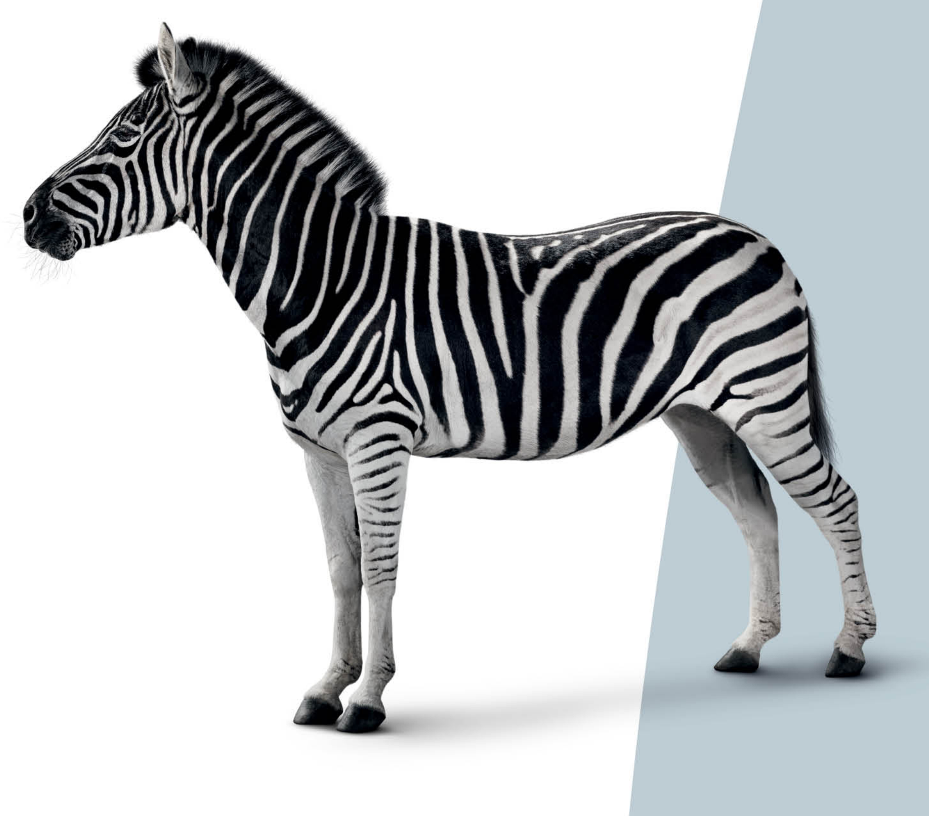
Investec

OUT OF THE ORDINARY

365 days of possibilities



Investec plc Group

Pillar 3 interim disclosure report – 30 September 2022

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TABLES

ABBREVIATIONS

In the sections that follow, the following abbreviations are used:

AT1	Additional Tier 1
CCB	Capital conservation buffer
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRM	Credit risk mitigation
CRR	Capital Requirements Regulation
CVA	Credit valuation adjustment
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
ECL	Expected credit loss
EU	European Union
EVE	Economic value of equity
FHC	Financial Holding Company
FPC	Financial Policy Committee
Group	Investec plc and its subsidiaries
HQLA	High Quality Liquid Assets
IFRS	International Financial Reporting Standards
IRRBB	Interest Rate Risk in the Banking Book
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LSE	London Stock Exchange
NII	Net interest income
NSFR	Net Stable Funding Ratio
OTC	Over-the-counter
PFE	Potential future exposure
PRA	Prudential Regulation Authority
QCCP	Qualifying Central Counterparty
RWAs	Risk weighted assets
SA	Standardised Approach
SA-CCR	Standardised Approach for measuring Counterparty Credit risk
SEC-ERBA	Securitisation External Ratings-based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities financing transaction
SME	Small and medium-sized enterprise
SPEs	Special purpose entities
SREP	Supervisory Review and Evaluation Process
TC	Total capital
T1	Tier 1
T2	Tier 2
UK	United Kingdom

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Introduction

INTRODUCTION

Investec is a distinctive bank and wealth manager, driven by commitment to our core philosophies and values. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all our stakeholders and contributing meaningfully to our people, communities and planet.

The Investec distinction is embodied in our entrepreneurial culture, balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively.

Our unique positioning is reflected in our iconic brand, our high-tech and high-touch approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values innovative thinking and stimulates extraordinary performance. We take pride in our depth of leadership and we employ passionate, talented people who are empowered and committed to our mission and values.

During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in South Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002). Investec plc is a FTSE 250 company.

Investec plc and Investec Limited are separate legal entities, but are bound together by contractual agreements and mechanisms. Investec operates as if a single unified economic enterprise where shareholders have common economic and voting interests. Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.

Regulation and supervision

Investec plc is an approved United Kingdom (UK) Financial Holding Company (FHC). In line with Capital Requirements Directive (CRD) V requirements and Capital Requirements Regulation (CRR) II amendments requiring FHC and Mixed FHC of Prudential Regulation Authority (PRA)-regulated subsidiaries to become approved holding companies, Investec plc applied in June 2021 for approval in accordance with Part 12B of the Financial Services and Markets Act 2000. The approval was granted with effect from 14 October 2021. Investec plc is now responsible for ensuring compliance with consolidated prudential requirements on a consolidated basis.
Investec Bank plc, the main banking subsidiary of the Investec plc Group, continues to be authorised by the PRA and regulated by the Financial Conduct Authority and the PRA.

Investec plc calculates capital resources and requirements using the Basel 3 framework, as implemented in the European Union (EU) through the CRD IV, as amended by CRR II and CRD V. Following the end of the Brexit transitional period, the EU rules (including binding technical standards) have been onshored and now form part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018.

Subsidiaries of Investec plc may be subject to additional regulations, as implemented in other relevant jurisdictions.

The Basel 3 framework is structured around three 'pillars' namely Pillar 1 minimum capital requirements, Pillar 2 supervisory review process and Pillar 3 market discipline. Pillar 3 aims to complement the other two pillars by developing a set of disclosure requirements that will allow market participants to gauge the capital adequacy of a firm.

Policy

The Pillar 3 disclosures in this document are prepared in accordance with the Disclosure (CRR) part of the PRA rulebook, which took effect 1 January 2022, at the Investec plc consolidated Group level, which includes Investec plc and its subsidiaries (the Group) as at 30 September 2022, with comparative figures for 31 March 2022 provided, where relevant.

Investec plc has triggered the 'large institution' definition, with total assets for the consolidated Group exceeding the €30 billion threshold over two consecutive reporting quarters. Therefore, effective 30 September 2022, the Group will be subject to quarterly Pillar 3 reporting.

The Pillar 3 disclosures are published in a standalone disclosure report and are available to view on the Investec website at www.investec.com. The Pillar 3 disclosures of the Group are governed by the Investec plc Pillar 3 disclosure policy, which is approved by the DLC Board Risk and Capital Committee (DLC BRCC), a delegated sub-committee of the Investec plc Board. The Board delegates responsibility for review and approval of these disclosures to DLC BRCC.

Significant subsidiary disclosures will continue to be published annually. The sub-set of Pillar 3 disclosures for Investec Bank plc as at 31 March 2022 are included in Appendix A of the Investec plc Group and Investec Bank plc Pillar 3 disclosure report 2022. The disclosure report can be found on the Investec Group's website.

Philosophy and approach to capital and liquidity

The Group has maintained a conservative approach to capital and liquidity for many years, long before many of the regulations came into effect. The Group holds capital in excess of regulatory requirements and intends to perpetuate this philosophy to ensure it remains well capitalised. At 30 September 2022, the Common Equity Tier 1 (CET1) ratio of the Group was 10.8%. As Investec plc is on the Standardised Approach (SA), our risk weighted assets (RWAs) represent a large portion of our total assets. As a result, we inherently hold more capital than firms who apply the Advanced Internal Ratings-Based Approach.

The Group has never required shareholder or government support throughout the COVID-19 pandemic and retains one of the highest leverage ratios amongst its peers, whilst meeting the Basel 3 liquidity requirements for some time. The leverage ratio – calculated as regulatory capital over regulatory balance sheet assets for the Group – was 8.0% at 30 September 2022.

Cohesive liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management we seek to preserve stable, reliable and cost-effective sources of funding. As such, the Group considers ongoing access to appropriate liquidity for all its operations to be of paramount importance, and our core liquidity philosophy is reflected in day-to-day practices.

We carry a high level of liquidity in all our banking subsidiaries in order to be able to subsist with unforeseen circumstances, targeting a minimum cash to customer deposit ratio of 25%.

Total cash and near cash balances for the Group amounted to £8.4 billion at 30 September 2022, representing 44.5% of customer deposits.

