Investec

OUT OF THE ORDINARY

365 days of possibilities

Investec plc Group and Investec Bank plc

Pillar 3 annual disclosure report 2022

CONTENTS

CONTENTS
CONTINUED

TABLES

Investec plc

Investec Bank plc

ABBREVIATIONS

In the sections that follow, the following abbreviations are used on numerous occasions:

AFG	Asset Finance Group
ALCO	Asset and Liability Management Committee
ALM	Asset and Liability Management
AT1	Additional Tier 1
Bank	Investec Bank plc
BCBS	Basel Committee on Banking Supervision
BoE	Bank of England
CCB	Capital conservation buffer
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CDS	Credit default swap
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRM	Credit risk mitigation
CRR	Capital Requirements Regulations
CRR II/CRD V	Revisions to the CRD IV package
CVA	Credit valuation adjustment
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
ECAI	External Credit Assessment Institution
ECL	Expected credit loss
EHQLA	Eligible High Quality Liquid Assets
ERC	Executive Risk Committee
ERRF	Executive Risk Review Forum
EU	European Union
EVE	Economic Value of Equity
FCA	Financial Conduct Authority
FHC	Financial Holding Company
FINREP	Financial Reporting
Fitch	Fitch Ratings
FPC	Financial Policy Committee
FRTB	Fundamental Review of the Trading Book
Group	Investec plc and its subsidiaries
HQLA	High Quality Liquid Assets
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP Review ERRF	Investec Bank plc
ICAAP	Internal capital adequacy assessment process
IFRS	International Financial Reporting Standards
IRRBB	Interest Rate Risk in the Banking Book
IW&I	Investec Wealth & Investment
ISDA	International Swaps and Derivatives Association Master Agreement
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LSE	London Stock Exchange
MPC	Monetary Policy Committee
NII	Net Interest Income
NMDs	Non-maturity deposits
NSFR	Net Stable Funding Ratio
OTC	Over-the-counter
PD	Probability of Default
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
SCP	Single Collateral Pool
SEC-ERBA	Securitisation - External Ratings-based Approach
SEC-SA	Securitisation - Standardised Approach
SFT	Securities financing transaction
S&P	Standard and Poor's rating agency
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

01

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 (FCA) 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) and comprise both quantitative and qualitative information at 31 March 2022, with comparative figures for 31 March 2021 provided, where relevant.

Investec Bank plc (IBP), is the principal banking subsidiary of the Investec plc Group. IBP applies the provisions laid down in article 9 (solo-consolidation waiver) of the CRR and therefore includes Investec Investments (UK) Limited in the solo-consolidation. In accordance with article 13 and the Disclosure (CRR) Part of the PRA rulebook, a sub-set of Pillar disclosures covering own funds, capital requirements, countercyclical capital buffers, credit risk, remuneration, leverage ratio, liquidity requirements and credit risk mitigation techniques have to be published by significant subsidiaries of the Investec plc Group. The IBP disclosures which follow are published on an individual basis (i.e. solo-consolidation level) as at 31 March 2022, with comparative figures provided for 31 March 2021, where relevant. The sub-set of Pillar 3 disclosures for the Bank are included in appendix A.

The Pillar 3 disclosures are published in a standalone disclosure report and are available to view on the Investec website at www.investec.com. These disclosures are published annually and are released, simultaneously with the Annual Report. 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 a sub-committee of DLC BRCC.

The Pillar 3 disclosures of the Bank are governed by the IBP Pillar 3 disclosure policy, which is approved by the IBP Board Risk and Capital Committee (IBP BRCC), a delegated sub-committee of the IBP Board. The Board delegates responsibility for review and approval of these disclosures to a sub-committee of IBP BRCC.

Where Pillar 3 requirements are included in other disclosure reports, references are provided to the relevant pages and or location. Remuneration disclosures for the Investec plc Group, including qualitative and quantitative disclosures, are included in the Investec Group’s 2022 remuneration report. The remuneration disclosures for IBP are included in the IBP Annual Report 2022 on pages 163 to 165.

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 31 March 2022, the Common Equity Tier (CET1) ratio of the Group was 11.4%. 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

INTRODUCTION
CONTINUED

the Basel 3 liquidity requirements for some time. The leverage ratio – calculated as regulatory capital over regulatory balance sheet assets for the Group – was 9.0% at 31 March 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 cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%.

