivery of this Registration Document or any documents incorporated by reference herein or any prospectus or any final terms nor the offering, sale or delivery of any Securities shall, in any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained in the Registration Document is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. Any dealer or trustee appointed in relation to any issue of Securities expressly does not undertake to review the financial condition or affairs of the Bank or its subsidiary undertakings during the life of such Securities. Investors should review, inter alia, the most recent financial statements of the Bank when evaluating the Securities or an investment therein.

The distribution of this Registration Document, including any document incorporated by reference herein, and the offer or sale of Securities may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any Securities come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of this Registration Document, including any document incorporated herein by reference, see the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant prospectus.

In this Registration Document and in relation to any Securities, references to the "relevant dealers" are to whichever of the dealers enters into an agreement for the issue of such Securities as described in the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant prospectus, references to the "relevant paying agents" are to whichever payment agents appointed by the Bank in respect of the relevant Securities and references to the "relevant final terms" are to the final terms relating to such Securities.

In this Registration Document, unless otherwise specified or the context otherwise requires, references to "sterling", "pounds", "£", "pence" and "p" are to the lawful currency of the UK. In this Registration Document, the term "PRA" shall mean the Prudential Regulation Authority of the UK and the "FCA" shall mean the Financial Conduct Authority.

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RISK FACTORS

This section contains risk factors relating to the Bank*. All references in this section of this Registration Document to "****Bank****" and "****Issuer****" refer to Investec Bank plc, all references to "****Group****" refer to Investec Bank plc and its subsidiary undertakings and all references to "****Investec Group****" refer to Investec plc and Investec Limited.*

*Prospective investors in any debt or derivative securities issued by the Bank ("****Securities****") should read this Registration Document (including all documents incorporated by reference herein) together with any securities note containing information about such Securities (and where appropriate, the relevant summary note), which together constitute a prospectus. Investing in any Securities involves certain risks. Prospective investors should consider carefully the risks set forth below in relation to the Bank and the other information set out in this Registration Document and elsewhere in the prospectus (including in any documents incorporated by reference) and reach their own views prior to making any investment decision with respect to any Securities.*

This Risk Factors section contains information about the risks involved in an investment in any Securities issued by the Bank, which the Bank considers to be the principal risk factors relating to the Bank that may affect the Bank's ability to fulfil its obligations under the Securities.

Risks relating to the macro-economic environment in which the Bank operates

Market risks, business and general macro-economic conditions and fluctuations as well as volatility in the global financial markets could adversely affect the Bank's business in many ways.

The Bank is subject to risks arising from general macro-economic conditions in the countries in which it operates, including in particular the UK, Europe, Asia and Australia, as well as global economic conditions.

During the global financial crisis that started in mid-2008, the UK economy experienced a significant degree of turbulence and periods of recession, adversely affecting, among other things, market interest rates, levels of unemployment, the cost and availability of credit and the liquidity of the financial markets. Whilst economic indicators in the UK had started to improve, the outlook is currently very uncertain given the outcome of the referendum for the UK to leave the European Union. Since a significant portion of the Bank's operating profit is derived from clients based in the UK, it is particularly exposed to the condition of the UK economy, including house prices, interest rates, levels of unemployment and consequential fluctuations in individual clients' disposable income and corporate clients' profits.

In recent years, economic conditions in the other countries in which the Bank operates have been negatively impacted by a number of global macroeconomic trends, including ongoing concerns surrounding the significant sovereign debts and fiscal deficits of several countries in Europe, a weakening of the Chinese economy, the potential exit of member states from the European Monetary Union and a decline in global commodity prices such as crude oil. The effects of these events have been felt in the global economy and by financial institutions in particular, and have placed strains on funding markets at times when many financial institutions had material funding needs. Any further adverse developments in the global economy could have an adverse impact on its business, results of operations, financial condition and prospects.

Within its Wealth & Investment business, the Bank earns fixed fees as a percentage of assets under management, as well as commissions earned for executing transactions for clients. Accordingly, its results of operations are influenced by fluctuations in the market value of assets under management. A large portion of the Bank's total assets under management comprised equity securities. Therefore, its fee and commission income is vulnerable to fluctuations in equity markets since a reduction in the value of equities would contribute to a reduction in the value of assets under management, and therefore a reduction in fee and commission income. Although the majority of the investment mandates for the Bank's clients are based on a long-term approach to investment through market cycles, significant volatility in securities markets may result in equities and funds becoming less attractive investments for the Bank's clients. Deterioration in equity or other securities markets may therefore make it harder for the Bank to attract new clients or could potentially result in clients withdrawing a portion or all of the assets in their portfolios.

Revenues from the Specialist Banking business are also sensitive to market volatility. Deterioration in the financial markets and general economic activity has in the past affected, and will continue to affect levels of private client activity. The Bank's investment banking and corporate banking income is directly related

to the number and size of the transactions in which the Bank participates and general corporate and institutional activity. Accordingly, any reduction in the number and/or size of such transactions and a slowdown in corporate activity, whether occasioned by market volatility or otherwise, will adversely affect its results of operations. Moreover, some of the Specialist Banking income is derived from direct or principal investments or from the management of private equity portfolios. This income is dependent upon the performance of the underlying investments and the ability to realise value upon exit from the investments and, as such, revenues, returns and profitability may fluctuate, impacting the Bank's results of operations. As a result of the foregoing factors, market volatility may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank also maintains trading and investment positions in various financial and other assets, including equity, fixed income, currency and related derivative instruments and real estate. At any point in time these positions could be either long positions, such that the Bank will benefit from upward movements in the market prices of these assets, or short positions, such that it will benefit from downward movements in the market prices of these assets. Fluctuations in the value of equities, fixed income, currency and related derivative instruments and real estate, either absolutely or relative to other asset classes, could also adversely affect investor sentiment. These financial markets are sometimes subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by severe reductions in market liquidity. In dislocated markets, hedging and other risk management strategies may not be as effective as they are in normal market conditions. Market instability of this nature could result in the Bank incurring losses.

Social, political and economic risk outside of the Bank's control may adversely affect its business and results of operations.

Unfavourable economic, political, military and diplomatic developments producing social instability or legal uncertainty may affect both the performance and demand for the Bank's products and services. The Bank's businesses, results of operations and financial condition could be materially adversely affected by changes in government or the economic, regulatory or other policies of the governments of the jurisdictions in which the Bank operates. Among others, the actions of such governments in relation to employee relations, salaries, the setting of interest rates, or in relation to exerting controls on prices, exchange rates or local and foreign investment, may adversely affect the Bank's business and results of operations.

The UK electorate's vote to leave the European Union ("**EU**") may have a significant impact on general macroeconomic conditions in the UK, the EU and globally, and is likely to usher in a prolonged period of uncertainty. Negotiations of the UK's exit agreement, its future relationship with the EU and its trading relationships with the rest of the world will likely take a number of years to resolve. The period of uncertainty and market volatility that followed the UK's decision to leave the EU is likely to continue until the UK's future relationship with the EU and the rest of the world is clearer. Given the timeframe and the complex negotiations involved, a clearer picture is not expected to emerge for some time. Uncertainty as to the precise terms of these arrangements may affect the fiscal, monetary and regulatory landscape to which the Bank is subject.

The Bank faces risks associated with interest rate levels and volatility.

Interest rates, which are impacted by factors outside of the Bank's control, including the fiscal and monetary policies of the UK government and central bank, as well as UK and international political and economic conditions, affect the Bank's results of operations, profitability and return on capital in three principal areas: margins and income, cost and availability of funding and impairment levels.

In recent years, the UK has experienced historically low, sustained interest rates which has resulted in relatively low spreads being realised by the Bank between the rate it pays on customer deposits and the rate received on the loans, reducing the Bank's net interest income and net interest margin. Low interest rates may also reduce incentives for consumers to save and, therefore, could reduce the Bank's customer deposits, its principal source of funding. The Bank's business and financial performance and net interest income and margin may continue to be adversely affected by the continued low interest rate environment.

Increases in interest rates could also adversely affect the Bank. In an increasing interest rate environment, the Bank may be more exposed to re-pricing of its liabilities than competitors with higher levels of term deposits. In the event of sudden large or frequent increases in interest rates, the Bank also may not be able

to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short term, which, in turn, could negatively affect its net interest margin and income.

Changes in interest rates could also impact the Bank's impairment loss levels and customer affordability. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable rate loans who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Bank. A high interest rate environment also reduces demand for loan products generally, as individuals are less likely or less able to borrow when interest rates are high. In addition, there is a risk that a sudden rise in interest rates, or an expectation thereof, could encourage significant demand for fixed rate products. High levels of movement between products in a concentrated time period could put considerable strain on the Bank's business and operational capability, and it may not be willing or able to price its fixed rate products as competitively as others in the market. This could lead to high levels of customer attrition and, consequently, a negative impact on the Bank's profitability.

If the Bank is unable to manage its exposure to interest rate volatility, whether through hedging, product offering or by other means, its business, results of operations, financial condition and prospects could be materially adversely affected.

The Bank is exposed to political, social and macroeconomic risks relating to the UK's potential exit from the EU.

In March 2017, the UK gave notice of its intention to leave the EU under Article 50 of the Treaty on European Union. The notice provides for the UK to exit the EU at 11 p.m. (London time) on 29 March 2019, which, following subsequent discussions between the UK and the EU, was initially postponed to 12 April 2019 and thereafter to 31 October 2019, contingent on the UK's participation in the European Parliament elections in May 2019 and certain other requirements, the Exit Date.

In November 2018, the Withdrawal Agreement setting out the terms of the UK's exit from the EU, and the Political Declaration on the framework for the future relationship between the UK and the EU were agreed between the UK and EU governments. Since that time, there has been significant uncertainty whether or not the Withdrawal Agreement and Political Declaration will be approved by the UK Parliament or on what timing. As a result, discussions between the UK and the EU on the UK's future relationship with the EU have continued, and the UK Parliament has, alongside its consideration of the Withdrawal Agreement and Political Declaration, evaluated a number of alternative approaches to implementing the results of the 2016 referendum. While these discussions continue, there remains heightened uncertainty regarding whether the Exit Date will be further postponed or on what terms, if any, the UK will seek to leave the EU.

As initially agreed, the Withdrawal Agreement includes the terms of a transition or "standstill" period until 31 December 2020, during which the UK will have formally withdrawn from the EU but will still be treated for most purposes as an EU member state. This transition period may be extended (by agreement before July 2020) until the end of 2021 or 2022. During the transition period, the UK would be subject to EU laws as well as benefit from them but would have very limited involvement in EU decision-making processes and institutions. The Withdrawal Agreement also provides that the EU will notify third-party countries that the UK should be treated as a member of the EU, but third-party countries may not be legally bound to treat the UK as such.

For the Withdrawal Agreement to become effective, both the EU Parliament and the UK House of Commons must vote to approve it and the Political Declaration. The Withdrawal Agreement would also need to be implemented into UK law by the UK Parliament. If the Withdrawal Agreement does not become effective, unless the UK revokes the notice of its intention to leave the EU, or the Exit Date is postponed with the unanimous agreement of the remaining EU member states, the UK will leave the EU on 31 October 2019 with no transitional period.