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At 30 September 2022, the Group's point in time Liquidity Coverage Ratio (LCR) was 366% and the Net Stable Funding Ratio (NSFR) was 136%, well above the minimum regulatory minimum of 100%. The LCR ratio disclosed in the table below reflects the 12-month average ratio.

Table 1: Key metrics (UK KM1)

Ref^	£'million	30 September 2022	31 March 2022
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	1 956	1 931
	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 909	1 854
2	Tier 1 capital	2 206	2 181
	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 159	2 104
3	Total capital	2 837	2 809
	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 778	2 723
	Risk weighted exposure amounts		
4	Total risk weighted assets	18 025	16 980
	Total risk weighted exposure amount as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17 978	16 903
	Capital ratios		
5	Common Equity Tier 1 ratio (%)	10.8%	11.4%
	Common Equity Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.6%	11.0%
6	Tier 1 ratio (%)	12.2%	12.8%
	Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.0%	12.4%
7	Total capital ratio (%)	15.7%	16.5%
	Total capital ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.5%	16.1%
	Additional own funds requirements based on SREP (as a percentage of risk weighted exposure amounts)		
UK 7a	Additional CET1 SREP requirement (%)	0.3%	0.4%
UK 7b	Additional AT1 SREP requirement (%)	0.1%	0.1%
UK 7c	Additional T2 SREP requirements (%)	0.1%	0.2%
UK 7d	Total SREP own funds requirements (%)	8.5%	8.8%
	Combined buffer requirement (as a percentage of risk weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution-specific countercyclical capital buffer (%)	0.03%	0.03%
11	Combined buffer requirement (%)	2.53%	2.53%
UK 11a	Overall capital requirements (%)	11.1%	11.3%
12	CET1 available after meeting the total SREP own funds requirements (%)*	2.3%	2.6%
	Leverage ratio^^		
13	Leverage ratio total exposure measure	27 692	24 181
14	Leverage ratio	8.0%	9.0%
	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7.8%	8.7%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	6 253	5 022
UK 16a	Cash outflows - Total weighted value	3 692	3 766
UK 16b	Cash inflows - Total weighted value	1 998	2 262
16	Total net cash outflows (adjusted value)	1 694	1 504
17	Liquidity coverage ratio (%)**	375%	336%

^ The references identify the lines prescribed in the PRA template. Lines represented in this table are those lines which are applicable and have a value assigned to it. All other lines have been suppressed.
^^ The leverage ratios are calculated on an end-quarter basis.
* Line 12 CET1 available after meeting the total SREP own funds requirements (%) is equal to CET1 ratio (line 5) minus total SREP own funds requirements (line UK 7d).
** The LCR ratio disclosed in this table is the 12-month average ratio.

Minimum capital requirements

Investec plc's minimum CET1 requirement at 30 September 2022 is 7.3% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% Capital Conservation Buffer (CCB), a 0.31% Pillar 2A requirement and a 0.03% Countercyclical Capital Bufer (CCyB). The Group's institution-specific CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set.

In May 2022, the PRA issued Investec plc with a revised Pillar 2A requirement of 0.55%, of which 0.31% is to be met with CET1 capital. The Pillar 2A requirement is no longer set as a nominal capital amount, but instead is set as a percentage of RWAs.

Regulatory environment

Regulatory developments

At the December 2021 Financial Policy Committee (FPC) meeting, the Committee indicated that vulnerabilities that can amplify economic shocks are at a standard level, as was the case just before the COVID-19 pandemic, and therefore it would be appropriate for the UK CCyB rate to return to the region of 2%. The FPC is therefore increasing the UK CCyB rate from 0% to 1% effective 13 December 2022, in line with the usual 12-month implementation period.

On 5 July 2022, the FPC announced it is further increasing the UK CCyB rate from 1% to 2%, with effect from 5 July 2023. The FPC noted that, given the considerable uncertainty around the global and UK economic outlook, the Committee will continue to monitor the situation closely. It stands ready to vary the UK CCyB rate in either direction, in line with the evolution of economic conditions, underlying vulnerabilities, and the overall risk environment. On 30 September 2022, the FPC has reaffirmed this increase.

On 25 May 2022, the Financial Services Regulatory Initiatives Forum published an updated regulatory initiatives grid. The grid aims to provide firms with a roadmap of upcoming regulatory changes. The grid confirmed that the PRA will consult on the UK implementation of Basel 3.1 in Q4 2022, with a planned implementation date of 1 January 2025, aligning with the implementation timelines of other major jurisdictions, including the EU.

Current regulatory framework

In the UK, banks are required to meet minimum capital requirements as prescribed by CRD IV for Pillar 1, namely a CET1 capital requirement of 4.5% of RWAs, a Tier 1 capital requirement of 6% of RWAs and a Total Capital (TC) requirement of 8% of RWAs. In addition, banks are required to meet their Pillar 2A TC requirement, as determined by the SREP, with at least 56.25% CET1 capital.

The PRA buffer, which is also determined as part of the SREP, must be supported with CET1 capital.

UK firms are required to meet a combined buffer requirement, which is in addition to the Pillar 1 and Pillar 2A capital requirements. The combined buffer includes the CCB and the CCyB and must be met with CET1 capital. The buffer for global systemically important institutions and the systemic risk buffer do not apply to Investec plc and will not be included in the combined buffer requirement.

As at 30 September 2022, Investec plc holds a CCB of 2.5% and an institution-specific CCyB of 0.03% of RWAs. The Group's institution-specific CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set.

The Group continues to hold capital in excess of all regulatory capital and buffer requirements.

Investec plc applies the SA to calculate credit risk, counterparty credit risk (CCR), securitisation risk, operational risk and market risk capital requirements. Effective 1 January 2022, Investec plc has implemented the outstanding CRR II changes to be implemented in the UK, most notably the new Standardised Approach for measuring Counterparty Credit Risk (SA-CCR) and changes to the large exposure regime.

In October 2021, the FPC and the PRA confirmed the new UK leverage ratio framework will apply from 1 January 2022 and the existing leverage ratio parts of the UK CRR would be revoked. Investec plc is not subject to the minimum leverage ratio requirement of 3.25%, but is subject to a "supervisory expectation" to manage excessive leverage by ensuring the leverage ratio does not fall below 3.25%. For simplicity, the same leverage ratio exposure measure and capital measure will now apply to all UK banks (including the exemption of central bank reserves) and will reflect updated international standards. These changes are reflected in our disclosures.

Subsidiaries of Investec plc may be subject to additional regulations as implemented by local regulators in other relevant 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. For capital management purposes, it is the prevailing rules applied to the consolidated Investec plc Group that are monitored closely. With the support of the Group's prudential advisory and reporting team, local management of each regulated entity ensures that capital remains prudently above minimum regulatory requirements at all times.

Basis of consolidation

The regulatory basis of consolidation differs from the basis of consolidation used for financial reporting purposes. The financial accounting position of the Group is reported under International Financial Reporting Standards (IFRS) and is described on page 104 of the Investec plc 2022 annual report.

The regulatory consolidation includes all financial sector subsidiaries, the majority of which are wholly-owned by the relevant parent company. Investments in financial sector associates are equity accounted in the financial accounting consolidation. In the regulatory consolidation, exposures to financial sector associates are proportionally consolidated. Subsidiaries and associates engaged in non-financial activities are excluded from the regulatory consolidation. In addition, special purpose entities (SPEs) are not consolidated for regulatory purposes where significant credit risk has been transferred to third parties. The positions the firm continues to hold in these securitisation SPEs will either be risk weighted or deducted from CET1 capital.

Table 2 reconciles the Group's financial accounting balance sheet to the regulatory scope balance sheet. The alphabetic references included in the reconciliation provide a mapping of the balance sheet items to elements included in the composition of regulatory own funds (UK CC1) table 3, set out on page 10.

Regulatory capital requirements are driven by the regulatory balance sheet and not the financial accounting balance sheet.