Total cash and near cash balances for the Group amounted to £8.9 billion at 31 March 2022 representing 48.5% of customer deposits.

At 31 March 2022 the Group's point in time Liquidity Coverage Ratio (LCR) was 457% and the Net Stable Funding Ratio (NSFR) was 145%, 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	31 March 2022	31 March 2021
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	1 931	1 796
2	Tier 1 capital	2 181	2 070
3	Total capital	2 809	2 440
	Risk weighted exposure amounts		
4	Total risk weighted assets	16 980	16 332
	Capital ratios		
5	Common Equity Tier 1 ratio (%)	11.4%	11.0%
6	Tier 1 ratio (%)	12.8%	12.7%
7	Total capital ratio (%)	16.5%	14.9%
	Additional own funds requirements based on SREP (as a percentage of risk weighted exposure amounts)		
UK 7a	Additional CET1 SREP requirement (%)	0.4%	0.5%
UK 7b	Additional AT1 SREP requirement (%)	0.1%	0.2%
UK 7c	Additional T2 SREP requirements (%)	0.2%	0.2%
UK 7d	Total SREP own funds requirements (%)	8.8%	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 (%)	11.3%	11.4%
12	CET1 available after meeting the total SREP own funds requirements (%)*	2.6%	2.2%
	Leverage ratio^^		
13	Leverage ratio total exposure measure	24 181	26 672
14	Leverage ratio	9.0%	7.8%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	5 022	3 860
UK 16a	Cash outflows - Total weighted value	3 766	3 651
UK 16b	Cash inflows - Total weighted value	2 262	2 571
16	Total net cash outflows (adjusted value)	1 504	1 116
17	Liquidity coverage ratio (%)**	336.0%	351.0%

^ 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 leverage ratios are calculated on an end-quarter basis. The 31 March 2022 leverage ratio is calculated applying the UK leverage ratio framework which applies to all UK firms from 1 January 2022. The 31 March 2021 comparative is calculated on a CRD IV 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.

INTRODUCTION
CONTINUED

Minimum capital requirements

Investec plc's minimum CET1 requirement at 31 March 2022 is 7.5% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% Capital Conservation Buffer (CCB), a 0.45% Pillar 2A requirement and a 0.03% CCyB. The Group's institution-specific Countercyclical Capital Buffer (CCyB) requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set. On 11 March 2020, the Financial Policy Committee (FPC) announced that, with immediate effect, the UK CCyB rate be reduced to 0% in response to the economic shock arising from COVID-19. As at 31 March 2022 the UK CCyB rate has remained at 0%

In response to the economic shock from COVID-19, the PRA announced in May 2020 that firms subject to a Supervisory Review and Evaluation Process (SREP) in 2020 and 2021 would have their Pillar 2A capital requirements set as a nominal amount, instead of a percentage of RWAs. Firms not subject to a SREP in 2020 may apply for a conversion of their current Pillar 2A requirement into a nominal amount using RWAs as of end-December 2019. This change would apply until the next regulatory-scheduled SREP.

Investec plc's Pillar 2A capital requirement was converted into a nominal capital amount. In addition, on 16 December 2020, the PRA confirmed that it would reduce the Group's Pillar 2A minimum requirement to reflect the FPC's decision from December 2019 to increase the CCyB in a standard risk environment (even though the FPC's decision was subsequently revoked, in light of COVID-19).

The PRA announced on 8 December 2021 that this regulatory measure is no longer necessary and therefore in 2022 all firms will be set Pillar 2A as a variable amount (with the exception of some fixed add-ons, such as pension risk).

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, and will apply from the end of June 2022.

Regulatory environment

Regulatory developments

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 (MPC's) projections and absent a material change in the outlook for UK financial stability, the FPC would expect to increase the rate further to 2% in Q2 2022. This subsequent increase would be expected to take effect after the usual 12-month implementation period.

On 1 November 2021, the Financial Services Regulatory Initiatives Forum published the fourth edition of the regulatory initiatives grid. The grid aims to provide firms with a clear idea of upcoming regulatory changes. The grid confirms a delay to the consultation on Basel 3.1. The consultation has been pushed out from Q4 2021 to the second half of 2022, with implementation not expected until after March 2023. In a subsequent statement issued by the PRA on 21 March 2022, the PRA confirmed the consultation paper will be published in the fourth quarter of 2022 and the current intention is to consult on a proposal that these changes will become effective on 1 January 2025, aligning with other major jurisdiction including the EU.