The prospective withdrawal of the UK from the EU continues to create significant political, social and macroeconomic uncertainty, which has affected and is likely to continue to affect financial markets, consumer sentiment and corporate profitability. As a result of this uncertainty, the pound sterling : U.S. dollar exchange rate fell to its lowest levels since the 1980s, with one pound sterling equal to US$1.20 in January 2018, a decrease of 18.6%. In addition, Moody's Investors Service downgraded the outlook of the UK government's bond rating from stable to negative, Fitch downgraded the UK government's credit rating from AA+ (stable) to AA (negative) and Standard & Poor's Ratings Services downgraded the UK

government's credit rating from AAA (negative) to AA (negative), in each case warning that the country's economic growth and fiscal strength are likely to be lower in the event the UK exits the EU.

If the UK leaves the EU with no withdrawal agreement in place, the result may be significant macroeconomic deterioration, including, but not limited to, further decreases in global stock exchange indices, trade wars, increased foreign exchange volatility (in particular a further weakening of the pound sterling and the euro against other leading currencies), decreased GDP in the UK, EU or other markets in which the Bank operates, and further sovereign credit downgrades.

In particular, there is a risk that the UK's exit from the EU, other political developments or developments otherwise affecting market confidence may result in outflows of assets from investment portfolios with exposure to the UK, which could include multi-asset portfolios held by the Bank. Due to the size and importance of the UK economy in the global economy, particularly with respect to the UK financial services market, as well as the uncertainty and unpredictability concerning the UK's legal, political, financial and economic relationship with the EU after the UK's exit from the EU, there may continue to be instability in the national and international financial markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future, including beyond the date of the UK's withdrawal from the EU.

The regulatory environment that applies to the Bank is in large part derived from EU financial services legislation. While the UK is currently required to implement and apply such legislation, this may no longer be the case following its departure from the EU. This may have a significant impact on UK financial services legislation and the regulatory environment in which the Bank operates, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

It is also unclear how the UK's withdrawal from the EU will affect UK financial institutions and businesses with assets or operations (including branches) in the EU (and vice versa), which could impact matters from regulatory classifications, delegation of activities and operational processes within the Bank to applicable tax regimes and the mobility of personnel. At present, EU legislation grants passporting rights to certain categories of financial institution, including insurers, investment firms, UCITS management companies and AIFMs. EU legislation also facilitates mutual rights of access to EU market infrastructure such as payment and settlement systems. Once the UK ceases to be a member state of the EU, the current passporting arrangements may cease to be effective, as may the current mutual rights of access to market infrastructure. The Bank relies on such passporting arrangements and market infrastructure. In addition, the Bank has permanent employees in the UK and the remaining EU member states. A number of the Bank's employees in the UK are citizens of other EU member states, and a number of employees in the EU are UK citizens. Depending on the contours of the agreement reached between the UK and the EU on migration and immigration (if any), the UK's exit from the EU could result in restrictions on mobility of personnel and could create difficulties for the Bank in recruiting and retaining qualified employees.

As a result of the foregoing, the UK's departure from the EU may have material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Fluctuations in exchange rates could have an adverse impact on the Bank's results of operations.

A proportion of the Bank's operations are conducted by entities outside the UK. The results of operations and the financial position of individual companies are reported in the local currencies of the countries in which they are domiciled, including Euro, US Dollars and Australian Dollars. These results are then translated into pounds sterling at the applicable foreign currency exchange rates for inclusion in the Bank's financial statements.

The Bank is also subject to currency risk in respect of its trading activities, which it conducts through its Specialist Banking business, both in relation to client flows and balance sheet management.

Exchange rates between local currencies and pounds sterling have fluctuated during recent periods. These fluctuations could have an adverse impact on the Bank's results of operations.

The Bank faces risks related to volatility in the value of UK real estate.

UK house prices influence the value of the Bank's mortgage portfolio. A decline in house prices in the UK could lead to a reduction in the recovery value of real estate assets held as collateral in the event of a customer default, and could lead to higher impairment losses, which could reduce the Bank's capital and

profitability as well as its ability to engage in lending and other income-generating activities. A significant increase in house prices over a short period of time could also have a negative impact on the Bank by reducing the affordability of homes for buyers, which could lead to a reduction in demand for new mortgages. Sustained volatility in house prices could also discourage potential homebuyers from committing to a purchase, thereby limiting the Bank's ability to grow its mortgage portfolio.

In addition, the Bank's mortgage portfolio is concentrated in London and surrounding areas. The Bank has benefited from the fact that in London, prime residential property has been regarded as a preferred outlet for international capital, and residential property price growth has been largely sustained in recent years. Residential property prices in the South East of England generally also have been more resilient to macroeconomic pressures compared to other regions of the UK. However, there can be no assurance that real estate price growth will continue in these areas.

The UK government's intervention into the housing market, both directly through, for example, buyer assistance schemes and indirectly through the provision of liquidity to the banking sector under, for example, the Bank of England and HM Treasury's Funding for Lending scheme ("**FLS**") and Term Funding scheme ("**TFS**"), may also contribute to volatility in house prices. This could occur, for example, as a result of any sudden end to buyer assistance schemes in the future, which could lead to a decrease in house prices, or due to their continuation, which would maintain excess funding liquidity in the mortgage market which has supported a low mortgage interest rate environment, and which could lead to inflation in house prices. The impact of these and any other initiatives on the UK housing market and other regulatory changes, tax changes or UK Government programme changes is difficult to predict. Volatility in the UK housing market occurring as a result of these changes, or for any other reason, could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The response of governments and regulators to instability in the global financial markets may not be effective.

In times of economic instability, governments and regulators are faced with pressure from a variety of sources, including market participants, the media, investor organisations and others, to reform the existing financial and regulatory system. There can be no guarantee that the response of governments and regulators in the jurisdictions in which the Bank operates, and the reforms proposed thereby, will be effective or that the timing of responses (which might otherwise have been effective) will be appropriate. In addition, any such measures taken may negatively impact the Bank's business even when they achieve their policy goals. In the past, governments and regulators in some jurisdictions have responded to pressure of the kind referred to above by greatly increasing regulation. Reforms which increase the compliance and reporting burdens of role-players in the financial markets space can have unintended effects on the environment within which such role-players operate. There can be no guarantee that the governments and regulators in the jurisdictions in which the Bank operates will not make policy decisions to implement reforms which increase the burdens faced by the Bank in relation to compliance and reporting. This could increase the costs the Bank has to devote to compliance and reporting and, in turn, could have a negative effect on the Bank's financial condition and results of operations.

Government support of the finance and banking industry may have a disproportionate effect on some and an unintended effect on other participants in that industry.

The actions of some governments, providing support to certain participants in the finance and banking industry (whether explicitly or implicitly), have had and will continue to have a fundamental effect on the finance and banking industry. Whether such actions have had a positive effect on the industry as a whole and/or the wider economy, there is a risk that those participants in the industry who have not received such government support, including the Bank, may have been and may continue to be disadvantaged. For example, it is possible that those banks which have not received the support of governments may be perceived by potential clients as lacking stability. Such a perception may lead to a loss of clients by smaller participants in the industry, including the Bank, if clients, for example, take deposits to an institution perceived to be more secure. If this were to occur, the Bank's, results of operations, financial condition and prospects may be adversely affected.

Terrorist acts and other acts of war could have a negative impact on the business and results of operations of the Bank.

Terrorist acts, other acts of war or hostility and responses to those acts may create economic and political uncertainties, which could have a negative impact on global economic conditions generally and may directly affect the countries in which the Bank operates, and more specifically on the business and results of operations of the Bank in ways that cannot be predicted.

Risks relating to the Bank's Wealth & Investment business

Poor investment performance relative to competitors and applicable benchmarks or a deterioration in the Bank's Wealth & Investment services could lead to a loss of assets under management and a decline in operating profit.

The success of relevant investment strategies ("**investment performance**") is an important factor for the maintenance and growth of assets under management across the Bank's Wealth & Investment business. If the Bank's Wealth & Investment business were to experience poor investment performance over a prolonged period, affected clients (or clients generally) might decide to reduce their investments or withdraw funds altogether in favour of better performing services or competing investment managers, which would lead to a direct reduction in the level of the Bank's assets under management and, as a result, lower fee and commission income. Furthermore, during a period of significant poor investment performance, the Bank's reputation and brand, which have in part been built around its strong investment performance, may deteriorate. As a result, its ability to attract funds from existing and new clients might diminish, particularly given the competitive nature of the wealth management market.

In addition to investment performance, the directors believe that the quality of the services it delivers and the relationships it develops with clients are among the key factors for the maintenance and growth of its assets under management. The Bank's investment managers are central to its relationships with its clients and play a key role in enabling the Bank's Wealth & Investment business to earn the long-term trust of its client base. However, client complaints regarding dissatisfaction with the services they receive from their investment managers or the Bank generally, including in relation to general administration of their investments, could ultimately lead to the withdrawal of client investments and a reduction in the Bank's assets under management.

The occurrence of any of the foregoing could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's Wealth & Investment business may lose clients or may experience withdrawals of assets under management at short or no notice, which would result in the loss of assets under management and lower fee and commission income.

The Bank's arrangements with its Wealth & Investment clients are generally terminable without cause and at any time without notice. Clients may decide to withdraw a portion or all of the assets managed by the Bank, or transfer their investments to another provider of wealth management services, for various reasons. A reduction in the value of assets under management would lead to an immediate impact on the Bank's fee and commission income and therefore on operating profit. Significant withdrawals of assets under management or transfers of client assets could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

New products and services introduced by the Bank's Wealth & Investment business may not achieve acceptance in the market.

The Bank's Wealth & Investment business depends on its ability to develop new products and services that achieve a sufficient level of acceptance in the market to challenge its competitors. There can be no assurance that it will be able to develop new products or services that will appeal to clients, or that its competitors will not introduce more successful products or services or successfully copy the products and services introduced by the Bank. New product and service launches involve a significant investment and commitment of human resources by the Bank. If the products and services introduced by the Bank's Wealth & Investment business do not achieve the anticipated level of acceptance, or it is unsuccessful in any new distribution channel, the Bank could lose customers or be required to incur substantial costs in order to maintain its customer base. Additionally, if the processes to design, develop and launch new products and

services are inadequate, it may result in the Bank investing development resources inappropriately, launching products or services that are incapable of achieving their stated goals, or failing to achieve its business objectives. The inability to effectively develop and successfully launch new products and services could have a material adverse effect on its business, results of operations, financial condition and prospects.

Changes in distribution trends, in particular in relation to financial advisers, may have a material adverse effect on the Bank's Wealth & Investment business.

Financial intermediaries are one of the distribution channels for the Wealth & Investment business. In particular, it relies on independent financial advisers, who may retain responsibility for specific aspects of the overall service provided to the client, such as the recording of "know your customer" information and the suitability of the investment mandate. Although the Bank continuously focuses on maintaining its financial adviser relationships and networks, there can be no assurance that its efforts will be successful. In particular, many of the Bank's competitors are working to expand and deepen their own financial adviser relationships and networks. As competition expands among wealth management firms for business from financial adviser introductions, the Bank may be unable to maintain its key financial adviser relationships or grow the amount of new business it generates from financial adviser introductions.