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Table 2: Reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation (UK CC2)

£'million	Ref^	Accounting balance sheet	Regulatory balance sheet	Accounting balance sheet	Regulatory balance sheet
		30 September 2022		31 March 2022	
Cash and balances at central banks		4 491	4 491	5 380	5 380
Loans and advances to banks		1 503	1 523	1 468	1 495
Reverse repurchase agreements and cash collateral on securities borrowed		2 041	2 041	1 448	1 448
Sovereign debt securities		1 376	1 376	1 166	1 166
Bank debt securities		110	110	62	62
Other debt securities		590	590	428	427
Derivative financial instruments		1 126	1 077	693	662
Securities arising from trading activities		136	136	163	163
Investment portfolio		536	536	694	701
Loans and advances to customers		15 352	15 351	14 426	14 424
Other loans and advances		187	208	123	160
Other securitised assets		86	86	93	93
Interests in associated undertakings		64	—	67	—
Deferred taxation assets	a	106	109	110	113
– relates to losses carried forward	a	8	8	8	8
Current taxation assets		36	37	33	34
Other assets		962	721	1 139	913
Property and equipment		127	128	155	135
Goodwill	b	249	264	250	265
Software	b	10	10	7	7
Other acquired intangible assets	b	36	36	41	41
Investment in subsidiary companies		—	10	—	26
Total assets		**29 124**	**28 840**	**27 946**	**27 715**
Deposits by banks		2 426	2 426	2 027	2 027
Derivative financial instruments		1 385	1 343	863	833
Other trading liabilities		42	42	43	43
Repurchase agreements and cash collateral on securities lent		150	150	155	155
Customer deposits (deposits)		18 880	18 896	18 294	18 309
Debt securities in issue		1 349	1 349	1 648	1 648
Liabilities arising on securitisation of other assets		90	90	96	96
Current taxation liabilities		3	6	2	4
Deferred taxation liabilities		—	3	—	3
Other liabilities		1 470	1 225	1 379	1 175
Subordinated liabilities of which:		709	709	759	759
– term subordinated debt included in Tier 2 capital	c	709	709	759	759
Total liabilities		**26 504**	**26 239**	**25 266**	**25 052**
Equity					
Ordinary share capital		—	—	—	—
Ordinary share premium		556	556	807	807
Treasury shares		(170)	(170)	(162)	(162)
Other reserves		(92)	(89)	(24)	(22)
Retained income		2 050	2 025	1 783	1 761
Ordinary shareholders' equity		2 344	2 322	**2 404**	**2 384**
Perpetual preference share capital and premium		25	25	25	25
Shareholders' equity excluding non-controlling interests		2 369	2 347	**2 429**	**2 409**
Other Additional Tier 1 securities in issue	d	250	250	250	250
Non-controlling interests in partially held subsidiaries	e	1	4	1	4
Total equity		**2 620**	**2 601**	**2 680**	**2 663**
Total liabilities and equity		**29 124**	**28 840**	**27 946**	**27 715**

^ The alphabetical references provide a mapping of the balance sheet items to elements included in the composition of regulatory own funds (UK CC1) table 3, set out on page 10.

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Capital adequacy and leverage

Regulatory own funds

Table 3: Composition of regulatory own funds (UK CC1)

Ref^	Common Equity Tier 1 (CET1) capital: instruments and reserves £'million	Ref*	30 September 2022	31 March 2022
1	Capital instruments and the related share premium accounts		556	807
	of which: Ordinary shares (including share premium)		556	807
2	Retained earnings		1 695	1 737
3	Accumulated other comprehensive income (and other reserves)		151	(42)
5	Minority interests (amount allowed in consolidated CET1)	e	—	—
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**		**2 402**	**2 502**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		(7)	(6)
8	Intangible assets (net of related tax liability) (negative amount)	a**b	(300)	(303)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	a	(8)	(8)
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		(170)	(162)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		—	(164)
UK-20a	Exposure amount of the following items which qualify for a RW of 1 250%, where the institution opts for the deduction alternative		(4)	(5)
UK-20c	of which: securitisation positions (negative amount)		(4)	(5)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)		43	77
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**		**(446)**	**(571)**
29	**Common Equity Tier 1 (CET1) capital**		**1 956**	**1 931**
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	d	250	250
31	of which: classified as equity under applicable accounting standards	d	250	250
36	Additional Tier 1 (AT1) capital before regulatory adjustments		250	250
44	**Additional Tier 1 (AT1) capital**		**250**	**250**
45	**Tier 1 capital (T1 = CET1 + AT1)**		**2 206**	**2 181**
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	c	348	347
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	c	283	281
51	Tier 2 (T2) capital before regulatory adjustments		631	628
	Tier 2 (T2) capital: regulatory adjustments			
57	**Total regulatory adjustments to Tier 2 (T2) capital**		—	—
58	**Tier 2 (T2) capital**		**631**	**628**
59	**Total capital (TC = T1 + T2)**		**2 837**	**2 809**
60	**Total Risk exposure amount**		**18 025**	**16 980**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
* The alphabetical references identify balance sheet components in Table 2 - Reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation (UK CC2), which is used in the calculation of regulatory capital.
** Deferred tax liabilities on intangible assets are included as a negative component of the deferred tax asset amount on the balance sheet.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 3: Composition of regulatory own funds (UK CC1) (CONTINUED)

Ref^	£'million	Ref*	30 September 2022	31 March 2022
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		10.8%	11.4%
62	Tier 1 (as a percentage of total risk exposure amount)		12.2%	12.8%
63	Total capital (as a percentage of total risk exposure amount)		15.7%	16.5%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92(1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		7.3%	7.5%
65	of which: capital conservation buffer requirement		2.5%	2.5%
66	of which: countercyclical buffer requirement		0.03%	0.03%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		6.0%	6.4%
	Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		71	70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		180	283
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met)		43	49

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
* The alphabetical references identify balance sheet components in Table 2 - Reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation (UK CC2), which is used in the calculation of regulatory capital.

At 30 September 2022 the CET1 ratio decreased to 10.8% from 11.4% at 31 March 2022. CET1 capital increased by £25 million to £1.956 billion, mainly as a result of net profit of £124 million. The increase was mainly offset by:

- Dividends paid to ordinary shareholders and Additional Tier security holders of £53 million
- A decrease of £30 million in the IFRS 9 transitional add-back adjustment
- A net decrease of £11 million due to the distribution of Ninety One to shareholders and a further decrease of £14 million arising from the revaluation of the remaining c.10% investment.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Overview of RWAs

RWAs increased by 6% or £1.045 billion to £18 billion over the period, predominantly within credit risk RWAs.

Credit risk RWAs, which include equity risk, increased by £961 million. Exchange rate differences caused a net increase in RWAs of £546 million in the period, reflecting mainly the strengthening of the US Dollar and Euro against the British Pound. The remaining increase reflects asset growth in Fund Solutions, Growth and Leveraged Finance and Mortgages.

Counterparty credit risk RWAs (including credit valuation adjustment (CVA) risk) increased by £28 million compared to 31 March 2022, primarily driven by foreign exchange movements and derivative asset growth.

Market risk RWAs increased by £35 million, mainly due to an increase in collective investment undertaking position risk.

Operational risk RWAs remained flat at £1.8 billion.

Table 4: Overview of risk weighted exposure amounts (UK OV1)

		Risk weighted exposure amounts (RWEAs)		Total own fund requirements*
Ref^	**£'million**	**30 September 2022**	31 March 2022	**30 September 2022**
1	Credit risk (excluding CCR)	14 806	13 845	1 185
2	Of which the standardised approach	14 806	13 845	1 185
6	Counterparty credit risk - CCR	686	658	55
7	Of which the standardised approach	545	463	44
UK 8a	Of which exposures to a CCP	23	19	2
UK 8b	Of which credit valuation adjustment - CVA	67	103	5
9	Of which other CCR	51	73	4
15	Settlement risk	3	4	—
16	Securitisation exposures in the non-trading book (after the cap)	101	79	8
18	Of which SEC-ERBA (including IAA)	7	21	1
19	Of which SEC-SA approach	94	58	7
UK 19a	Of which 1 250%/ deduction^^	4	5	—
20	Position, foreign exchange and commodities risks (Market risk)	643	608	51
21	Of which the standardised approach	643	608	51
23	Operational risk	1 786	1 786	143
UK 23b	Of which standardised approach	1 786	1 786	143
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	584	626	47
29	**Total*** **	**18 025**	**16 980**	**1 442**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ Investec plc has chosen to deduct from CET1 capital securitisation positions that attract a RW of 1 250%. Line UK 19a will not be included in line 16 Securitisation exposures in the non-trading book (after the cap).
* Total own funds requirements measured at 8% of risk weighted assets
** The RWAs are already included in total credit risk.
*** Line 29 Total is the sum of Lines 1, 6, 15, 16, 20 and 23.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Leverage ratio

Overview

In October 2021, the FPC and the PRA confirmed the new UK leverage ratio framework will apply from 1 January 2022 and the existing leverage ratio parts of the UK CRR would be revoked. Investec plc is not subject to the minimum leverage ratio requirement of 3.25%, but is subject to a “supervisory expectation” to manage excessive leverage by ensuring the leverage ratio does not fall below 3.25%. For simplicity the same leverage ratio exposure measure and capital measure will now apply to all UK banks (including the exemption of central bank reserves) and will reflect updated international standards. These changes are reflected in our disclosures.

The Group's leverage ratio decreased to 8.0% from 9.0.% at 31 March 2022. The decrease is primarily driven by an increase of £3.5 billion in the leverage exposure measure. The increase is predominantly attributable to foreign exchange movements, as well as asset growth across multiple balance sheet line items, most notably in derivative financial instruments, loans to customers and repurchase agreements.