On 22 June 2021, HM Treasury confirmed the Fundamental Review of the Trading Book (FRTB) reporting requirements would be delayed and implemented alongside the FRTB revisions to the Pillar 1 capital requirements, which form part of Basel 3.1.

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 (T1) 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 total capital 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 31 March 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.

INTRODUCTION
CONTINUED

Capital and leverage ratio targets

Capital

Over recent years, capital adequacy standards for banks have been raised as part of attempts to increase the stability and resilience of the global banking sector. The Group has always held capital in excess of regulatory requirements and continues to remain well capitalised. Accordingly, Investec targets a minimum CET1 capital ratio of above 10%, a T1 capital ratio of above 11% and a TC ratio target in the range of 14% to 17%. These targets are set on an Investec Group basis and exclude the deduction of foreseeable charges and dividends as required under the CRR. Although the targets are set on an Investec Group basis, they are monitored on a UK reported basis, including the impact of foreseeable charges and dividends. These targets are continuously assessed for appropriateness.

Leverage

The Group targets a leverage ratio above 6%.

Management of capital and leverage

Capital

The IBP, Investec plc and DLC Capital Committees are responsible for ensuring the impact of any regulatory change is analysed, understood and planned for. To allow these committees to carry out this function, the Bank's prudential advisory and reporting team closely monitor regulatory developments and regularly present to the committees on the latest developments and proposals. As part of any assessment, the committees are provided with analysis setting out the Group's capital adequacy position, taking into account the most up-to-date interpretation of the rule changes. In addition, regular sessions are held with IBP BRCC and DLC BRCC and the Boards to ensure members are kept up to date with the most salient changes and to ensure the impact on the Bank and its subsidiaries is monitored and understood.

Leverage

As with the governance of capital management, the IBP, Investec plc and DLC Capital Committees are responsible for ensuring that the impact of any regulatory changes on the leverage ratio is calculated, analysed and understood at all reporting levels. The leverage exposure measure is calculated on a monthly and quarterly basis and is presented to these committees on a regular basis. These committees are also responsible for monitoring the risk of excessive leverage.

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 and/or deducted from CET1 capital.

Table 3 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 6, set out on page 21.

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

INTRODUCTION
CONTINUED

Table 2: Outline of the differences in the scopes of consolidation (entity by entity) (UK LI3)

		Method of regulatory consolidation					
Name of the entity	**Method of accounting consolidation**	**Full consoli-dation**	**Proportional consoli-dation**	**Equity method**	**Neither consolidated nor deducted^**	**Ded-ucted^^**	**Description of the entity**
Subsidiaries*							
Investec Captive Insurance Limited	Full consolidation					X	Captive insurance company
F&K SPF Limited	Full consolidation				X		Property holding company
PSV Marine Ltd	Full consolidation				X		Shipping holding company
PSV Anjali Ltd	Full consolidation				X		Shipping holding company
PSV Randeep Ltd	Full consolidation				X		Shipping holding company
Inv-German Retail Ltd	Full consolidation				X		Property company
Tudor Tree Properties Limited	Full consolidation				X		Property company
SCI Cap Philippe	Full consolidation				X		Property company
Aksala Limited	Full consolidation				X		Property company
Bowden(Lot 31) Pty Limited	Full consolidation				X		Development company
Investec International Limited	Full consolidation				X		Aircraft leasing
Appleton Resources (Jersey) Ltd	Full consolidation				X		Holding company
Appleton Coal LLC	Full consolidation				X		Investment holding company
Maben Coal LLC	Full consolidation				X		Investment holding company
Associates and Joint Ventures**							
Point Cook (Trust Project No 9)	Equity				X		Property development
imarkets (Holdings) Limited	Equity		X				Online trading platform
Ninety One Plc	Equity					X	Investment Management Services
JSM Advisers Private Limited	Equity		X				Fund management company
Investec Capital Services (India) Private Limited	Equity		X				Merchant Banking & Stock Broking
Grovepoint S.a.r.l.	Equity		X				Investment and advisory
Templewater Hong Kong Limited	Equity		X				Investment Banking
Investec Capitalmind SAS	Equity		X				Advisory services
Investec Capitalmind GmbH	Equity		X				Advisory services
Investec Capitalmind BV	Equity		X				Advisory services
CFC Holdings Limited	Fair value investment		X				Holding company