Changes in distribution trends may also lead to the emergence of new competitors. For example, the increasing popularity of internet investing systems and platforms in recent years has led to the growth of investment managers offering simplified investment management services to the mass affluent investor market, often targeting self-directed investors. In recent years, this trend towards self-directed investments in certain segments of the market has intensified. In many cases, investment managers have focused their services on the development of low-cost, simplified investment models in order to target this segment of the investor market. Although the Bank is investing in a digital distribution channel, as internet platforms and similar distribution channels become more prevalent, there can be no assurance that the Bank's clients will not transfer their investments to these types of investment management firms, or that it will be able to successfully compete with them for new clients.

A loss of the Bank's relationships with particular intermediaries, or the emergence of competitors through new or developing distribution channels, could result in a reduction in the Bank's assets under management and could have a material adverse effect on its business, results of operations, financial condition and prospects.

Breaches by the Bank's Wealth & Investment business of investment mandates could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank's Wealth & Investment business is generally required to invest in accordance with specific investment mandates or objectives established for the particular portfolio or product. If investments are made or managed in breach of an investment mandate, including with regard to the use of benchmark indices, the Bank could be required to unwind the relevant transactions, could suffer reputational and brand damage and likely would be liable for any losses suffered by an affected party in doing so. Losses could be significant and exceed amounts recoverable under the Bank's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Wealth & Investment business, financial condition, results of operations and prospects.

The wealth management industry in which the Bank operates is intensely competitive.

Within the Wealth & Investment business, the Bank's principal competitors are international and UK based wealth management firms, for example Rathbones, Brewin Dolphin, Quilter plc, Smith & Williamson and Charles Stanley, along with certain private banks. It also competes with trust and fiduciary companies. Some of these competitors have proprietary products and distribution channels that make it more difficult for the Bank to compete with them. In addition, the wealth management industry has experienced periods of significant consolidation as numerous wealth management firms have either been acquired by other financial services firms or ceased operations. Furthermore, a number of entrants, including commercial banks and foreign entities, have made investments in and acquired wealth management firms. If clients and potential clients decide to use the services of competitors, this could result in growth in assets under management slowing or in net client outflows. Any of the foregoing factors could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

Risks relating to the Specialist Banking business

The Bank is subject to risks concerning customer and counterparty credit quality.

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions through loans and advances to clients and counterparties creates the risk that an obligor will be unable or unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements, where the Bank has placed funds with other financial institutions;

- Issuer risk on financial instruments (for example, corporate bonds) where payments due from the issuer of a financial instrument may not be received;

- Trading transactions, giving rise to settlement and replacement risk, which is collectively referred to as counterparty risk. Settlement risk is the risk that the settlement of a transaction does not take place as expected. Replacement risk is the financial cost of having to enter into a replacement contract with an alternative market counterparty following default by the original counterparty.

The Bank's credit risk arises primarily in relation to its Specialist Banking business, through which it offers products such as private client mortgages and specialised lending to high income professionals and high net worth individuals and a range of lending products to corporate clients, including corporate loans, asset based lending, fund finance, asset finance, acquisition finance, power and infrastructure finance, resource finance and corporate debt securities. Within its Wealth & Investment business, the Bank is subject to relatively limited settlement risk which can arise due to undertaking transactions in an agency capacity on behalf of clients.

Credit and counterparty risks can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks and the impact on the borrower's credit profile due to local and economic political conditions.

In accordance with policies overseen by its Central Credit Management department, the Bank makes provision for specific impairments and calculates the appropriate level of portfolio impairments in relation to the credit and counterparty risk to which it is subject. This process requires complex judgements, including forecasts of how changing macro-economic conditions might impair the ability of customers to repay their loans. The Bank may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors. Further, despite the Bank having conducted an accurate assessment of customer credit quality, customers may be unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic disruptions or other external factors. The failure of customers to meet their commitments as they fall due may result in higher impairment losses. Increased credit and counterparty risk could have a material adverse impact on the Bank's business, results of operations, financial condition and prospects.

Concentration of credit risk could increase the Bank's potential for significant losses.

The Bank is subject to concentration risk, which arises when large exposures exist to a single client or counterparty, group of connected counterparties or to a particular geography, asset class or industry. Concentration risk can also exist where a portfolio of loan maturities is clustered within a single period of time. While the Bank's loan book remains well diversified, geographical concentration in its loan book may pose risks. In the event of a disruption to the credit markets in the geographies in which the Bank operates (particularly the UK) or the emergence of adverse economic conditions in any of those geographies, including in relation to interest rates and unemployment levels, this concentration of credit risk could cause the Bank to experience greater losses than its competitors. While the Bank regularly monitors its loan book to assess potential concentration risk, efforts to divest, diversify or manage its loan book against concentration risks may not be successful and could result in an adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank is subject to liquidity risk, which may impair its ability to fund its operations.

Liquidity risk is the risk that the Bank has insufficient capacity to fund increases in its assets, or that it is unable to meet its payment obligations as they fall due. This includes repaying depositors or maturing of wholesale debt. This risk arises from mismatches in the timing of cash flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events. Liquidity risk can be further broken down into:

- Funding liquidity, which relates to the risk that the Bank will be unable to meet current and/or future cash flow or collateral requirements in the normal course of its business, without adversely affecting its financial position or reputation; and
- Market liquidity, which relates to the risk that the Bank may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

The Bank relies on its retail client base as the principal source of stable and well diversified funding for its risk assets. Its primary source of funding is customer deposits. Growth in the Bank's lending activities will therefore depend in part on the availability of customer deposit funding on acceptable terms, for which there may be increased competition, which is dependent on a variety of factors outside the Bank's control. These factors include general macro-economic conditions and market volatility and confidence of retail depositors in the economy. Increases in the cost of customer deposit funding will adversely affect the Bank's net interest margin and a lack of availability of customer deposit funding could have a material adverse effect on the Bank's growth.

While the Bank does not currently rely heavily on wholesale funding (i.e. borrowing from other banks and financial institutions), it may need to access wholesale markets where there is a residual funding requirement over and above funds held from customer deposits. If the wholesale funding markets were to be fully or partially closed, it is likely that wholesale funding would prove more difficult to obtain on commercial terms, which could have an adverse effect on the Bank's growth.

The Capital Requirements Directive IV 2013/36/EU ("**CRD**") and the Capital Requirements Regulation 575/2013 ("**CRR**" and together "**CRD IV**"), as implemented in the UK by the PRA, require the Bank to adhere to Basel III liquidity ratios. These are the liquidity coverage ratio ("**LCR**"), which requires banks to have sufficient high quality liquid assets to withstand a 30-day stress scenario, and the net stable funding ratio ("**NSFR**"), which is a long-term structural ratio designed to address funding mismatches. In November 2016 the EC proposed a number of revisions to CRD IV known as the CRRII/CRDV package, including a number of specificities with respect to the NSFR. The package is expected to be agreed during 2018 and will apply to the Bank two years after the date of their entry in the European Union Official Journal, at which point the NSFR will become a binding metric. Ahead of this, the Bank applies definitions from BCBS guidelines, and its own interpretations of regulatory guidance, to calculate the NSFR.

As at 31 March 2019, the Bank's regulatory ratios are comfortably above the requirements applicable to the LCR and to those which will apply for the NSFR once implemented. Any failure to manage its liquidity position or to meet the LCR and NSFR requirements could have a material adverse effect on the Bank's business, financial condition and prospects.

The Bank may have insufficient capital in the future and may be unable to secure additional financing when it is required.

The prudential regulatory capital requirements applicable to banks have increased significantly over the last decade, largely in response to the financial crisis that commenced in 2008 but also as a result of continuing work undertaken by regulatory bodies in the financial sector subject to certain global and national mandates. These prudential requirements are likely to increase further in the short term, not least in connection with ongoing implementation issues, and it is possible that further regulatory changes may be implemented in this area in any event.

The prudential regulatory capital requirements to which the Bank is subject are primarily set out in CRD IV. In addition, the manner in which CRD IV requirements are implemented may change, including as a result of binding regulatory or implementing technical standards or guidance developed by the European Banking Authority (the "**EBA**") being adopted by the European Commission (the "**EC**"). In November

2016 the EC proposed a number of revisions to CRD IV known as the CRRII/CRDV package. The finalised text was published on 11 June 2019 and the implementation date for the package is 28 June 2021. In December 2017 the European Union issued the final regulation setting out the IFRS 9 transitional arrangements firms may apply to minimise the impact of the IFRS 9 expected credit loss accounting on regulatory capital. The arrangements will be phased in over five years and take effect from 1 April 2018. In addition, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision endorsed the outstanding Basel III post-crisis regulatory reforms in December 2017. The package of reforms endorsed now completes the global reform of the regulatory framework. The revised standards will take effect from 1 January 2022, with some standards subject to five year phase in arrangements.

The Bank continues to be subject to substantial and changing prudential regulations, including requirements to maintain adequate capital resources and to satisfy specified capital ratios.

The Bank may face pressure to increase its capital ratios.

The Bank sets its internal target amount of capital and liquidity based on an assessment of its risk profile, market expectations and regulatory requirements in relation to both capital and liquidity. The Bank may experience a depletion of its capital resources through increased costs or liabilities incurred as a result of the crystallisation of any of the other risks described in this document. If, for example, market expectations as to capital levels increase, driven by, for example, the capital levels or targets among peer banks, or if new regulatory requirements are introduced, the bank may experience pressure to increase its capital ratios.

If the Bank fails to meet its minimum regulatory capital or liquidity requirements, it may be subject to administrative actions or sanctions. In addition, a shortage of capital or liquidity could affect the Bank's ability to pay liabilities as they fall due, pay future dividends and distributions, and could affect the implementation of its business strategy, impacting future growth potential. If, in response to any capital shortage, the Bank raises additional capital through the issuance of share capital or capital instruments, shareholders may experience a dilution of their holdings or reduced profitability and returns. Any inability of the Bank to maintain its regulatory capital or liquidity requirements, or any legislative changes that limit the Bank's ability to manage its capital effectively may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The Bank's borrowing costs and access to the debt capital markets depend significantly on its credit ratings.

Rating agencies, which determine the Bank's own credit ratings and thereby influence the Bank's cost of funds, take into consideration management effectiveness and the success of the Bank's risk management processes. Rating agencies have, in the past, altered their ratings of all or a majority of the participants in a given industry as a result of the risks affecting that industry or have altered the credit ratings of the Bank or instruments issued by the Bank specifically. Changes to the Sovereign rating in the countries in which the Bank primarily operates could also impact the Bank's credit rating.

A reduction in the Bank's long- or short-term credit ratings could increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Any further changes in the credit ratings of the Bank could negatively impact the volume and pricing of the Bank's funding, which could in turn have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank's business performance could be affected if its capital resources and liquidity are not managed effectively.

The Bank's capital and liquidity is critical to its ability to operate its businesses, to grow organically and to take advantage of strategic opportunities. The Bank mitigates capital and liquidity risk by careful management of its balance sheet through, for example, capital and other fund-raising activities, disciplined capital allocation, maintaining surplus liquidity buffers and diversifying its funding sources. The Bank is required by regulators in jurisdictions in which it undertakes regulated activities, to maintain adequate capital and liquidity. The maintenance of adequate capital and liquidity is also necessary for the Bank's financial flexibility in the face of any turbulence and uncertainty in the global economy.