Table 5: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1 - LRSum)

Ref^	£'million	30 September 2022	31 March 2022
1	Total assets as per published financial statements	29 124	27 946
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(284)	(233)
4	(Adjustment for exemption of exposures to central banks)	(4 491)	(5 380)
8	Adjustment for derivative financial instruments	1 746	586
9	Adjustment for securities financing transactions (SFTs)	202	301
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 671	1 371
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(7)	(6)
12	Other adjustments	(269)	(404)
13	**Total exposure measure**	**27 692**	**24 181**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 6: Leverage ratio common disclosure (UK LR2 - LRCom)

		Leverage ratio exposures	
Ref^	**£'million**	**30 September 2022**	31 March 2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	25 722	25 525
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(276)	(410)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**25 446**	**25 115**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	2 130	723
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	657	558
11	Adjusted effective notional amount of written credit derivatives	58	68
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(22)	(22)
13	**Total derivatives exposures**	**2 823**	**1 327**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2 041	1 447
16	Counterparty credit risk exposure for SFT assets	202	301
18	**Total securities financing transaction exposures**	**2 243**	**1 748**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	3 093	2 548
20	(Adjustments for conversion to credit equivalent amounts)	(1 422)	(1 177)
22	**Off-balance sheet exposures**	**1 671**	**1 371**
	Capital and total exposure measure		
23	Tier 1 capital (leverage)	2 206	2 181
24	Total exposure measure including claims on central banks	32 183	29 561
UK-24a	(-) Claims on central banks excluded	(4 491)	(5 380)
UK-24b	Total exposure measure excluding claims on central banks	27 692	24 181
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	8.0%	9.0%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	7.8%	8.7%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	8.0%	9.0%
UK-25c	Leverage ratio including claims on central banks (%)	6.9%	7.4%

Table 7: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3 - LRSpl)

		Leverage ratio exposures	
Ref^	**£'million**	**30 September 2022**	31 March 2022
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**25 722**	**25 525**
UK-2	Trading book exposures	136	163
UK-3	Banking book exposures, of which:	25 586	25 362
UK-4	Covered bonds	88	15
UK-5	Exposures treated as sovereigns	6 365	7 020
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	35	135
UK-7	Institutions	1 277	1 478
UK-8	Secured by mortgages of immovable properties	5 945	5 631
UK-9	Retail exposures	1 854	1 821
UK-10	Corporates	7 205	6 510
UK-11	Exposures in default	266	244
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	2 551	2 508

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

Capital buffers

Overview

The Group is subject to a CCB and an institution-specific CCyB. As at 30 September 2022, the Group holds a CCB, which must be met with CET1 capital of 2.5%.

The institution-specific CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set.

At the December 2021 FPC meeting, the Committee indicated that vulnerabilities that can amplify economic shocks are at a standard level, as was the case just before the COVID-19 pandemic, and therefore it would be appropriate for the UK CCyB rate to return to the region of 2%. The FPC is therefore increasing the UK CCyB rate from 0% to 1% effective 13 December 2022, in line with the usual 12-month implementation period. If the UK economic recovery proceeds broadly in line with the Monetary Policy Committee's projections and absent a material change in the outlook for UK financial stability, the FPC would expect to increase the rate to 2% in Q2 2023. The FPC meeting held on 30 September 2022 confirmed that the FPC is maintaining the CCyB rate at 2%. This rate will take effect on 5 July 2023, in line with the 12-month implementation period.

Table 9 which follows shows the geographical distribution of credit exposures relevant to the calculation of the CCyB.

Table 8: Amount of institution-specific countercyclical capital buffer (UK CCyB2)

Ref	£' million	30 September 2022	31 March 2022
1	Total risk exposure amount	18 025	16 980
2	Institution-specific countercyclical capital buffer rate	0.03%	0.03%
3	**Institution-specific countercyclical capital buffer requirement**	**6**	**4**

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 9: Geographical distribution of credit exposures for the calculation of the countercyclical buffer (UK CCyB1)

		General credit exposure	Relevant credit exposures - Market risk			Own funds requirements						
Ref^	£'million	Exposure value under the standardised approach	Sum of long and short position of trading book exposures for SA	Securitisation exposure Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit risk exposures - Market risk	Relevant credit risk exposures - Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds require-ment weights (%)	Counter-cyclical capital buffer rate (%)
	30 September 2022											
10	**Breakdown by country**											
	Norway	9	—	—	9	1	—	—	1	9	0.1%	1.5%
	Hong Kong	72	—	—	72	5	—	—	5	63	0.4%	1.0%
	Bulgaria	4	—	—	4	—	—	—	—	2	0.0%	0.5%
	Luxembourg	855	—	—	855	67	—	—	67	832	5.5%	0.5%
	Total countries with existing CCyB rates >0%	**940**	**—**	**—**	**940**	**73**	**—**	**—**	**73**	**906**	**6.0%**	
	Australia	144	—	—	144	12	—	—	12	144	1.0%	
	Cayman Islands	359	—	356	715	30	—	4	34	430	2.9%	
	Guernsey	569	—	—	569	38	—	—	38	473	3.1%	
	Ireland	451	—	31	482	33	—	1	34	423	2.8%	
	Jersey	936	—	—	936	68	—	—	68	847	5.6%	
	Netherlands	556	—	—	556	45	—	—	45	566	3.8%	
	Switzerland	217	6	—	223	13	—	—	13	166	1.1%	
	United Kingdom	11 318	37	99	11 454	694	1	1	696	8 702	57.9%	
	United States of America	1 023	8	176	1 207	78	—	2	80	1 003	6.7%	
	British Virgin Islands	418	—	—	418	26	—	—	26	329	2.2%	
	Total countries with own funds requirements weights 1% or above^^	**15 991**	**51**	**662**	**16 704**	**1 037**	**1**	**8**	**1 046**	**13 083**	**87.0%**	
	Total countries with own funds requirements weights below 1% and without an existing CCyB rate	**1 243**	**9**	**—**	**1 252**	**83**	**1**	**—**	**84**	**1 049**	**7.0%**	
	Total	**18 174**	**60**	**662**	**18 896**	**1 193**	**2**	**8**	**1 203**	**15 038**	**100.0%**	

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ The countries listed with own funds requirements weights of 1% or above all have a countercyclical capital buffer rate of 0% at 30 September 2022.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 9: Geographical distribution of credit exposures for the calculation of the countercyclical buffer (UK CCyB1)

		General credit exposure	Relevant credit exposures - Market risk			Own funds requirements						
Ref^	**£'million**	**Exposure value under the standardised approach**	**Sum of long and short position of trading book exposures for SA**	**Securitisation exposure Exposure value for non-trading book**	**Total exposure value**	**Relevant credit risk exposures - Credit risk**	**Relevant credit risk exposures - Market risk**	**Relevant credit risk exposures - Securitisation positions in the non-trading book**	**Total**	**Risk weighted exposure amounts**	**Own funds require-ment weights (%)**	**Counter-cyclical capital buffer rate (%)**
	31 March 2022											
10	**Breakdown by country**											
	Norway	6	—	—	6	—	—	—	—	6	0.0%	1.0 %
	Hong Kong	55	2	—	57	4	—	—	4	49	0.4 %	1.0 %
	Bulgaria	4	—	—	4	—	—	—	—	2	0.0%	0.5 %
	Luxembourg	611	—	—	611	48	—	—	48	595	4.3 %	0.5 %
	Total countries with existing CCyB rates >0%	**676**	**2**	**—**	**678**	**52**	**—**	**—**	**52**	**652**	**4.7%**	
	Australia	198	—	—	198	16	—	—	16	203	1.5 %	
	Cayman Islands	361	—	230	591	30	—	3	33	410	2.9 %	
	Guernsey	548	—	—	548	37	—	—	37	463	3.3 %	
	Ireland	437	—	—	437	33	—	—	33	413	2.9 %	
	Jersey	722	—	—	722	49	—	—	49	613	4.4 %	
	Netherlands	405	—	—	405	33	—	—	33	413	2.9 %	
	Switzerland	203	10	—	213	12	—	—	12	148	1.1 %	
	United Kingdom	10 754	44	120	10 918	673	1	2	676	8 449	60.4 %	
	United States of America	882	6	123	1 011	69	—	1	70	877	6.3 %	
	British Virgin Islands	406	—	—	406	26	—	—	26	322	2.3 %	
	Total countries with own funds requirements weights 1% or above^^	**14 916**	**60**	**473**	**15 449**	**978**	**1**	**6**	**985**	**12 311**	**88.0%**	
	Total countries with own funds requirements weights below 1% and without an existing CCyB rate	**1 220**	**11**	**—**	**1 231**	**80**	**1**	**1**	**82**	**1 024**	**7.3%**	
	Total	**16 812**	**73**	**473**	**17 358**	**1 110**	**2**	**7**	**1 119**	**13 987**	**100.0%**	

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ The countries listed with own funds requirements weights of 1% or above all have a countercyclical capital buffer rate of 0% at 31 March 2022.