^ Exposures which are neither consolidated nor deducted are risk weighted, subject to qualifying holding thresholds or not included in the regulatory consolidation.
^^ Exposures which are deducted are subject to significant investment thresholds. Amounts above the threshold are deducted from CET1 capital, whilst amounts up to the threshold amount are risk weighted at 250%.
* The regulatory treatment of all entities listed as subsidiaries in the Investec plc 2022 Annual Report, pages 183 to 186, follows the accounting treatment unless otherwise stated in the table above.
** The regulatory treatment of all entities listed as Associates and Joint Ventures in the Investec plc 2022 annual report, page 187, do not align with the accounting treatment. In the regulatory consolidation, exposures to financial sector associates are proportionally consolidated.

INTRODUCTION
CONTINUED

Table 3: 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
		31 March 2022		31 March 2021	
Cash and balances at central banks		5 380	5 380	3 043	3 043
Loans and advances to banks		1 468	1 495	1 385	1 339
Reverse repurchase agreements and cash collateral on securities borrowed		1 448	1 448	2 065	2 065
Sovereign debt securities		1 166	1 166	1 108	1 108
Bank debt securities		62	62	48	48
Other debt securities		428	427	699	668
Derivative financial instruments		693	662	773	763
Securities arising from trading activities		163	163	282	278
Investment portfolio		694	701	714	744
Loans and advances to customers		14 426	14 424	12 336	12 349
Other loans and advances		123	160	124	259
Other securitised assets		93	93	107	107
Interests in associated undertakings		67	—	59	4
Deferred taxation assets	a	110	113	111	111
– relates to losses carried forward	a	8	8	12	12
Current taxation assets		33	34	58	58
Other assets		1 139	913	1 393	1 085
Property and equipment		155	135	186	163
Goodwill	b	250	265	250	256
Software	b	7	7	8	8
Other acquired intangible assets	b	41	41	53	53
Investment in subsidiary companies		—	26	–	6
Total assets		**27 946**	**27 715**	**24 802**	**24 515**
Deposits by banks		2 027	2 027	1 353	1 274
Derivative financial instruments		863	833	915	900
Other trading liabilities		43	43	49	49
Repurchase agreements and cash collateral on securities lent		155	155	157	157
Customer deposits (deposits)		18 294	18 309	16 078	16 188
Debt securities in issue		1 648	1 648	1 603	1 544
Liabilities arising on securitisation of other assets		96	96	108	108
Current taxation liabilities		2	4	37	38
Deferred taxation liabilities		—	3	20	17
Other liabilities		1 379	1 175	1 204	969
Subordinated liabilities of which:		759	759	772	772
– term subordinated debt included in Tier 2 capital	c	759	759	772	772
Total liabilities		**25 266**	**25 052**	**22 296**	**22 016**
Equity					
Ordinary share capital		—	—	—	—
Ordinary share premium		807	807	807	807
Treasury shares		(162)	(162)	(134)	(134)
Other reserves		(24)	(22)	(66)	(66)
Retained income		1 783	1 761	1 624	1 617
Ordinary shareholders' equity		2 404	2 384	**2 231**	**2 224**
Perpetual preference share capital and premium		25	25	25	25
Shareholders' equity excluding non-controlling interests		2 429	2 409	**2 256**	**2 249**
Other Additional Tier 1 securities in issue	d	250	250	250	250
Non-controlling interests in partially held subsidiaries	e	1	4	—	—
Total equity		**2 680**	**2 663**	**2 506**	**2 499**
Total liabilities and equity		**27 946**	**27 715**	**24 802**	**24 515**

^ The alphabetical references provide a mapping of the balance sheet items to elements included in the composition of regulatory own funds (UK CC1) table 6, set out on page 21.

INTRODUCTION
CONTINUED

Mapping of financial statement categories with regulatory risk categories

Table 4 shows how the financial statement categories map to the regulatory risk categories. The carrying value under the regulatory scope of consolidation will not equal the sum of the amounts reported in the regulatory risk categories as some exposures will attract both a CCR and market risk charge.