Extreme and unanticipated market circumstances may cause exceptional changes in the Bank's markets, products and other businesses. Any exceptional changes, including, for example, substantial reductions in profits and retained earnings as a result of write-downs or otherwise, delays in the disposal of certain assets or the ability to access sources of liquidity, including customer deposits and wholesale funding, as a result of these circumstances, or otherwise, that limit the Bank's ability effectively to manage its capital resources could have a material adverse impact on profitability and results. If such exceptional changes persist, the Bank may not have sufficient financing available to it on a timely basis or on terms that are favourable to it to develop or enhance its businesses or services, take advantage of business opportunities or respond to competitive pressures while continuing to comply with its capital and liquidity requirements.

The financial services industry in which the Bank operates is intensely competitive.

The financial services industry is intensely competitive and the Bank faces substantial competition in all aspects of its Specialist Banking business. Given that its activities are focused on niche areas within the banking industry, the Specialist Banking business does not have any peers that have a directly comparable business model. However, it faces competition within these areas from large high street banks such as HSBC, Barclays, NatWest, Santander, RBS and Lloyds, as well as providers of private banking for the ultra-high net worth market, including Goldman Sachs, Coutts, JPMorgan, Macquarie, Cater Allen, Credit Suisse and UBS. These banks may have greater resources, broader product offerings and more extensive distribution networks than the Bank. The Bank also faces competition in the UK from new entrants to the market, including from banking businesses developed by large non-financial companies, such as Tesco and Virgin Money, or from new entrants such as Aldermore and MetroBank. Increasing pressure faced by the Bank from these banks, as well as mainstream banks returning to the market, can adversely affected the Bank's margins. If the Bank is unable to manage this competition, its ability to retain its clients and continue to attract deposits may be compromised, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Additional risks relating to the Bank

Certain financial instruments are recorded at fair value under relevant accounting rules. To determine fair value, the Bank uses financial models which require it to make certain assumptions and judgements and estimates which may change over time

Under IFRS, the Bank is required to carry certain financial instruments on its balance sheet at fair value, including, among others, trading assets (which include certain retained interests in loans that have been securitised), available-for-sale securities and derivatives. Generally, in order to establish the fair value of these instruments, the Bank relies on quoted market prices or internal valuation models that utilise observable market data. In certain circumstances and over the last year in particular, however, the ability of the Bank and other financial institutions to establish fair values has been influenced by the lack of readily available observable market prices and data and the fact that the availability or reliability of such information has diminished due to market conditions. Furthermore, in common with other financial institutions, the Bank's processes and procedures governing internal valuation models are complex and require the Bank to make assumptions, judgements and estimates in relation to matters that are inherently uncertain, such as expected cash flows from a particular asset class, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing trends in relation to such matters. To the extent the Bank's assumptions, judgements or estimates change over time in response to market conditions or otherwise, the resulting change in the fair value of the financial instruments reported on the Bank's balance sheet could have a material adverse effect on the Bank's earnings.

Financial instruments are valued differently under relevant applicable accounting rules depending upon how they are classified. For example, assets classified as held-to-maturity are carried at cost (less provisions for permanent impairment) while trading assets are carried at fair value. Similar financial instruments can be classified differently by a financial institution depending upon the purpose for which they are held and different financial institutions may classify the same instrument differently. In addition, financial institutions may use different valuation methodologies which may result in different fair values for the same instruments.

Accordingly, the Bank's carrying value for an instrument may be materially different from another financial institution's valuation of that instrument or class of similar instruments.

Furthermore, a fair value determination does not necessarily reflect the value that can be realised for a financial instrument on a given date. As a result, assets and liabilities carried at fair value may not actually be able to be sold or settled for that value. If such assets are ultimately sold or settled for a lower or greater value, the difference would be reflected in a write-down or gain. The difference between the fair value determined at a particular point in time and the ultimate sale or settlement value can be more pronounced in volatile market conditions or during periods when there is only limited trading of a particular asset class from which to establish fair value. This can result in a significant negative impact on the Bank's financial condition and results of operations due to an obligation arising to revalue assets at a fair value significantly below the value at which the Bank believes it could ultimately be realised.

Operational risk may disrupt the Bank's business or result in regulatory action

Operational losses can result, for example, from fraud, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of systems and controls, including those of the Bank's suppliers or counterparties. Although the Bank has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures, reporting systems and to staff training, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by the Bank. Notwithstanding anything contained in this risk factor, this risk factor should not be taken as implying that the Bank will be unable to comply with its regulatory obligations.

Any operational failure may cause serious reputational or financial harm and could have a material adverse effect on the Bank's results or operations, reputation and financial condition.

The Bank's risk management policies and procedures may leave it exposed to risks which have not been identified by such policies or procedures.

The Bank has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, liquidity, market and other banking risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk. Some of the Bank's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or otherwise accessible by the Bank. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure of the Bank's risk management techniques may have a material adverse effect on its results of operations and financial condition.

The Bank may be vulnerable to the failure of its systems and breaches of its security systems.

The Bank relies on the proper functioning of its information and operating systems which may fail as a result of hardware or software failure or power or telecommunications failure. The occurrence of such a failure may not be adequately covered by its business continuity planning. Any significant degradation, failure or lack of capacity of the Bank's information systems or any other systems in the trading process could therefore cause it to fail to complete transactions on a timely basis, could have an adverse effect on its business, results of operations, financial condition and prospects or could give rise to adverse regulatory and reputational consequences for the Bank's business.

The secure transmission of confidential information is a critical element of the Bank's operations. The Bank's networks and systems may be vulnerable to unauthorised access and other security problems. In particular, as a financial institution, the Bank is subject to a heightened risk that it will be the target of criminal activity, including fraud, theft or cybercrime. For example, the Bank is exposed to potential losses due to breaches of its terms of business by its customers (e.g., through the use of a false identity to open an account) or by customers engaging in fraudulent activities, including the improper use of legitimate customer accounts. There also can be no assurance that the Bank's systems will not be subject to attack by cybercriminals, including through denial of service attacks, which could significantly disrupt the Bank's operations. The Bank cannot be certain that its existing security measures will prevent security breaches, including break-ins, viruses or disruptions. Persons that circumvent the security measures could use the

Bank's or its clients' confidential information wrongfully which could expose it to a risk of loss, adverse regulatory consequences or litigation.

The Bank's future success will depend in part on its ability to respond to changing technologies and demands of the market place. The Bank's failure to upgrade its information and communications systems on a timely or cost-effective basis could damage its relationships with its clients and counterparties and could have a material adverse effect on its business, results of operations, financial conditions and prospects.

Failing infrastructure systems may negatively impact the economy generally and the business and results of operations of the Bank

Events such as electricity supply failures, the shut-down of transport systems due to inclement weather (such as snow, flash floods, cyclones or extreme heat) or postal, transport or other strikes have a negative impact on the ability of most role-players, including the Bank, to do business. The regular occurrence of such events or timing of the occurrence of such events could have an adverse effect on the Bank's operations.

The Bank may be unable to recruit, retain and motivate key personnel

The Bank's performance is largely dependent on the talents and efforts of key personnel, many of whom have been employed by the Bank for a substantial period of time and have developed with the business. In addition, while the Bank is covered by a general director's and officer's insurance policy, it does not maintain any "key man" insurance in respect of any management employees. Competition in the financial services industry for qualified employees is intense. Further, the Bank's ability to implement its strategy depends on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have a negative impact on the Bank's business.

The Bank's continued ability to compete effectively and further develop its businesses depends on its ability to retain, remunerate and motivate its existing employees and to attract new employees and qualified personnel competitively with its peers.

The Bank may be adversely affected if its reputation is harmed

The Bank is subject to the risk of loss due to customer or staff misconduct. The Bank's ability to attract and retain customers and employees and raise appropriate financing or capital may be adversely affected to the extent its reputation is damaged. If it fails to deal with various issues that may give rise to reputational risk, its reputation and in turn its business prospects may be harmed. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, customer management and communication, discrimination issues, money-laundering, privacy, record-keeping, sales and trading practices, and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in its business. Failure to address these issues appropriately could give rise to litigation and regulatory risk to the Bank.

There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in recent years. The Bank's reputation could be damaged by an allegation or finding, even where the associated fine or penalty is not material. Misconduct could include hiding unauthorised activities from the Bank, improper or unauthorised activities on behalf of customers, improper use of confidential information or use of improper marketing materials. The Bank has systems and controls in place to prevent and detect misconduct; however, the risks posed by misconduct may not be entirely eliminated through controls.

The Bank faces risks associated with the implementation of its strategy.

The Bank's ability to implement its strategy successfully is subject to execution risks, including management of its cost base and limitations in its management or operational capacity. These risks may be exacerbated by a number of external factors, including a downturn in the UK, European or global economy, increased competition in the financial services industry and/or significant or unexpected changes in the regulation of the financial services sector in the UK or Europe. If the Bank is unable to implement its business strategy, its business, results of operations, financial condition and prospects could be material adversely affected.

The Bank may be exposed to pension risk.

Pension risk arises from obligations arising from defined benefit pension schemes, where the Bank is required to fund any deficit in the schemes. There is one defined benefit pension scheme within the Bank which is closed to new business. Pension risk arises if the net present value of future cash outflows is greater than the current value of the asset pool set aside to cover those payments. The primary sources of pension risk include:

- A mismatch in the duration of the assets relative to the liabilities of the pension schemes;
- Market-driven asset price volatility; and
- Increased life expectancy of individuals leading to increased liabilities.

As a result of these factors, the Bank faces the risk that the funding position of the schemes will deteriorate to such an extent that it may be required to make additional contributions above what is already planned to cover its pension obligations. Any failure by the Bank to manage its pension deficit could have a material adverse effect on its business, results of operations, financial condition and prospects.

The inability of the Bank to adequately insure against specific risks could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank's business entails the risk of liability related to litigation from customers, shareholders, employees or third-party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from the Bank's employees' or service providers' operational errors or negligence, or misconduct or misrepresentation by its employees, agents and other operational personnel, there can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Bank to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to conduct risk, including the risk that it treats its customers unfairly and delivers inappropriate outcomes and the risk of conducting itself negatively in the market.

The Bank is exposed to conduct risk, including retail conduct risk and wholesale conduct risk. Retail conduct risk is the risk that the Bank treats its customers unfairly and delivers inappropriate outcomes. Wholesale conduct risk is the risk of conducting itself negatively in the market. Certain aspects of the Bank's business may be determined by regulators in various jurisdictions or by courts not to have been conducted in accordance with applicable local or, potentially, overseas laws and regulations, or in a fair and reasonable manner. If the Bank fails to comply with any relevant laws or regulations, it may suffer reputational damage and may become subject to challenges by customers or competitors, or sanctions, fines or other actions imposed by regulatory authorities.

Changes in laws or regulations may also vastly change the requirements applicable to the Bank in a short period of time and/or without transitional arrangements. In particular, in the UK, the FCA released on 10 June 2014 a new policy statement PS14/9: Review of the client assets regime for investment business (the "**Policy Statement**"), which makes changes to the rules in the Client Assets sourcebook ("**CASS**") which came into effect in three stages over the 18 months following the release. The changes to the CASS regime included revisions to client money rules for investment firms and substantial amendments to the custody rules. These changes have resulted in additional costs for the Bank in order to achieve compliance with the new regime. The introduction of the Foreign Account Tax Compliance Act ("**FATCA**") by the US Internal Revenue Service in 2010 has also resulted in additional costs for the Bank. If the Bank is unable to manage any of the foregoing risks, its business, results of operations, financial condition and prospects could be materially adversely affected.