03

Credit and counterparty risk

CREDIT AND COUNTERPARTY RISK
CONTINUED

Overview

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

- Lending transactions, through loans and advances to clients and counterparties, creating 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 we have placed funds with other financial institutions
- Financial instrument transactions, producing issuer risk where payments due from the issuer of a financial instrument may not be received
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk):
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party making required settlements as they fall due but not receiving the performance to which they are entitled
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to fulfil the transaction.

Credit risk

Tables 10 and 11 which follow, analyse credit risk exposures by regulatory asset class. Note that these tables do not include CCR. CCR exposures are disclosed on pages 28 and 29.

Table 10: Standardised approach – credit risk exposure and credit risk mitigation effects (UK CR4)

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density^^	
Ref^	£'million	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWAs density (%)
	30 September 2022						
1	Central governments or central banks	6 017	—	6 179	7	—	0%
2	Regional governments or local authorities	2	—	2	—	—	20%
3	Public sector entities	33	—	33	—	7	21%
4	Multilateral Development Banks	348	—	348	—	—	0%
6	Institutions	1 277	93	1 275	96	282	21%
7	Corporates	7 205	2 316	6 993	1 107	7 782	96%
8	Retail	1 854	150	1 683	69	1 147	65%
9	Secured by mortgages on immovable property	5 945	128	5 945	64	2 868	48%
10	Exposures in default	266	1	263	—	317	121%
11	Items associated with particularly high risk	668	405	665	215	1 321	150%
12	Covered bonds	88	—	88	—	9	10%
15	Equity exposures	242	—	242	—	511	211%
16	Other exposures	498	—	498	—	562	113%
17	**Total**	**24 443**	**3 093**	**24 214**	**1 558**	**14 806**	**57%**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ RWAs are reported after the application of the small and medium-sized enterprise (SME) and infrastructure-supporting factors set out in Article 501 and 501(a) of CRR II.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 10: Standardised approach – credit risk exposure and credit risk mitigation effects (UK CR4) (CONTINUED)

Ref^	£'million	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density^^	
		On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWAs density (%)
	31 March 2022						
1	Central governments or central banks	6 711	—	6 885	9	—	0%
2	Regional governments or local authorities	2	—	2	—	—	20%
3	Public sector entities	133	20	132	5	28	20%
4	Multilateral Development Banks	307	—	307	—	—	0%
6	Institutions	1 478	97	1 486	101	326	21%
7	Corporates	6 510	1 889	6 282	909	6 936	96%
8	Retail	1 821	137	1 640	57	1 125	66%
9	Secured by mortgages on immovable property	5 631	111	5 631	55	2 785	49%
10	Exposures in default	244	2	242	1	285	117%
11	Items associated with particularly high risk	643	292	640	158	1 196	150%
12	Covered bonds	15	—	15	—	2	10%
15	Equity exposures	259	—	259	—	562	217%
16	Other exposures	528	—	528	—	600	114%
17	**Total**	**24 282**	**2 548**	**24 049**	**1 295**	**13 845**	**55%**

Table 11: Standardised approach (UK CR5)

Ref^	£'million	Risk weight^^^									
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Total
	30 September 2022										
1	Central governments or central banks	6 186	—	—	—	—	—	—	—	—	6 186
2	Regional governments or local authorities	—	—	2	—	—	—	—	—	—	2
3	Public sector entities	—	—	33	—	—	—	—	—	—	33
4	Multilateral development Banks	348	—	—	—	—	—	—	—	—	348
6	Institutions	—	—	1 349	—	20	—	2	—	—	1 371
7	Corporates	—	—	—	—	50	—	8 010	40	—	8 100
8	Retail	—	—	—	—	—	1 752	—	—	—	1 752
9	Secured by mortgages on immovable property	—	—	—	4 809	4	—	1 196	—	—	6 009
10	Exposures in default	—	—	—	—	—	—	154	109	—	263
11	Items associated with particularly high risk	—	—	—	—	—	—	—	880	—	880
12	Covered bonds	—	88	—	—	—	—	—	—	—	88
15	Equity exposures	—	—	—	—	—	—	62	—	180	242
16	Other exposures	—	—	—	—	—	—	455	—	43	498
17	**Total**	**6 534**	**88**	**1 384**	**4 809**	**74**	**1 752**	**9 879**	**1 029**	**223**	**25 772**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ RWAs are reported after the application of the small and medium-sized enterprise (SME) and infrastructure-supporting factors set out in Article 501 and 501(a) of CRR II.
^^^ The above table does not take into account the impact of the SME and infrastructure-supporting factor set out in Article 501 and 501(a) of CRR II.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 11: Standardised approach (UK CR5) (CONTINUED)

		Risk weight^^^									
Ref^	£'million	0%	10%	20%	35%	50%	75%	100%	150%	250%	Total
	31 March 2022										
1	Central governments or central banks	6 893	—	—	—	—	—	—	—	—	6 893
2	Regional governments or local authorities	—	—	2	—	—	—	—	—	—	2
3	Public sector entities	—	—	137	—	—	—	—	—	—	137
4	Multilateral Development Banks	308	—	—	—	—	—	—	—	—	308
6	Institutions	—	—	1 567	—	15	—	5	—	—	1 587
7	Corporates	—	—	—	—	30	—	7 148	14	—	7 192
8	Retail	—	—	—	—	—	1 697	—	—	—	1 697
9	Secured by mortgages on immovable property	—	—	—	4 450	4	—	1 232	—	—	5 686
10	Exposures in default	—	—	—	—	—	—	158	86	—	244
11	Items associated with particularly high risk	—	—	—	—	—	—	—	797	—	797
12	Covered bonds	—	15	—	—	—	—	—	—	—	15
15	Equity exposures	—	—	—	—	—	—	57	—	202	259
16	Other exposures	—	—	—	—	—	—	479	—	48	527
17	**Total**	**7 201**	**15**	**1 706**	**4 450**	**49**	**1 697**	**9 079**	**897**	**250**	**25 344**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^^ The above table does not take into account the impact of the SME and infrastructure-supporting factor set out in Article 501 and 501(a) of CRR II.

Credit quality of assets

The tables which follow analyse the amount and quality of performing and non-performing and forborne exposures, including an ageing analysis and the distribution of these exposures by geographical area and industry type. These templates are populated following the guidance provided in the PRA rulebook Reporting (CRR) part for financial reporting (FINREP) templates.

We have not disclosed UK CQ7. Investec plc has not obtained any collateral by taking possession and therefore it is a nil return as at 30 September 2022.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 12: Performing and non-performing exposures and related provisions (UK CR1)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures^^			Non-performing exposures^^			Performing exposures – accumulated impairment and provisions^^			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions^^					
Ref^	£' million		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
	30 September 2022															
005	Cash balances at central banks and other demand deposits	4 491	4 491	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	19 588	18 521	1 067	420	—	420	(70)	(33)	(37)	(157)	—	(157)	—	9 596	210
030	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	2 902	2 902	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	3 892	3 827	65	26	—	26	(8)	(6)	(2)	(3)	—	(3)	—	678	8
060	Non-financial corporations	7 790	7 040	750	342	—	342	(52)	(23)	(29)	(148)	—	(148)	—	5 036	176
070	Of which SMEs	2 120	1 807	313	56	—	56	(24)	(10)	(14)	(27)	—	(27)	—	723	28
080	Households	5 004	4 752	252	52	—	52	(10)	(4)	(6)	(6)	—	(6)	—	3 882	26
090	Debt securities	2 088	2 088	—	8	—	8	—	—	—	(5)	—	(5)	—	—	—
110	General governments	1 376	1 376	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	521	521	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	102	102	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	89	89	—	8	—	8	—	—	—	(5)	—	(5)	—	—	—
150	Off-balance sheet exposures	2 967	2 837	130	1	—	1	(14)	(9)	(5)	—	—	—		718	1
180	Credit institutions	22	22	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	1 092	1 092	—	—	—	—	(3)	(3)	—	—	—	—		31	—
200	Non-financial corporations	1 699	1 569	130	1	—	1	(10)	(5)	(5)	—	—	—		590	1
210	Households	154	154	—	—	—	—	(1)	(1)	—	—	—	—		97	—
220	**Total**	**29 134**	**27 937**	**1 197**	**429**	**—**	**429**	**(84)**	**(42)**	**(42)**	**(162)**	**—**	**(162)**	**—**	**10 314**	**211**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