The regulatory risk categories are expanded further in table 4 to take into account the key differences between the regulatory exposure value and value reported in the financial statements.

Table 4: Mapping of financial statement categories with regulatory risk categories (UK LI1)

			Carrying values of items*				
£'million**	**Carrying values as reported in published financial statements**	**Carrying value under scope of regulatory con-solidation^**	**Subject to credit risk framework**	**Subject to CCR framework**	**Subject to securitisa-tion framework**	**Subject to market risk framework**	**Not subject to capital require-ments or is subject to deduction from capital**
31 March 2022							
Assets							
Cash and balances at central banks	5 380	5 380	5 380	—	—	—	—
Loans and advances to banks	1 468	1 495	1 468	27	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 448	1 448	—	1 448	—	1 448	—
Sovereign debt securities	1 166	1 166	1 166	—	—	—	—
Bank debt securities	62	62	62	—	—	—	—
Other debt securities	428	427	119	—	308	—	—
Derivative financial instruments	693	662	—	662	—	632	—
Securities arising from trading activity	163	163	—	—	—	158	5
Investment portfolio	694	701	499	—	—	—	202
Loans and advances to customers	14 426	14 424	14 424	—	—	—	—
Other loans and advances	123	160	45	—	115	—	—
Other securitised assets	93	93	93	—	—	—	—
Interest in associated undertakings	67	—	—	—	—	—	—
Deferred taxation assets	110	113	56	—	—	—	57
Current taxation asset	33	34	34	—	—	—	—
Other assets	1 139	913	176	—	—	—	737
Property and equipment	155	135	135	—	—	—	—
Goodwill	250	265	—	—	—	—	265
Intangible assets	41	41	—	—	—	—	41
Investment in subsidiary company	—	26	26	—	—	—	—
Software	7	7	—	—	—	—	7
Total assets	**27 946**	**27 715**	**23 683**	**2 137**	**423**	**2 238**	**1 314**
Liabilities							
Deposits by banks	2 027	2 027	—	—	—	—	2 027
Derivative financial instruments	863	833	—	833	—	824	—
Other trading liabilities	43	43	—	—	—	43	—
Repurchase agreements and cash collateral on securities lent	155	155	—	155	—	155	—
Customer accounts (deposits)	18 294	18 309	—	—	—	—	18 309
Debt securities in issue	1 648	1 648	—	—	—	—	1 648
Liabilities arising on securitisation of other assets	96	96	—	—	—	—	96
Current taxation liabilities	2	4	—	—	—	—	4
Deferred taxation liabilities	—	3	—	—	—	—	3
Other liabilities	1 379	1 175	—	—	—	—	1 175
Subordinated liabilities	759	759	—	—	—	—	759
Total liabilities	**25 266**	**25 052**	**—**	**988**	**—**	**1 022**	**24 021**

^ The numbers disclosed in this column do not equal the sum of the amounts reported in the remaining columns as some exposures will attract both CCR and market risk.
* The carrying value is the accounting balance reported in the regulatory risk types and excludes off-balance sheet items.
** Refer to table 2 on page 10 for an explanation of the difference between the financial and regulatory scope of consolidation.

INTRODUCTION
CONTINUED

Table 4: Mapping of financial statement categories with regulatory risk categories (UK LI1) (CONTINUED)