The Bank may fail to detect or prevent money laundering and other financial crime activities.

The Bank is required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-tax evasion, anti-fraud, anti-bribery and corruption, insider dealing and other laws and regulations in the jurisdictions in which it operates, including the UK Bribery Act 2010, the UK Criminal Finances Act 2017, and the extra-jurisdictional reach of international laws such as the US Foreign Corrupt Practices Act. These laws and regulations require the Bank, among other things, to conduct customer due diligence regarding fiscal evasion, anti-money laundering, sanctions and politically exposed persons screening, keep customer and supplier account and transaction information up to date and implement effective financial crime policies and procedures. Where applicable, these laws restrict or prohibit transactions with certain countries and with certain companies and individuals identified on lists maintained by the US government, the EU, various EU Member States and other governments. As such, future changes could impact existing investments or limit future investment strategies.

Financial crime has become the subject of enhanced scrutiny and supervision by regulators globally. Anti-money laundering, anti-bribery and anti-corruption, and insider dealing and economic sanctions laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring businesses to invest in improved systems, sophisticated monitoring and skilled compliance personnel. The FCA and other regulatory authorities may from time to time make enquiries of companies within their respective jurisdictions regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of customers or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive.

Financial crime is continually evolving, and the expectations of regulators are increasing. This requires similarly proactive and adaptable responses from the Bank so that it is able to effectively deter threats and criminality, in particular in certain of the emerging markets jurisdictions where the Bank operates and undertakes investment activities. Even known threats can never be fully eliminated, and there may in the future be instances where the Bank may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Bank relies on its employees, external administrators and certain other third-party service providers to identify and report such activities. There is a risk that they will fail to do so or otherwise fail to comply with or implement the Bank's policies and procedures relating to financial crime.

Where the Bank is unable to comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties, including requiring a complete review of business systems, day-to-day supervision by external consultants and ultimately the revocation of regulatory authorisations and licences. Globally, anti-money laundering and financial crime compliance is expected to remain a key regulatory priority from a supervisory and enforcement perspective.

The Bank cannot guarantee that its current policies and procedures are sufficient to completely prevent situations of fiscal evasion, money laundering, bribery, fraud or corruption, including actions by the Bank's employees, for which the Bank might be held responsible. Any such event may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank faces risks arising from compliance with FATCA.

Under sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended (the "**Revenue Code**") commonly referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), the Bank is subject to the FATCA reporting regime, which may lead to a compliance risk. Some countries (including the UK) have entered into, and other countries are expected to enter into, intergovernmental agreements with the United States to facilitate the reporting of information required under FATCA. Intergovernmental agreements often require financial institutions in those countries to report information on their US account-holders to the taxing authorities of those countries, which will then pass the information on to the US Internal Revenue Service (the "**IRS**"). The Bank is a financial institution for purposes of FATCA and the intergovernmental agreement between the United States and the UK. While the Directors believe the Bank has taken all necessary steps to comply with FATCA and any legislation implementing the intergovernmental agreement between the United States and the UK, if the Bank is deemed not to be FATCA compliant, it could face certain withholding penalties, which may lead to reputational damage, regulatory fines, loss of market share, financial losses and legal risk.

The Bank must comply with complex data protection and privacy laws.

The Bank is subject to regulations and heightened regulatory scrutiny in the jurisdictions in which it operates regarding the use of personal data. As data privacy concerns have increased in recent years, a number of jurisdictions have implemented, or commenced exploration into the introduction of, new regulations on the treatment and protection of client data. The Bank collects and processes personal data (including name, address, age, bank and credit card details and other personal data) from its customers, third party claimants, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Bank in respect of the collection, retention, deletion, use and processing of such personal data. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of policies or overpayment of claims. The Bank seeks to ensure that procedures are in place to comply with the relevant data protection regulations by its employees and any third-party service providers, and also implement security measures to help prevent cyber-theft. Notwithstanding such efforts, the Bank is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. In addition, the Bank may not have the appropriate controls in place today and may be unable to invest on an ongoing basis to ensure such controls are current and keep pace with the growing threat.

In the UK, data protection law has been subject to material change in recent years. The European Commission, European Parliament and the Council of Ministers agreed the GDPR on 15 December 2015, and from 25 May 2018 the GDPR has applied, replacing the UK Data Protection Act 1998 (and the equivalent laws in other EU and EEA Member States). In addition, the DPA18, supplementing the obligations in the GDPR, came into effect on 25 May 2018. The GDPR and DPA18 have increased the regulatory burden on the Bank in processing personal customer, employee and other data in the conduct of its business and may also increase the potential sanctions for breach as the GDPR includes significant financial penalties of up to 4% of the annual worldwide turnover of company groups. The Bank has undertaken a detailed program to develop and implement further data protection policies and procedures designed to comply with the GDPR, which is expected to continue into 2019.

In addition, ePR is expected in 2019. Once in force, this will introduce new rules around, amongst other things, confidentiality of online communications, the use of cookies and direct marketing, again increasing the regulatory burden on the Bank in conducting its business and impacting the way it markets its products and services.

The Bank expects data privacy to remain a focus area for regulators in many of the other jurisdictions where it operates and that new data protection requirements will continue to be introduced in the future.

If the Bank or any of the third-party service providers on which it relies (including non-subsidiary affiliates of the Bank) fails to comply with existing data protection laws or fails to adapt to new or amended data protection laws, including the GDPR, DPA18, ePR (once in force), due to any failure to store or transmit customer information in a secure manner or any loss or wrongful processing of personal data, the Bank could be subject to investigative and enforcement action by relevant regulatory authorities, claims or complaints from the individuals to whom the data relates or could face liability under data protection laws. Any of these events could also result in the Bank suffering reputational damage as well the loss of new or repeat business, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Regulatory authorities or customers may attempt to seek redress against the Bank where it is alleged that products were misrepresented, mis-sold or otherwise failed to meet regulatory requirements or customer expectations.

The Bank is exposed to the risk of regulatory action or claims from customers regarding misleading information. For example, regulators or customers could allege that the terms and conditions of relevant products or solutions, the nature of the products or solutions, or the circumstances under which the products or solutions were recommended, were misrepresented or the products otherwise mid-sold to them.

Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care which they are owed has been breached. For example, regulators or clients could allege that investment decisions for discretionary portfolios do not properly match investments to objectives or

adequately balance risk against performance, leading to inappropriate risk exposure for customers, financial loss or reputational damage.

These issues or disputes arising in relation to private individuals that cannot be resolved privately may be resolved ultimately by an enforcement action involving the relevant regulatory body, including the Financial Ombudsman Service or the FCA , or by litigation. The relevant regulator may intervene directly where larger groups or matters of public policy are concerned. There have been several industry-wide financial product mis-selling issues in the past in which the regulator in the UK has intervened directly, including the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under FSMA to make "super-complaints" to the FCA in relation to issues causing detriment to large numbers of consumers.

The Bank may be exposed, in particular, to risks relating to "vulnerable customers". In the UK, the FCA has defined these customers as persons who, due to their personal circumstances, are especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care. The FCA has noted that vulnerability can affect consumers across all financial products and services. Failure to identify customer vulnerability could lead to poor customer outcomes and detriment, including if a customer is not able to fully understand products or services or if information is not provided in an appropriate format for the customer's needs. If the Bank does not have adequate policies to identify vulnerable customers, or if such policies are not embedded in a way that promotes the fair treatment of all customers, the Bank could fall below regulatory expectations in this area, which could result in regulatory action.

Failure to comply with regulatory requirements could lead to enforcement or other actions being brought against the Bank, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Negligent or fraudulent actions by the Bank's personnel could lead to regulatory claims or reputational damage.

The Bank is exposed to risk from potential non-compliance by its staff with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of financial institutions have suffered material losses due to the actions of "rogue traders" and other employees. Although the Bank takes precautions to prevent and detect misconduct by its employees, such as hiding unauthorised activities, carrying out improper or unauthorised activities on behalf of customers or improper use of confidential information or funds, it is not always possible to deter or prevent employee misconduct, and the precautions the Bank takes to detect and prevent these activities may not always be effective. Given the Bank's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. Failure by the Bank to identify, prevent or manage employee misconduct, or any inadequacy of the Bank's internal processes or systems in detecting or containing such risks, could adversely affect the Bank's reputation and have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank may be subject to regulatory action or financial penalties if it fails to comply with the CASS rules.

The Bank holds and controls client money and safe custody assets, it must comply with the FCA's CASS rules. The CASS requirements help to protect clients' assets and money when a firm is responsible for them and helps to ensure that client assets and money could be returned within a reasonable timeframe in the event of a firm's insolvency. Client money and asset protection remains at the core of the FCA's agenda, and larger firms (such as the Bank) are therefore required to submit monthly Client Money and Asset Returns to the FCA to provide key data in relation to CASS processing. This enables the FCA to oversee firms' CASS processing and to discuss any potential areas of concern. Adherence to CASS requirements relies on a number of complex operational processes and systems, both internal and external, resulting in a high inherent risk of non-compliance. Any CASS breaches are reported to the FCA, including as part of the firms' annual external CASS audit, and the FCA would be immediately notified of any material breaches. If any such breaches were not fully remediated, or the FCA considered that the Bank does not have sufficient regard for the protection of clients' assets and money, the Bank may be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage, and ultimately have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's Wealth & Investment business faces compliance risks and potential liability in relation to MiFID II.

MiFID II forms the legal framework governing the requirements applicable to investment firms, trading venues, data reporting service providers and third-country firms providing investment services or activities in the European Union. The framework, which came into force on 3 January 2018, imposes additional requirements in respect of transparency in trades and product manufacturing and distribution establishes a harmonised EU regime for non-discriminatory access to trading venues, clearing counterparties and benchmarks for trading and clearing purposes. The framework has increased the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain financial products. As a result of this increased oversight, and the continued development of market practice and interpretation of certain requirements, there is a risk that activities under MiFID II could give rise to unforeseen compliance costs for the Bank. Such changes have led to an increase in administrative and compliance costs and a reduction in income. In addition, failure to comply with MiFID II requirements could lead to enforcement action by the FCA, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank faces potential liability in relation to historical involvement in German dividend tax arbitrage transactions

The Bank has been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum ex transactions). Investigations are ongoing and no formal proceedings have yet been issued. The Bank is cooperating with the German authorities and is conducting its own internal investigation into the matters in question. There are factual issues to be resolved which may have legal consequences including financial penalties.

Risks relating to the Bank's fiscal, legal and regulatory compliance

Legal and regulatory risks are substantial in the Bank's businesses

Substantial legal liability or a significant regulatory action against the Bank could have a material adverse effect or cause significant reputational harm to the Bank, which, in turn, could seriously harm the Bank's business prospects and have an adverse effect on its results of operations and financial condition.