^^ Loans held at fair value through profit and loss are included in the gross carrying amount but are excluded from the staging analysis, in line with the FINREP definitions.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 12: Performing and non-performing exposures and related provisions (UK CR1)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures^^			Non-performing exposures^^			Performing exposures – accumulated impairment and provisions^^			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions^^					
Ref^	**£' million**		**Of which stage 1**	**Of which stage 2**		**Of which stage 2**	**Of which stage 3**		**Of which stage 1**	**Of which stage 2**		**Of which stage 2**	**Of which stage 3**	**Accumulated partial write-off**	**On performing exposures**	**On non-performing exposures**
	31 March 2022															
005	Cash balances at central banks and other demand deposits	5 380	5 380	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	18 167	15 916	992	406	—	309	(76)	(42)	(35)	(146)	—	(73)	(30)	9 072	196
030	General governments	1	1	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
040	Credit institutions	2 298	2 239	—	—	—	—	(11)	(11)	—	—	—	—	—	—	—
050	Other financial corporations	3 472	3 253	51	13	—	13	(7)	(6)	(1)	(2)	—	(2)	—	680	6
060	Non-financial corporations	7 730	6 073	725	349	—	253	(51)	(21)	(29)	(139)	—	(67)	(30)	4 909	152
070	Of which SMEs	1 844	1 546	271	62	—	55	(21)	(9)	(12)	(30)	—	(30)	—	707	14
080	Households	4 666	4 350	216	43	—	43	(7)	(2)	(4)	(5)	—	(5)	—	3 483	38
090	Debt securities	1 673	1 474	—	8	—	8	—	—	—	(6)	—	(5)	—	—	—
110	General governments	1 166	1 132	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	376	309	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	45	26	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	86	7	—	8	—	8	—	—	—	(6)	—	(5)	—	—	—
150	Off-balance sheet exposures	2 301	2 253	48	2	—	2	(8)	(7)	(1)	—	—	—		566	2
180	Credit institutions	16	16	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	872	872	—	—	—	—	(3)	(3)	—	—	—	—		19	—
200	Non-financial corporations	1 268	1 221	48	2	—	2	(5)	(4)	(1)	—	—	—		437	2
210	Households	144	144	—	—	—	—	—	(1)	—	—	—	—		110	—
220	**Total**	**27 521**	**25 023**	**1 040**	**416**	**—**	**320**	**(85)**	**(49)**	**(36)**	**(152)**	**—**	**(78)**	**(30)**	**9 637**	**198**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

^^ Loans held at fair value through profit and loss are included in the gross carrying amount but are excluded from the staging analysis, in line with the FINREP definitions.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 13: Maturity of exposures (UK CR1-A)

Ref^	£'million	Net exposure value^^ On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
	30 September 2022					
1	Loans and advances	2 221	5 131	8 277	4 152	19 781
2	Debt securities	—	1 113	387	591	2 091
3	**Total**	**2 221**	**6 244**	**8 664**	**4 743**	**21 872**
	31 March 2022					
1	Loans and advances	1 985	4 263	7 946	4 157	18 351
2	Debt securities	—	882	316	477	1 675
3	**Total**	**1 985**	**5 145**	**8 262**	**4 634**	**20 026**

Table 14: Changes in the stock of non-performing loans and advances (UK CR2)

Ref^	£'million	Gross carrying amount 30 September 2022	31 March 2022
010	**Initial stock of non-performing loans and advances**	406	408
020	Inflows to non-performing portfolios	133	223
030	Outflows from non-performing portfolios	(41)	(139)
040	Outflows due to write-offs	(13)	(50)
050	Outflow due to other situations	(65)	(36)
060	**Final stock of non-performing loans and advances**	**420**	**406**

Table 15: Credit quality of forborne exposures (UK CQ1)

Ref^	£'million	Gross carrying amount/nominal amount of exposures with forbearance measures: Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions: On performing forborne exposures	On non-performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	30 September 2022								
010	Loans and advances	120	74	74	74	(5)	(10)	59	15
050	Other financial corporations	—	19	19	19	—	(1)	—	—
060	Non-financial corporations	90	52	52	52	(4)	(9)	25	13
070	Households	30	3	3	3	(1)	—	34	2
080	Debt securities	—	8	8	8	—	(5)	—	—
090	Loan commitments given	4	—	—	—	—	—	—	—
100	**Total**	**124**	**82**	**82**	**82**	**(5)**	**(15)**	**59**	**15**
	31 March 2022								
010	Loans and advances	106	67	66	67	(6)	(8)	50	20
050	Other financial corporations	—	9	9	9	—	(1)	—	—
060	Non-financial corporations	86	54	53	54	(6)	(7)	24	13
070	Households	20	4	4	4	—	—	26	7
080	Debt securities	—	8	—	8	—	(5)	—	—
090	Loan commitments given	8	—	—	—	—	—	—	—
100	**Total**	**114**	**75**	**66**	**75**	**(6)**	**(13)**	**50**	**20**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ The net exposure value is the gross carrying value of the exposure less impairment allowances or provisions, reported by residual contractual maturity.

CREDIT AND COUNTERPARTY RISK
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Table 16: Quality of non-performing exposures by geography (UK CQ4)

Ref^	£'million	Gross carrying/nominal amount	Of which defaulted	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	30 September 2022					
010	**On-balance sheet exposures**	**26 595**	**428**	**(157)**		**(74)**
	United Kingdom	17 750	237	(112)		—
	United States	1 601	—	(2)		—
	Jersey	882	61	(16)		—
	Germany	732	—	(1)		—
	Luxembourg	771	—	(1)		—
	Netherlands	521	—	(2)		—
	Guernsey	504	14	(1)		—
	France	511	12	(2)		—
	Ireland	484	1	(1)		—
	Switzerland	395	—	—		—
	British Virgin Islands	360	63	(2)		(62)
	Cayman Islands	641	2	(1)		—
	Spain	213	—	—		—
	Australia	135	12	(2)		(12)
	Isle of Man	139	9	(6)		—
	Other countries^^	956	17	(8)		—
080	**Off-balance sheet exposures**	**2 968**	**1**		**(14)**	
	United Kingdom	1 233	—		(8)	
	United States	551	—		(2)	
	Jersey	231	1		(1)	
	Luxembourg	302	—		—	
	Guernsey	161	—		—	
	Other countries^^	490	—		(3)	
150	**Total**	**29 563**	**429**	**(157)**	**(14)**	**(74)**
	31 March 2022					
010	On-balance sheet exposures	**25 633**	**403**	**(154)**		**(74)**
	United Kingdom	17 686	308	(109)		—
	United States	1 571	—	(2)		—
	Jersey	734	57	(8)		—
	Germany	677	—	(1)		—
	Guernsey	535	—	(1)		—
	France	478	12	(1)		—
	Luxembourg	553	—	(1)		—
	Ireland	419	1	(2)		—
	Netherlands	372	—	(2)		—
	Switzerland	368	—	—		—
	Cayman Islands	544	—	(1)		—
	British Virgin Islands	335	1	(2)		(62)
	Australia	179	—	(2)		(11)
	South Africa	160	4	(7)		—
	Isle of Man	141	9	(6)		—
	Other countries^^^	881	11	(8)		(1)
080	Off-balance sheet exposures	**2 303**	**2**		**(8)**	
	United Kingdom	1 054	—		(4)	
	United States	377	—		(2)	
	Jersey	178	2		—	
	Luxembourg	235	—		—	
	Netherlands	113	—		(1)	
	Other countries^^^	346	—		(1)	
150	**Total**	**27 936**	**405**	**(154)**	**(8)**	**(74)**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

^^ Other countries include: South Africa, Singapore, Austria, Mauritius, Canada, United Arab Emirates, Hong Kong, Bermuda, Bahamas, Gibraltar, Cyprus, India, Cook Islands, Italy, Seychelles, Israel, Japan, Malta, Qatar, Poland, Mayotte, Norway, Bulgaria, Panama, Nigeria, Turks and Caicos Islands, Saint Vincent and the Grenadines, Monaco, Denmark, New Zealand, Brazil, Sweden, Marshall Islands, Malaysia, China, Republic of Korea, Kenya, Anguilla, Portugal, Mexico, Czech Republic, Hungary, Romania, Turkey, Belgium, Philippines and Finland.

^^^ Other countries include: Singapore, Austria, Mauritius, Belgium, Canada, Spain, United Arab Emirates, Hong Kong, Bermuda, Bahamas, Gibraltar, Cyprus, India, Cook Islands, Italy, Seychelles, Israel, Japan, Malta, Qatar, Poland, Mayotte, Norway, Bulgaria, Panama, Nigeria, Turks and Caicos Islands, Saint Vincent and the Grenadines, Monaco, Denmark, New Zealand, Brazil, Sweden, Marshall Islands, Malaysia, China, Republic of Korea, Kenya, Anguilla, Portugal, Mexico, Czech Republic, Hungary, Romania, Turkey, Thailand and Finland.