			Carrying values of items*				
£'million**	Carrying values as reported in published financial statements	Carrying value under scope of regulatory con-solidation^	Subject to credit risk framework	Subject to CCR framework	Subject to securitisa-tion framework	Subject to market risk framework	Not subject to capital require-ments or is subject to deduction from capital
31 March 2021							
Assets							
Cash and balances at central banks	3 043	3 043	3 043	—	—	—	—
Loans and advances to banks	1 385	1 339	1 244	95	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 065	2 065	—	2 065	—	2 065	—
Sovereign debt securities	1 108	1 108	1 108	—	—	—	—
Bank debt securities	48	48	48	—	—	—	—
Other debt securities	699	668	189	—	480	—	—
Derivative financial instruments	773	763	—	763	—	763	—
Securities arising from trading activities	282	278	—	—	—	276	2
Investment portfolio	714	744	556	—	—	—	188
Loans and advances to customers	12 336	12 349	12 349	—	—	—	—
Other loans and advances	124	259	107	62	90	—	—
Other securitised assets	107	107	107	—	—	—	—
Interest in associated undertakings	59	4	4	—	—	—	—
Deferred taxation assets	111	111	59	—	—	—	52
Other assets	1 451	1 143	660	7	—	—	476
Property and equipment	186	163	163	—	—	—	—
Goodwill	250	256	—	—	—	—	256
Intangible assets	53	53	—	—	—	—	53
Investment in subsidiary company	—	6	6	—	—	—	—
Software	8	8	—	—	—	—	8
Total assets	**24 802**	**24 515**	**19 643**	**2 992**	**570**	**3 104**	**1 035**
Liabilities							
Deposits by banks	1 353	1 274	—	—	—	—	1 274
Derivative financial instruments	915	900	—	900	—	900	—
Other trading liabilities	49	49	—	–	—	49	—
Repurchase agreements and cash collateral on securities lent	157	157	—	157	—	157	—
Customer accounts (deposits)	16 078	16 188	—	—	—	—	16 188
Debt securities in issue	1 603	1 544	—	—	—	—	1 544
Liabilities arising on securitisation of other assets	108	108	—	—	—	—	108
Current taxation liabilities	37	38	—	—	—	—	38
Deferred taxation liabilities	20	17	—	—	—	—	17
Other liabilities	1 204	969	—	—	—	—	969
Subordinated liabilities	772	772	—	—	—	—	772
Total liabilities	**22 296**	**22 016**	**—**	**1 057**	**—**	**1 106**	**20 910**

^ The numbers disclosed in this column do not equal the sum of the amounts reported in the remaining columns as some exposures will attract both CCR and market risk.
* The carrying value is the accounting balance reported in the regulatory risk types and excludes off-balance sheet items.
** Refer to table 2 on page 10 for an explanation of the difference between the financial and regulatory scope of consolidation.

INTRODUCTION
CONTINUED

Differences between the financial accounting and regulatory exposure amounts

Table 5 sets out the main sources of differences between the regulatory exposure amount and the carrying values in the financial statements applying the regulatory scope of consolidation. The key differences are as follows:

- Off-balance sheet amounts and differences due to credit conversion factors – the regulatory exposure amount includes off-balance sheet exposure amounts which are subject to regulatory defined credit conversion factors (CCFs) depending on the maturity and type of exposure
- Differences in valuation – additional valuation adjustments are applied to banking book and trading book assets measured at fair value in order to reflect a prudent valuation. The Group applies the simplified approach when calculating additional valuation adjustments
- Netting rules – under IFRS, in order to net on an accounting basis, a legally enforceable right to set-off the recognised amounts must exist and the entity has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. From a regulatory perspective, it is possible to recognise greater netting, provided the agreements are legally effective and enforceable, including in the event of the bankruptcy or insolvency of the counterparty and the exposures are monitored and controlled on a net basis
- Differences due to the use of credit risk mitigation techniques – the regulatory exposure takes into account eligible credit risk mitigation
- Other differences – this includes potential future exposure (PFE) add-ons arising on derivative exposures under the CCR framework, and the IFRS 9 transitional adjustment subject to a RW of 100%
- Market risk – the difference is driven by the standardised market risk methodology applied when calculating market risk capital requirements.

Table 5: Main sources of differences between regulatory exposure amounts and carrying values in the financial statements (UK LI2)