Legal liability

The Bank faces significant legal risks, and the volume and amount of damages claimed in litigation against financial intermediaries generally is increasing. These risks include potential liability under securities or other laws for materially false or misleading statements made in connection with the sale of securities and other transactions, potential liability for advice the Bank provides to participants in corporate transactions and disputes over the terms and conditions of complex trading arrangements. The Bank also faces the possibility that counterparties in complex or risky trading transactions will claim that the Bank improperly failed to inform them of the risks or that they were not authorised or permitted to enter into these transactions with the Bank and that their obligations to the Bank are not enforceable.

In those parts of the Bank's business that are focused on the provision of portfolio management and stockbroking services, the Bank is exposed to claims that it has recommended investments that are inconsistent with a client's investment objectives or that it has engaged in unauthorised or excessive trading, including in connection with split capital investment trusts. The Bank is also exposed to claims from dissatisfied customers as part of the increased trend of performance-related litigation, for example, in association with its operations relating to the provision of wealth management advice. The Bank may also be subject to claims arising from disputes with employees for, among other things, alleged discrimination or harassment. These risks may often be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Liability resulting from any of the foregoing or other claims could have a material adverse effect on the Bank's results of operations and financial condition.

These issues require the Bank to deal appropriately with, *inter alia*, potential conflicts of interest; legal and regulatory requirements; ethical issues; anti-money laundering laws or regulations; privacy laws; information security policies; sales and trading practices; and conduct by companies with which it is associated. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Bank, with an increase in the number of litigation claims and the amount of damages asserted

against the Bank, or subject the Bank to regulatory enforcement actions, fines, penalties or reputational damage.

Applicable Bank Resolution Powers

The Bank, is subject to the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulatory Authority and the UK Financial Conduct Authority (each a "**relevant Authority**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. The Banking Act implements the provisions of Directive 2014/59/EU (the 'Bank Recovery and Resolution Directive' or "**BRRD**"). These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include the Securities), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

The powers granted to the relevant Authority under the Banking Act also include (but are not limited to) a "write-down and conversion of capital instruments" power and a "bail-in" power.

The write-down and conversion of capital instruments power may be used where the relevant Authority has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments is required (however the use of the write-down power does not preclude a subsequent use of the bail-in power) or where the conditions to resolution are met. Any write-down effected using this power must reflect the insolvency priority of the written-down claims – thus common equity must be written off in full before subordinated debt is affected. Where the write-down and conversion of capital instruments power is used, the write-down is permanent and investors receive no compensation (save that common equity tier 1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard.

The bail-in power gives the relevant Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Securities) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Securities) into another security, including ordinary shares of the surviving entity, if any and/or to amend or alter the terms of such claims, including the maturity of the Securities or amendment of the amount of interest payable on the Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period. The Banking Act requires the relevant Authority to apply the "bail-in" power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the relevant Authority must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) eligible senior claims. As a result, subordinated Securities which qualify as capital instruments may be fully or partially written down or converted even where other subordinated debt that does not qualify as capital is not affected. This could effectively subordinate such Securities to the Bank's other subordinated indebtedness that is not additional tier 1 or tier 2 capital. The claims of some creditors whose claims would rank equally with those of the Securityholders may be excluded from bail-in. The more of such creditors there are, the greater will be the impact of bail-in on the Securityholders.

Although the exercise of the bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Bank or not directly related to the Bank) which the relevant Authority would consider in deciding whether to exercise such power with respect to the Bank and its securities (including the Securities). Moreover, as the relevant Authority may have considerable discretion in relation to how and when it may exercise such power, holders of the Bank's securities may not be able to refer to publicly available criteria

in order to anticipate a potential exercise of such power and consequently its potential effect on the Bank and its securities.

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers of the relevant Authority under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly-owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the relevant Authority power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinue the listing and admission to trading of debt instruments.

The EC has published a proposal for two Directives amending the BRRD, including amendments to ensure that certain additional instruments could be written down or converted into equity where the resolution group entity (which itself is not a resolution entity) that issues them reaches the point of non-viability, as well as amendments to give the relevant Authority the power to suspend payments including when this is needed for the effective application of one or more resolution tools. The proposed Directives have not yet been adopted so the final text of the Directives may still change.

The exercise by the relevant Authority of any of the above powers under the Banking Act (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Securities losing some or all of their investment. Moreover, trading behaviour in relation to the securities of the Bank (including the Securities), including market prices and volatility, may be affected by the use or any suggestion of the use of these powers and accordingly, in such circumstances, the Securities are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the relevant Authority or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Securities, the market value of an investment in the Securities and/or the Bank's ability to satisfy its obligations under the Securities.

Although the BRRD also makes provisions for public financial support to be provided to an institution in resolution subject to certain conditions, it provides that the financial public support should only be used as a last resort after the relevant Authority has assessed and exploited, to the maximum extent practicable, all the resolution tools, including the bail-in power. Accordingly, it is unlikely that investors in the Securities will benefit from such support even if it were provided.

Financial Services Compensation Scheme

The UK Financial Services Compensation Scheme ("**FSCS**"), the UK's statutory fund of last resort, provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it.

The FSCS raises annual levies from participating members to meet its management expenses and compensation costs. Individual participating members make payments based on their level of participation (in the case of deposits, the proportion that their protected deposits represent of total protected deposits) at 31 December of the year preceding the scheme year.

Following the default of a number of deposit-takers in 2008, the FSCS has borrowed from HM Treasury to fund the compensation costs for customers of those firms. Although the majority of this loan is expected to be repaid from funds the FSCS receives from asset sales, surplus cash flow or other recoveries in relation to the assets of the firms that defaulted, any shortfall will be funded by deposit-taking participants of the FSCS.

The Bank is a participating member of the FSCS and the Bank has accrued £0.6 million for its share of levies that will be raised by the FSCS. The accrual is based on estimates for the interest the FSCS will pay on the loan and estimates of the level of the Bank's market participation in the relevant periods. Interest will continue to accrue to the FSCS on the HM Treasury loan and will form part of future FSCS levies.

At the date of this Registration Document, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of the Bank's market participation or other factors that may affect the amounts or timing of amounts that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

Other regulatory risks

The Bank is subject to extensive regulation by governmental and other regulatory organisations in the jurisdictions in which it operates around the world, including, in particular, the PRA and FCA in the UK.

In addition, the Bank is subject to extensive and increasing legislation, regulation, accounting standards and changing interpretations thereof in the various countries in which it operates. The requirements imposed by the Bank's regulators, including capital adequacy, are designed to ensure the integrity of financial markets and to protect customers and other third parties who deal with the Bank.

In addition, new laws are introduced and existing laws are amended from time to time, including tax, consumer protection, privacy and other legislation, which affect the environment in which the Bank operates. Governmental policies and regulatory changes in the other areas which could affect the Bank, include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Bank operates or may increase the costs of doing business in those markets;
- other general changes in the regulatory requirements, such as prudential rules relating to the capital adequacy and liquidity framework;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- further developments in the corporate governance, conduct of business and employee compensation environments;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political or diplomatic developments or legal uncertainty which, in turn, may affect demand for the Bank's products and services.

Consequently, changes in these governmental policies and regulation may limit the Bank's activities, which could have an adverse effect on the Bank's results.

It is widely expected that as a result of recent interventions by governments in response to global economic conditions, there will be a substantial increase in government regulation and supervision of the financial services industry, including the imposition of higher capital requirements, heightened disclosure standards and restrictions on certain types of transaction structures. If enacted, such new regulations could significantly impact the profitability and results of firms operating within the financial services industry, including the Bank, or could require those affected to enter into business transactions that are not otherwise part of their preferred strategies, prevent the continuation of current lines of operations, restrict the type or volume of transactions which may be entered into or set limits on, or require the modification of, rates or fees that may be charged on certain loan or other products. Such new regulations may also result in increased compliance costs and limitations on the ability of the Bank or others within the financial services industry to pursue business opportunities.

Further changes to the regulatory requirements applicable to the Bank, in particular in the UK, whether resulting from recent events in the credit markets or otherwise, could materially affect its business, the products and services it offers and the value of its assets.

Tax-related risks

The Bank is subject to the substance and interpretation of tax laws in all countries in which it operates. A number of double taxation agreements entered into between countries also affect the taxation of the Bank.

Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to increased tax charges, including financial or operating penalties, for not complying as required with tax laws. Action by governments to increase tax rates or to impose additional taxes would reduce the profitability of the Bank. Revisions to tax legislation or to its interpretation might also affect the Bank's results in the future.

DOCUMENTS INCORPORATED BY REFERENCE

This Registration Document should be read and construed in conjunction with the following documents, which shall be incorporated in, and form part of, this Registration Document:

(i) the annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2018 of the Bank, which has previously been published and filed with the FCA (the "**2018 Annual Report**"); and

(ii) the annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2019 of the Bank, which has previously been published and filed with the FCA (the "**2019 Annual Report** "),

save that any statement contained herein or in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in any supplementary prospectus published after the date of this Registration Document expressly or impliedly modifies or supersedes such earlier statement.

The documents incorporated by reference in this Registration Document have been published and filed with the FCA in the last 12 months and/or announced through the Regulatory News Service.

The documents incorporated by reference in this Registration Document shall not include any documents which are themselves incorporated by reference in such incorporated documents ("**daisy chained**" documents). Such daisy chained documents incorporated by reference in any of the financial statements listed above as being incorporated by reference in this Registration Document shall not form part of this Registration Document.

Copies of the documents incorporated by reference in this Registration Document can be obtained from (i) the registered office of the Bank and from the specified offices of Deutsche Bank AG, London Branch, Computershare Investor Services Plc and Skandinaviska Enskilda Banken AB, which shall include any successors (the "**Paying Agents**"), and (ii) the website of the Regulatory News Service operated by the London Stock Exchange (the "**RNS**") at:

1. https://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/54YA/13699798.html

2. https://www.rns-pdf.londonstockexchange.com/rns/6970E_1-2019-7-5.pdf

Neither the Bank nor any Agent accepts responsibility for the information appearing on any websites mentioned in this Registration Document. For the avoidance of doubt, the information appearing on any websites and pages does not form part of this Registration Document save to the extent expressly incorporated by reference herein.

BUSINESS DESCRIPTION OF THE BANK

*All references in this section of this Registration Document to "**Bank**" and "**Issuer**" refer to Investec Bank plc, all references to "**Group**" refer to Investec Bank plc and its subsidiary undertakings and all references to "**Investec Group**" refer to Investec plc and Investec Limited.*

Introduction

Investec plc and Investec Limited (together, the "**Investec Group**") is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in its principal markets, the UK and Europe, Australia/Asia and South Africa, as well as certain other countries (*for more information, see pages 4-7 of the 2019 Annual Report*).

The Investec Group was founded as a leasing company in Johannesburg, South Africa, in 1974. It acquired a banking licence in 1980 and was listed on the JSE Limited South Africa ("**JSE**") in 1986.

In 1992 the Investec Group made its first international acquisition, in the UK, when it acquired Allied Trust Bank, which has since been renamed Investec Bank plc.