The table above includes the top 15 countries, which in aggregate, represent more than 95% of the gross carrying amount of £29.6 billion. The remaining 5% are not considered material and have been grouped under 'other countries'.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 17: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5)

Ref^	£'million	Gross carrying/nominal amount			
			Of which defaulted	**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
	30 September 2022				
010	Agriculture, forestry and fishing	20	—	—	—
020	Mining and quarrying	78	—	—	—
030	Manufacturing	830	101	(13)	(62)
040	Electricity, gas, steam and air conditioning supply	491	—	(1)	—
050	Water supply	274	34	(3)	—
060	Construction	975	27	(17)	—
070	Wholesale and retail trade	318	4	(5)	—
080	Transport and storage	422	11	(6)	—
090	Accommodation and food service activities	82	2	(4)	—
100	Information and communication	303	—	(2)	—
110	Financial and insurance activities	—	—	—	—
120	Real estate activities	2 838	103	(40)	(12)
130	Professional, scientific and technical activities	277	29	(9)	—
140	Administrative and support service activities	839	26	(20)	—
150	Public administration and defence, compulsory social security	5	—	—	—
160	Education	96	1	—	—
170	Human health services and social work activities	127	2	(2)	—
180	Arts, entertainment and recreation	37	—	(1)	—
190	Other services	120	2	(3)	—
150	**Total**	**8 132**	**342**	**(126)**	**(74)**
	31 March 2022				
010	Agriculture, forestry and fishing	16	—	—	—
020	Mining and quarrying	99	3	(1)	—
030	Manufacturing	758	3	(10)	(62)
040	Electricity, gas, steam and air conditioning supply	642	—	(2)	—
050	Water supply	242	35	(2)	—
060	Construction	1 014	29	(14)	—
070	Wholesale and retail trade	309	4	(4)	—
080	Transport and storage	565	10	(13)	—
090	Accommodation and food service activities	77	2	(4)	—
100	Information and communication	285	9	(10)	—
110	Financial and insurance activities	—	—	—	—
120	Real estate activities	2 641	190	(22)	(11)
130	Professional, scientific and technical activities	252	23	(9)	—
140	Administrative and support service activities	797	24	(20)	—
150	Public administration and defence, compulsory social security	3	—	—	—
160	Education	78	1	(1)	—
170	Human health services and social work activities	176	2	(2)	—
180	Arts, entertainment and recreation	37	1	(1)	—
190	Other services	88	2	(2)	—
150	**Total**	**8 079**	**338**	**(117)**	**(73)**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Credit risk mitigation

For regulatory reporting purposes, credit risk mitigation (CRM) is used to reduce credit risk associated with an exposure, which may reduce potential losses in the event of a client default or other credit event. CRM that meets certain regulatory criteria may be used to reduce the RWAs held against a given client.

Collateral that meets the regulatory conditions is referred to as 'eligible' collateral. Collateral eligibility rules are specified in the CRR. Under the SA, CRM can be achieved through either funded or unfunded credit protection.

Where unfunded credit protection is relied upon for mitigation purposes, the exposure to the borrower is substituted with an exposure to the protection provider after applying a 'haircut' to the value of the collateral due to currency and/or maturity mismatches between the original exposure and the collateral provided. Unfunded credit protection includes eligible guarantees and credit derivatives. Where we rely on funded protection in the form of financial collateral, the value of collateral is adjusted using the financial collateral comprehensive method. This method applies supervisory volatility adjustments to the value of the collateral, and includes the currency and maturity haircuts discussed above.

Table 18: Disclosure of the use of CRM techniques (UK CR3)

Ref^	£'million	Unsecured - carrying amount	Secured - carrying amount	Of which secured by collateral^^	Of which secured by financial guarantees
	30 September 2022				
1	Loans and advances	10 126	9 655	7 220	2 435
2	Debt securities	2 091	—	—	—
3	**Total**	**12 217**	**9 655**	**7 220**	**2 435**
4	Of which non-performing exposures	138	128	97	31
5	Of which defaulted	138	128		
	31 March 2022				
1	Loans and advances	9 233	9 118	6 827	2 291
2	Debt securities	1 675	—	—	—
3	**Total**	**10 908**	**9 118**	**6 827**	**2 291**
4	Of which non-performing exposures	144	118	85	33
5	Of which defaulted	133	118		

^ The references identify the lines in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

^^ Exposures secured by collateral only include exposures secured by eligible collateral as defined in the CRR.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Counterparty credit risk

CCR is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It arises on derivative instruments and securities financing transactions held in both the banking and trading book. A significant component remains the historical equity derivative and financial product exposures that the Group is running down.

Effective 1 January 2022, Investec plc has implemented the new SA-CCR calculation methodology. The tables that follow analyse CCR exposures, including credit valuation adjustment risk and exposures to central counterparties.

Table 19: Analysis of counterparty credit risk by approach (UK CCR1)

Ref^	£'million	Replacement cost (RC)	Potential future exposure (PFE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
	30 September 2022							
1	SA-CCR (for derivatives)	293	269	1.4	1 609	790	790	545
4	Financial collateral comprehensive method (for SFTs)				1 693	245	245	51
6	**Total^^**				**3 302**	**1 035**	**1 035**	**596**
	31 March 2022							
1	SA-CCR (for derivatives)	205	260	1.4	1 211	652	652	463
4	Financial collateral comprehensive method (for SFTs)				1 508	679	679	73
6	**Total^^**				**2 719**	**1 331**	**1 331**	**536**

Table 20 presents information on the risk weighting of CCR exposures under the standardised approach by regulatory portfolio.

Table 20: Standardised approach - CCR exposures by regulatory exposure class and risk weights (UK CCR3)

		Risk weight						
Ref^	£'million	0%	20%	50%	75%	100%	150%	Total exposure value
	30 September 2022							
1	Central governments or central banks	—	—	—	—	—	—	—
2	Regional government or local authorities	—	2	—	—	—	—	2
3	Public sector entities	—	—	—	—	—	—	—
6	Institutions	—	374	231	—	—	—	605
7	Corporates	—	—	1	—	397	—	398
8	Retail	—	—	—	30	—	—	30
11	**Total exposure value**	**—**	**376**	**232**	**30**	**397**	**—**	**1 035**
	31 March 2022							
1	Central governments or central banks	343	—	—	—	—	—	343
3	Public sector entities	—	—	—	—	—	—	—
6	Institutions	—	430	187	—	—	—	617
7	Corporates	—	—	17	—	348	—	365
8	Retail	—	—	—	13	—	—	13
11	**Total exposure value**	**343**	**430**	**204**	**13**	**348**	**—**	**1 338**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.
^^ This table excludes the CVA charge and exposures cleared through a CCP. Refer to table 22 and 23 for more information.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 21 provides a breakdown of Investec plc's' exposures to credit derivatives products.

Table 21: Credit derivatives exposures (UK CCR6)

		Protection bought	Protection sold	Protection bought	Protection sold
Ref^	£'million	30 September 2022		31 March 2022	
	Notionals				
1	Single name credit default swaps	34	134	23	174
3	Total return swaps	753	—	708	—
6	**Total notionals**	**787**	**134**	**731**	**174**
	Fair values				
7	Positive fair value (assets)	231	1	90	2
8	Negative fair value (liability)	—	3	—	1

CVA risk

CVA risk means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. This adjustment reflects the current market value of the credit risk of the counterparty to Investec plc, but does not reflect the current market value of the credit risk of Investec to the counterparty. Investec plc uses the SA to calculate CVA risk on all over-the-counter (OTC) derivatives, but as per the CRR, the Group exempts transactions to non-financial counterparties and OTC derivatives cleared via central counterparties (CCPs) from CVA risk.

Table 22: Transactions subject to own funds requirements for CVA risk (UK CCR2)

		Exposure value	RWEA	Exposure value	RWEA
Ref^	£'million	30 September 2022		31 March 2022	
4	Transactions subject to the Standardised method	**312**	**67**	307	103
5	**Total transactions subject to own funds requirements for CVA risk**	**312**	**67**	**307**	**103**

CCP exposures

Table 23 provides a breakdown of Investec plc's exposures and RWAs to CCPs.

Table 23: Analysis of exposures to CCPs (UK CCR8)

		Exposure value	RWEA	Exposure value	RWEA
Ref^	£'million	30 September 2022		31 March 2022	
1	**Exposures to QCCPs (total)**		**23**		**19**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which	242	10	247	6
3	(i) OTC derivatives	156	8	112	2
4	(ii) Exchange-traded derivatives	86	2	135	4
8	Non-segregated initial margin	33	1	28	1
9	Prefunded default fund contributions	38	12	26	12

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

04

Securitisation risk

Overview

The Group's definition of securitisation/structured credit activities is wider than the definition applied for regulatory capital purposes. The regulatory capital definition focuses largely on positions we hold in an investor capacity and includes securitisation positions we have retained in transactions in which the Group has achieved significant risk transfer.