		Items subject to:			
£'million^	**Total***	**Credit risk framework**	**Securitisation framework**	**CCR framework**	**Market risk framework**
31 March 2022					
Assets carrying value amount under scope of regulatory consolidation (as per template LI1)	26 401	23 683	423	2 137	2 238
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	1 031	—	—	988	1 022
Total net amount under the regulatory scope of consolidation	**25 370**	**23 683**	**423**	**1 149**	**1 216**
Off-balance sheet amounts	2 593	2 548	45	—	
Differences in valuations	(6)	—	—	(6)	
Differences due to different netting rules, other than those already included in row 2	1 205	—	—	1 205	
Differences due to consideration of provisions	—	—	—	—	
Differences due to the use of credit risk mitigation techniques (CRMs)	(1 719)	(360)	—	(1 360)	
Differences due to credit conversion factors	(1 190)	(1 190)	—	—	
Other differences	1 281	663	—	618	
Exposure amounts considered for regulatory purposes	**27 534**	**25 344**	**468**	**1 606**	**357**
31 March 2021^^					
Assets carrying value amount under scope of regulatory consolidation (as per template LI1)	23 480	19 643	570	2 992	3 104
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	1 106	—	—	1 057	1 106
Total net amount under the regulatory scope of consolidation	**22 374**	**19 643**	**570**	**1 935**	**1 998**
Off-balance sheet amounts	2 361	2 361	—	—	
Differences in valuations	(7)	—	—	(7)	
Differences due to different netting rules, other than those already included in row 2	531	—	—	531	
Differences due to consideration of provisions	—	—	—	—	
Differences due to the use of credit risk mitigation techniques (CRMs)	(2 131)	(239)	—	(1 892)	
Differences due to credit conversion factors	(1 084)	(1 084)	—	—	
Other differences	1 955	635	—	1 320	
Exposure amounts considered for regulatory purposes	**23 999**	**21 316**	**570**	**1 887**	**406**

^ 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.
^^ Following the release of the PRA templates effective 1 January 2022, some changes were made to the comparative numbers to present a more meaningful comparison.
* The total assets and liabilities carrying value reported under scope of regulatory consolidation (as per template LI1) is reported net of items not subject to capital requirements or subject to a capital deduction.

02

Risk management

RISK MANAGEMENT

Philosophy and approach to risk management

The Group's comprehensive risk management process involves identifying, quantifying, managing, monitoring, mitigating and reporting the risks associated with each of the businesses to ensure the risks remain within the stated risk appetite.

The Board ensures that there are appropriate resources to manage the risks arising from running our businesses.

The DLC BRCC (comprising both executive and non-executive directors) is the Board mandated committee to monitor and oversee risk. DLC BRCC meets at least five times per annum and recommends the overall risk appetite for the Investec Group to the Board for approval.

We monitor and control risk exposure through independent credit, market, liquidity, operational, legal, internal audit, capital and compliance teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

Group risk management operates within an integrated geographical and divisional structure, in line with our 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 our defined risk parameters and objectives. We continually seek new ways to enhance risk management techniques.

We believe that the risk management systems and processes we have in place are adequate to support the Group's strategy and allow the Group to operate within its risk appetite tolerance.

Group risk management objectives are to:

- Ensure adherence to our risk management culture
- Ensure the business operates within the Board-approved risk appetite
- Support the long-term sustainability of the Group by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk with good customer outcomes
- Set, approve and monitor adherence to risk parameters and limits across the Group and ensure they are implemented and adhered to consistently
- Aggregate and monitor our exposure across risk classes
- Coordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the Board reasonable assurance that the risks we are exposed to are identified and appropriately managed and controlled
- Resource risk teams suitably and with appropriate expertise and facilitate operating independence
- Run appropriate risk committees, as mandated by the Board
- Maintain compliance in relation to regulatory requirements.

Risk appetite framework

The Group has a number of Board-approved risk appetite statements and policy documents covering our risk tolerance and approach to our principal aspects of risk. The risk appetite statements and frameworks for Investec plc set out the Board's mandated risk appetite. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the Group. The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities.

The risk appetite frameworks are a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the Group is operating. The risk appetite frameworks are reviewed (in light of the above aspects) and approved by the Board at least annually or as business needs dictate.

A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the Board. A high-level summary of the Group's overall risk tolerance and positioning has been detailed against the respective principal risks and start on page 11 of the Investec plc 2022 annual report.

Emerging and other risks are factored into the Board's viability assessment. For more information on our viability statement refer to page 127 of the Investec Group's 2022 integrated and strategic annual report.

RISK MANAGEMENT
CONTINUED

Stress testing and portfolio management

The Investec Group's stress testing framework is designed to identify and assess vulnerabilities under stress. The process comprises a bottom-up analysis of the Group's material business activities, incorporating views from risk management teams, business and the executive. Stress scenarios are designed based on findings from the bottom-up process, taking into consideration the broader macro-economic and political risk backdrop.