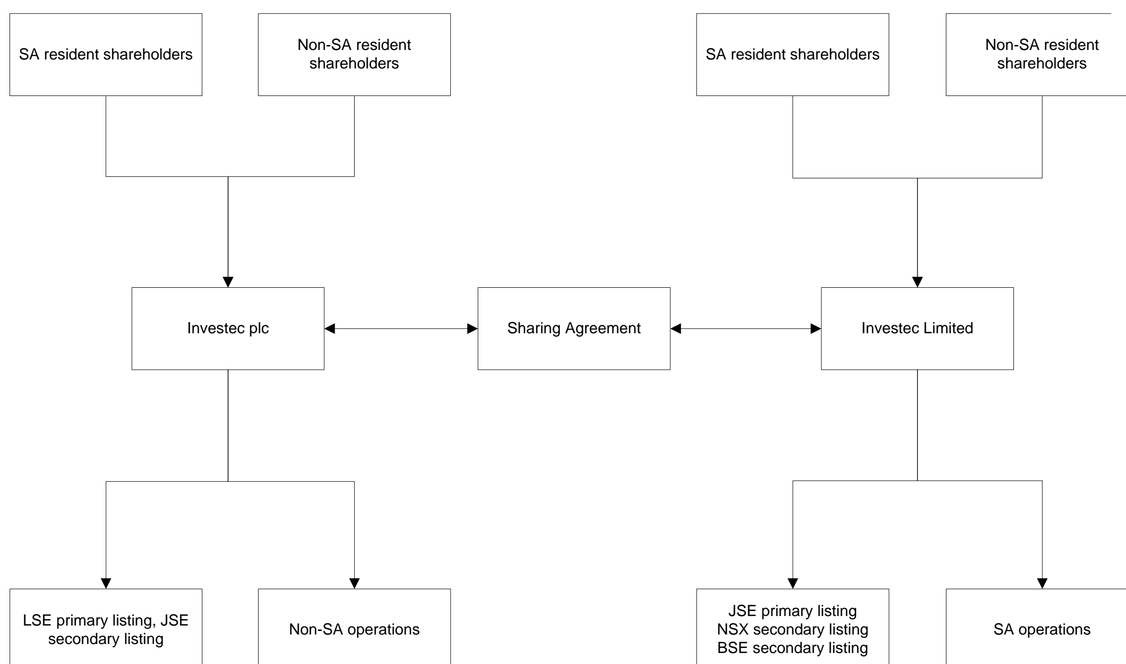
Group Structure

On 22 July 2002, the Investec Group implemented a dual listed companies ("**DLC**") structure pursuant to which the majority of the group's non-Southern African subsidiaries were placed into Investec plc, which was previously a wholly owned subsidiary of Investec Group Limited (now Investec Limited). Investec plc was unbundled from Investec Group Limited and listed on the London Stock Exchange, with a secondary listing on the JSE. As a result of the DLC structure, Investec plc and Investec Limited together formed a single economic enterprise (the Investec Group).

Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies (*for more information, see pages 3-7 of the 2019 Annual Report*).

The Investec Group has since expanded through a combination of organic growth and a series of strategic acquisitions.

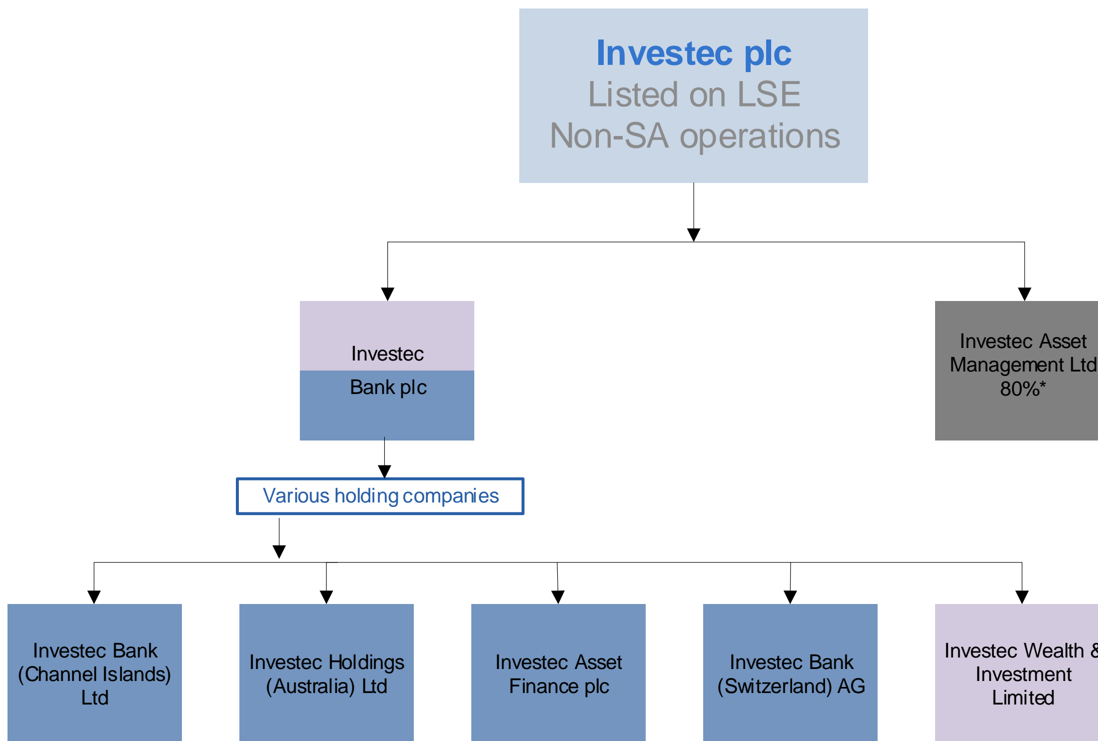
DLC structure



Investec plc is the holding company of the majority of the Investec Group's non-Southern African operations. The ultimate holding and controlling company of the Bank is Investec plc. The Bank is the main

banking subsidiary of Investec plc. The businesses of the Bank include Wealth & Investment and Specialist Banking. The following diagram is a simplified group structure for Investec plc.

Organisational structure as at 31 March 2019



Operating activities key:

Wealth & Investment

Asset Management

Specialist Banking

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

* Senior management in the company hold 20% minus one share.

Investec Bank plc's immediate parent undertaking is Investec 1 Limited. Investec Bank plc's ultimate parent undertaking and holding company is Investec plc.

The Bank is not dependent on Investec plc.

Ratings

Investec Bank plc (IBP)		**Definition**
Moody's Investor Service Limited ("Moodys")		
Baseline credit assessment (BCA) and Adjusted BCA	baa1	Issuers assessed baa are judged to have medium-grade intrinsic, or standalone, financial strength, and thus subject to moderate credit risk and, as such, may possess certain speculative credit elements absent any possibility of extraordinary support from an affiliate or a government.
Long-term rating	A1	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Investec Bank plc (IBP)		Definition
Short-term rating	Prime-1	Issuers (or supporting institutions) rated Prime-1 are judged to have a superior ability to repay short-term debt obligations.
Fitch Ratings Limited ("Fitch")		
Viability rating	bbb+	Viability Ratings measure the intrinsic creditworthiness of a financial institution, and reflect Fitch's opinion on the likelihood that the entity will fail. 'bbb' ratings denote good prospects for ongoing viability. The issuer's fundamentals are adequate, such that there is a low risk that it would have to rely on extraordinary support to avoid default. However, adverse business or economic conditions are more likely to impair this capacity.
Support rating	5	Fitch's view of the likelihood of external support being made available in case of need. A rating of 5 implies Fitch's view that there is a possibility of external support, but it cannot be relied upon.
Long-term rating	BBB+	Fitch considers that expectations of default risk are currently low. The issuer's capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
Short-term rating	F2	A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity. F2 indicates good intrinsic capacity for timely payment of financial commitments.
Global Credit Rating		
Long-term rating	BBB+	A long term debt rating of 'BBB' means Global Credit Rating is of the opinion that the issuer has adequate protection factors and is considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
Short-term rating	A2	A short term debt rating rates an organisation's general unsecured creditworthiness over the short term (i.e. over a 12 month period). A2 indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
Investec plc (holding company)		
Moody's Investor Service Limited ("Moody's")		
Long-term rating	Baa1	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Investec Bank plc (IBP)		Definition
Short-term rating	Prime-2	Issuers (or supporting institutions) rated Prime-2 are judged to have a strong ability to repay short-term obligations.

Each of Fitch and Moody's is a credit rating agency established and operating in the European Community and registered in accordance with Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Global Credit Rating is not established in the European Economic Area and is not certified under the CRA Regulation.

Activities of the Bank

The businesses of the Bank include Wealth & Investment and Specialist Banking.

Wealth & Investment

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes.

The UK operation is conducted through Investec Wealth & Investment Limited. The other Wealth & Investment operations are conducted through Investec Bank Switzerland, Investec Wealth & Investment Ireland, Investec Wealth & Investment Channel Islands and in Hong Kong, through Investec Capital Asia Limited.

Over 1400 staff operate from offices located throughout the above jurisdictions, with combined funds under management of £39.1 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services (*for more information, see page 5 of the 2019 Annual Report*).

The services provided by Investec Wealth & Investment include:

- Investments and savings
  - Discretionary and advisory portfolio management services for private clients
  - Specialist investment management services for charities, pension schemes and trusts
  - Independent financial planning advice for private clients
  - Specialist portfolio management services for international clients.
- Pensions and retirement
  - Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
  - Advice and guidance on pension schemes.

Financial planning

  - Retirement planning
  - Succession planning
  - Bespoke advice and independent financial reviews.

Specialist Banking

The Bank operates as a specialist bank, focusing on three key areas of activity: Private Banking, Corporate and Investment Banking, and Investment activities. Each business provides specialised products and services to defined target market clients.

Focus on helping our clients create and preserve wealth	A highly valued partner and adviser to our clients	
High net worth and high-income private clients	Corporate, private equity, government and institutional clients	
Private Banking	*Corporate and Investment Banking*	*Investment activities*
– Lending – Transactional banking – Savings – Foreign exchange	– Lending – Treasury and trading solutions – Advisory – Institutional research, sales and trading	– Principal investments – Property investment and fund management
UK and Europe	UK and Europe Australia Hong Kong India USA	UK and Europe Australia Hong Kong

Private Banking Activities

Private client offering providing high-tech and high-touch transactional banking, lending, savings and foreign exchange tailored to suit the clients' needs.

The Bank's target market includes high net worth and high-income active wealth creators (with > £300k annual income and £3 million NAV). The Bank's savings offering targets primarily UK retail savers *(for more information, see page 4 of the 2019 Annual Report)*.

Corporate and Investment Banking Activities

The Bank's Corporate and Investment Banking business is a client-centric solution-driven offering providing Corporate Banking and Investment Banking services to small to medium enterprises (SMEs), medium to large corporates, institutions and private equity sponsors. In addition the Bank provides niche, specialist solutions in aviation, fund finance, power and infrastructure finance and resource finance (*for more information, see page 4 of the 2019 Annual Report*).

Investment Activities

The Bank's investment activities are focused on providing capital to entrepreneurs and management teams to further their growth ambitions as well as leveraging third party capital into funds that are relevant to the Bank's client base. (*for more information, see page 4 of the 2019 Annual Report*).