Regulatory approach

Since 1 January 2020, the Group has applied the new securitisation framework. Capital requirements for securitisation positions are calculated using either the standardised approach (SEC-SA) or the external ratings-based approach (SEC-ERBA).

The tables that follow provide information on our securitisation portfolio in terms of regulatory definitions and requirements. We have not achieved significant risk transfer for any of the securitisations originated by the Group, therefore the underlying exposures in these securitisations are included in the Group's credit risk RWAs and the disclosure that follows focuses on the positions the Group holds in an investor capacity.

Table 24: Securitisation exposures in the non-trading book (UK - SEC1)

		Institution acts as originator			Institution acts as investor	
		Traditional			Traditional	
		Non-STS				
Ref^	**£'million**		**of which SRT**	**Sub-total**	**Non-STS**	**Sub-total**
	30 September 2022					
1	**Total exposures**	**712**	**—**	**712**	**662**	**662**
2	**Retail (total)**	**6**	**—**	**6**	**89**	**89**
3	residential mortgage	6	—	6	89	89
7	**Wholesale (total)**	**706**	**—**	**706**	**573**	**573**
8	loans to corporates	—	—	—	573	573
10	lease and receivables	706	—	706	—	—
	31 March 2022					
1	**Total exposures**	**712**	**—**	**712**	**473**	**473**
2	**Retail (total)**	**6**	**—**	**6**	**115**	**115**
3	residential mortgage	6	—	6	115	115
7	**Wholesale (total)**	**706**	**—**	**706**	**358**	**358**
8	loans to corporates	—	—	—	358	358
10	lease and receivables	706	—	706	—	—

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

In relation to originator securitisations, the table above discloses the retained positions held by the originator in the securitisation, even where the securitisation is not eligible to apply the securitisation framework due to the absence of significant risk transfer. Investec plc has not achieved significant risk transfer. The securitisation exposures disclosed under the investor role are the investment positions Investec plc has purchased in third party deals.

SECURITISATION RISK
CONTINUED

Table 25: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (UK - SEC4)

		Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)			RWEA (by regulatory approach)			Capital charge after cap		
Ref^	**£'million**	**≤20% RW**	**>20% to 50% RW**	**>50% to 100% RW**	**1 250% RW/ deductions**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1 250%/ deductions**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1 250%/ deductions**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1 250% / deductions**
	30 September 2022													
1	**Total exposures**	**658**	**—**	**—**	**4**	**34**	**624**	**4**	**7**	**94**	**4**	**1**	**7**	**4**
2	Traditional securitisation	658	—	—	4	34	624	4	7	94	4	1	7	4
3	Securitisation	658	—	—	4	34	624	4	7	94	4	1	7	4
4	Retail underlying	85	—	—	4	—	85	4	—	13	4	—	1	4
6	Wholesale	573	—	—	—	34	539	—	7	81	—	1	6	—
	31 March 2022													
1	**Total exposures**	**460**	**—**	**8**	**5**	**78**	**390**	**5**	**21**	**58**	**5**	**2**	**4**	**5**
2	Traditional securitisation	460	—	8	5	78	390	5	21	58	5	2	4	5
3	Securitisation	460	—	8	5	78	390	5	21	58	5	2	4	5
4	Retail underlying	102	—	8	5	23	87	5	10	13	5	1	1	5
6	Wholesale	358	—	—	—	55	303	—	11	45	—	1	3	—

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.

05

Market risk

MARKET RISK

Overview

Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.

The market risk capital requirements set out in table UK MR1 is calculated using the SA.

Table 26: Capital requirements for market risk (UK MR1)

		RWEAs	
Ref^	**£'million**	**30 September 2022**	31 March 2022
	Outright products		
1	Interest rate risk (general and specific)	61	81
2	Equity risk (general and specific)^^	394	336
3	Foreign exchange risk	123	103
	Options		
7	Scenario approach	65	88
9	**Total**	**643**	**608**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ Collective investment undertaking position risk is reported under equity risk.

06

Non-trading interest rate risk

NON-TRADING INTEREST RATE RISK

Overview

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book (IRRBB), arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity. The purpose of the below table UK IRRBB1 is to provide information on the institution's changes in economic value of equity (ΔEVE) and net interest income (ΔNII) under each of the prescribed interest rate shock scenarios.

Table 27: Quantitative information on IRRBB (UK IRRBB1)

		ΔEVE		ΔNII		Tier 1 capital	
Ref^	**£'millions**	**30 September 2022**	31 March 2022	**30 September 2022**	31 March 2022	**30 September 2022**	31 March 2022
010	Parallel shock up	(2)	2	49	47		
020	Parallel shock down	(1)	(7)	(91)	(70)		
030	Steepener shock	(15)	(37)				
040	Flattener shock	8	22				
050	Short rates shock up	6	21				
060	Short rates shock down	(15)	(19)				
070	**Maximum**	**(15)**	(37)	**(91)**	(70)		
080	**Tier 1 capital**					**2 206**	**2 181**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.

07

Liquidity risk

Liquidity coverage ratio

The LCR is designed to ensure that banks have sufficient high-quality liquid assets to meet their liquidity needs throughout a 30 calendar day severe stress. The table below is as prescribed in the PRA Pillar 3 liquidity instruction guidelines on LCR Disclosure Annex XIV, and in accordance with Article 451a(2) (CRR). As required within the guidelines, the table shows values and figures as the simple averages of month end observations over the 12 months preceding the end of each quarter.

As at 30 September 2022, the LCR was 366% (31 March 2022: 457%) and well above the 100% regulatory requirement. The trailing 12-month average LCR to 30 September 2022 was 375% (31 March 2022: 336%).

Table 28: Quantitative information of LCR (UK LIQ1)

		Total unweighted value (average)				Total weighted value (average)			
Ref^	**£'million Quarter ending on**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**	**31 Dec 2021**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**	**31 Dec 2021**
UK 1b	Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					**6 253**	**5 705**	**5 022**	**4 414**
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:^^	11 380	11 113	10 881	10 784	746	718	702	684
3	Stable deposits	2 308	2 221	2 111	1 966	115	111	106	98
4	Less stable deposits	3 246	3 211	3 208	3 185	504	499	499	495
5	Unsecured wholesale funding	2 799	2 707	2 509	2 374	1 295	1 276	1 197	1 148
7	Non-operational deposits (all counterparties)	2 769	2 677	2 479	2 370	1 265	1 246	1 167	1 144
8	Unsecured debt	30	30	30	4	30	30	30	4
9	Secured wholesale funding					53	37	37	40
10	Additional requirements	2 642	2 687	2 782	2 818	1 091	1 219	1 368	1 406
11	Outflows related to derivative exposures and other collateral requirements	727	875	1 025	1 057	727	875	1 025	1 057
12	Outflows related to loss of funding on debt products	51	51	52	59	51	51	52	59
13	Credit and liquidity facilities	1 864	1 761	1 705	1 702	313	293	291	290
14	Other contractual funding obligations	576	525	541	579	427	395	409	435
15	Other contingent funding obligations	705	629	549	514	80	69	53	44
16	**TOTAL CASH OUTFLOWS**					**3 692**	**3 714**	**3 766**	**3 757**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	514	576	629	767	366	445	540	709
18	Inflows from fully performing exposures	1 233	1 271	1 275	1 172	1 145	1 183	1 179	1 078
19	Other cash inflows	778	797	866	947	487	496	543	638
20	**TOTAL CASH INFLOWS**	**2 525**	**2 644**	**2 770**	**2 886**	**1 998**	**2 124**	**2 262**	**2 425**
UK-20a	Fully exempt inflows	4	4	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	2 521	2 640	2 770	2 886	1 998	2 124	2 262	2 425
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER**					**6 253**	**5 705**	**5 022**	**4 414**
22	**TOTAL NET CASH OUTFLOWS***					**1 694**	**1 590**	**1 504**	**1 340**
23	**LIQUIDITY COVERAGE RATIO****					**375%**	**362%**	**336%**	**333%**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.
^^ Row 2 is made up of total retail deposits (i.e. stable deposits, less stable deposits and LCR exempt retail deposits).
* The Total Net Cash Outflows at 31 December 2021 will not cast to the data points disclosed in the above table, due to some of the data points within the 12-month sample period being subject to the inflow cap (where inflows were > the inflow cap).
** The LCR is calculated using 12-month averages and therefore the totals in the table above will not tie back to the ratio disclosed.

Investec