Trend information

The Bank, in its audited consolidated financial statements for the year ended 31 March 2019, reported operating profit before goodwill and acquired intangibles and after non-controlling interests of £207.5 million (2018: £136.3 million). In the Specialist Banking business, a strong increase in net interest income was supported by loan book growth of 8.5% driven by corporate client lending and Private Bank mortgage origination. This was partially offset by a decrease in non-interest revenue with a weaker performance from the investment portfolio and subdued levels of client trading. Impairments decreased with no repeat of substantial legacy portfolio losses. The Wealth & Investment business generated positive discretionary net inflows. Year-on-year reported earnings were impacted by a £10.0 million non-recurring investment gain realised in the prior year and the current year write-off of capitalised software in the Click & Invest business of circa £6 million following the decision to discontinue the service. Operating costs increased due to

headcount growth to support business activity, regulatory requirements and IT development. With the investment phase in the Private Bank largely complete, management is committed to an increased focus on cost discipline.

The balance sheet remains strong, supported by sound capital and liquidity ratios. At 31 March 2019, the Bank had £6.8 billion of cash and near cash to support its activities, representing 50.3% of its customer deposits. Cash balances increased largely driven by prefunding ahead of the restructure of the Irish branch. As a result of Brexit, deposit raising in our Irish business will no longer be undertaken and existing deposits are being unwound. Customer deposits have increased by 12.8% since 31 March 2018 to £13.5 billion at 31 March 2019. The Bank's loan to deposit ratio was 77.7% as at 31 March 2019 (31 March 2018: 80.7%). At 31 March 2019, the Bank's total capital ratio was 17.0%, common equity tier 1 (CET1) ratio was 11.2% and its leverage ratio was 7.9%. These disclosures incorporate the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation and European Banking Authority technical standards. Excluding this deduction, the CET1 ratio would be 0.13% higher. The credit loss ratio (expected credit loss impairment charges (ECL) on gross core loans and advances as a percentage of average gross core loans and advances subject to ECL) was 0.38% (2018: 1.14% under the IAS 39 incurred impairment loss model). The Bank's gearing ratio remains low with total assets to equity at 10.2 times at 31 March 2019. *(For more information, see pages 9-13 of the 2019 Annual Report).*

Regulation and Risk Management

Regulation

The FSA (now the PRA and the FCA) and the South African Prudential Authority (previously known as the Bank Supervision Division of the South African Reserve Bank ("**SARB**")) entered into a Memorandum of Understanding in 2002 which sets out the basis upon which the Investec Group as a whole will be regulated and how these two main regulators will co-operate. The South African Prudential Authority undertakes consolidated supervision of Investec Limited and its subsidiaries as well as acting as lead regulator of the Investec Group as a whole. The FCA and PRA undertake consolidated supervision of Investec plc and its subsidiaries.

Accordingly, the Bank is authorised by the PRA and regulated by the FCA and the PRA. The Bank is therefore subject to PRA limits and capital adequacy requirements. In addition the Bank, through its operating subsidiaries, operates in a variety of other extensively regulated jurisdictions including Australia and Ireland, where it has obtained all necessary regulatory authorisations. Subsidiaries of the Bank may be subject to additional regulations as implemented by local regulators in their respective jurisdictions. Where capital is a relevant consideration, management within each regulated entity pays close attention to prevailing local regulatory rules as determined by their respective regulators.

Risk Management

The Investec Group recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, its comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with each of the businesses.

Risk awareness, control and compliance

Group Risk Management monitors, manages and reports on risks to ensure that they are within the stated risk appetite mandated by the board of directors through the board risk and capital committee.

The group monitors and controls risk exposure through independent Credit, Market, Liquidity, Operational, Legal Risk Internal Audit and Compliance teams. This approach is core to assuming a tolerable risk and reward profile, helping to pursue controlled growth across the business.

Group Risk Management operates within an integrated geographical and divisional structure, in line with management approach, ensuring that the appropriate processes are used to address all risks across the group. There are specialist divisions in the UK and smaller risk divisions in other regions, tasked with promoting sound risk management practices.

Risk Management units are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within defined risk parameters and objectives, continually seeking new ways to enhance techniques.

In the ordinary course of business, the business is exposed to various risks, including credit, market, interest rate and liquidity, operational, legal and reputational risks.

Loan administration and loan loss provisioning

The Bank's loan administration and loan loss provisioning process addresses the risk that counterparties will be unable or unwilling to meet their obligations to the Bank as they fall due or that the credit quality of third parties to whom the Bank is exposed deteriorates. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, whether reflected on or off balance sheet. The Bank's risk management policies cover geographical, product, market and individual counterparty concentrations. All exposures are reviewed frequently against approved limits, independently of each business unit. Excesses are reported/escalated to Credit, Management, Executive Risk Review Forum and Board Risk and Capital Committee as required (amongst other things).

A tiered system of credit committees has been created in order to attempt to procure that credit exposures are authorised at an appropriate level of seniority. The main UK Group Credit Committee includes executive directors and senior management independent of the line management function. All credit committees are required to reach a unanimous consensus before authorising a credit exposure and each approval is signed by a valid quorum.

Credit limits on all lending, including treasury and interbank lines, are reviewed at least annually. The arrears policy is strictly controlled and regular reviews are held to evaluate the necessity and adequacy of specific provisions and whether the suspension of interest charged to the customer is required. Arrears Committees regularly review delinquent facilities. They ensure that an agreed strategy for remedial action is implemented and that specific provisions are made where necessary.

The Bank has a focused business strategy and has considerable expertise in its chosen sectors. The majority of the Bank's lending, excluding interbank placements, are predominantly to UK and European clients and is secured on assets and is amortising. On a geographical basis, approximately 84% of the Bank's core loan exposure is to the UK domestic market and Europe. Risk limits permit only modest exposure to South Africa and minimal exposure to other emerging markets (*for more information, see page 48 of the 2019 Annual Report and the section 'Risk Management' generally*).

Dividend policy of Investec Group and the Bank

The Investec Group's dividend policy is to maintain a dividend cover of between 1.7 and 3.5 times based on earnings per share of the combined Investec Group (incorporating the results of Investec plc and Investec Limited) before goodwill and non-operating items.

In determining the level of dividend to be paid in respect of any financial period, the management of the Bank has regard to, among other factors, its capital position and requirements, the profits generated in respect of such period in relation to the general profits trend of the Bank, its strategy and certain regulatory and tax considerations. The Bank would not expect to recommend dividends such that it would distribute in excess of 80% of its consolidated profit before goodwill and non-operating items but after tax for the relevant period.

The holders of shares in Investec plc and Investec Limited will share proportionately on a per share basis all dividends declared by the Investec Group. Where possible, each of Investec plc and Investec Limited will pay such dividends to their respective shareholders. However, the DLC structure makes provision through dividend access trusts for either company to pay a dividend directly to the shareholders of the other. As of 31 March 2019, Investec plc had issued 68% of the combined issued ordinary share capital of Investec plc and Investec Limited.

Investec plc will, in turn, require sufficient dividends from the Bank and its other subsidiaries to establish sufficient distributable funds to pay its share of the DLC dividend.

Directors

The names of the directors of the Bank, the business address of each of whom, in their capacity as directors of the Bank, is 30 Gresham Street, London EC2V 7QP, and their respective principal outside activities are as follows:

Name	*Role*	*Principal outside activities*
Brian Stevenson	Non-executive chairman	None
David van der Walt	Chief Executive Officer	Joint Global Head of the Specialist Bank
Ian Wohlman	Executive director	Head of Conduct and Governance – UK and Europe
Kevin McKenna	Executive director	Chief Operating Officer of the Bank
Haruko Fukuda	Non-executive director	None
David Friedland	Non-executive director	Director of Investec plc and Investec Limited
James Kieran (Ciaran) Colum Whelan	Executive director	Joint Global Head of the Specialist Bank
Ruth Leas	Executive director	Chief Risk Officer – UK and Europe
Sheikh Mansurah (Moni) Talat Mannings	Senior Independent Director	None
Zarina Bibi Mahomed Bassa	Independent Non-executive director	Non-executive director of Investec plc and Investec Limited
Fani Titi	Non-executive director	Non-executive director of Investec plc and Investec Limited
Lesley Susan Watkins	Non-executive director	None
Paul Kenneth Seward	Non-executive director	None

No potential conflicts of interest exist between the duties that the directors of the Bank owe to the Bank and their private interests or other duties.

Additional Information

The Bank was incorporated as a private limited company with limited liability on 20 December 1950 under the Companies Act 1948 and registered in England and Wales under registered number 00489604 with the name Edward Bates & Sons Limited. It changed its name on 24 October 1977 to Allied Arab Bank Limited. On 1 September 1989, it changed its name to Allied Trust Bank Limited, and again changed its name to Investec Bank (UK) Limited on 6 January 1997. On 23 January 2009, it re-registered under the Companies Act 1985 as a public limited company and is now incorporated under the name Investec Bank plc.

The objects of the Bank are set out in paragraph 4 of its Memorandum of Association and, in summary, are to carry on the activities of a banking institution. The Memorandum and Articles of Association of the Bank have been filed with the Registrar of Companies in England and Wales and are available for inspection as provided in "General Information" below.

As at the date hereof, the Bank's authorised share capital is £2,000,000,000 divided into 2,000,000,000 ordinary shares of £1 each, of which 1,218,050,000 ordinary shares have been issued and are fully paid up. The registered office and principal establishment of the Bank is 30 Gresham Street, London EC2V 7QP, tel: +44 20 7597 4000.

GENERAL INFORMATION

*All references in this section of this Registration Document to "**Bank**" and "**Issuer**" refer to Investec Bank plc, all references to "**Group**" refer to Investec Bank plc and its subsidiary undertakings and all references to "**Investec Group**" refer to Investec Bank plc and Investec Limited.*

1. Investec Bank plc (the "**Bank**") prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**").

2. There has been no significant change in the financial or trading position of the Bank and its subsidiary undertakings since 31 March 2019, being the end of the most recent financial period for which it has published financial statements.

3. There has been no material adverse change in the prospects of the Bank since the financial year ended 31 March 2019, the most recent financial year for which it has published audited financial statements.

4. There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) during the 12 month period before the date of this Registration Document which may have, or have had in the recent past, significant effects on the Bank and/or the group's financial position or profitability.

5. The audited consolidated financial statements of the Bank for the financial years ended 31 March 2019 and 31 March 2018 have been audited without qualification by Ernst & Young LLP, chartered accountants, registered auditors and independent auditors whose address is 25 Churchill Place, Canary Wharf, London E14 5EY.

6. For so long as the Bank may issue securities with respect to which this Registration Document forms part of a prospectus prepared by the Bank relating to such securities (a "**Prospectus**"), the following documents may be inspected during normal business hours at the registered office of the Bank:

   (i) the Memorandum and Articles of Association of the Bank; and

   (ii) the Annual Report and Accounts of the Bank and its subsidiary undertakings for the years ended 31 March 2019 and 31 March 2018, together with all other audited annual reports and accounts of the Bank and its subsidiary undertakings subsequent to 31 March 2019.

7. The Bank will, at its registered office, and at the specified offices of each of Deutsche Bank AG, London Branch, Computershare Investor Services Plc and Skandinaviska Enskilda Banken AB, which shall include any successors (the "**Paying Agents**") make available for inspection during normal office hours, free of charge, a copy of this Registration Document, including any document incorporated by reference herein, and any Prospectus (as defined above). Written requests for inspection of such documents should be directed to the specified office of the relevant Paying Agent.

REGISTERED OFFICE OF THE BANK

Investec Bank plc
30 Gresham Street
London EC2V 7QP