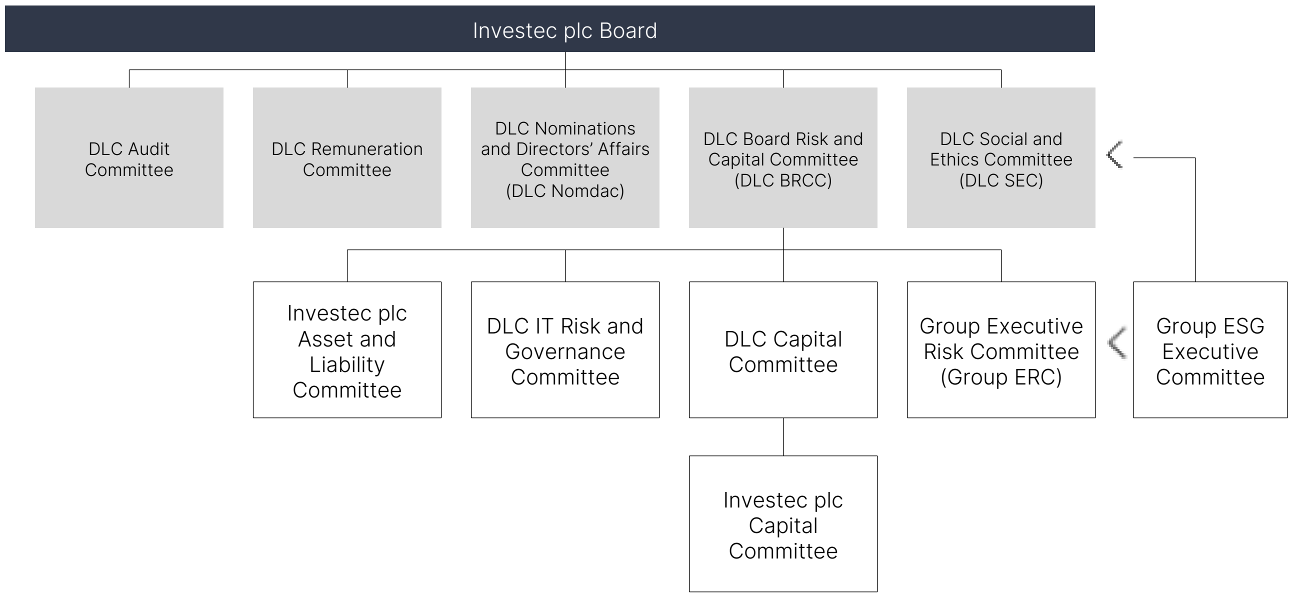
These Investec-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting. The stress testing process also informs the risk appetite review process, and the management of risk appetite limits and is a key risk management tool of the Group. This process allows the Group to identify underlying risks and manage them accordingly.

The Group also performs ad hoc stress tests and reverse stress testing. Ad hoc stress tests are conducted in response to any type of material and/or emerging risks, with reviews undertaken of impacted portfolios to assess any migration in quality and highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations such as a reduction in risk appetite limits. Reverse stress tests are conducted to stress the Group's business plan to failure and consider a broad variety of extreme and remote events.

Reviews are also undertaken of all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

Governance

A number of committees and forums identify and manage risk at Group level, as shown in the diagram below. These committees and forums, mandated by the Board, operate together with Group risk management, the IBP Board and sub committees within respective operating jurisdictions. The Board of IBP, our regulated banking subsidiary, and the Board of Investec Wealth & Investment (IW&I), our regulated wealth subsidiary, are responsible for the statutory matters and corporate governance for the respective entities, and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. The Boards and Board committees of IBP and IW&I report to the Board and the Board committees of the Group, with the interconnection between the respective Board committees, supported by the membership or attendance of the chairman of the Group Board committee at the respective subsidiary Board committee.



Capital adequacy and leverage

CAPITAL ADEQUACY AND LEVERAGE

Capital management

Philosophy and approach

The Group's approach to capital management utilises both regulatory capital as appropriate to the jurisdiction in which it operates and internal capital, which is an internal risk-based assessment of capital requirements. Capital management primarily relates to management of the interaction of both, with the emphasis on regulatory capital for managing portfolio level capital sufficiency and on internal capital for ensuring that returns are appropriate given the level of risk taken at an individual transaction or business unit level.

In line with our risk appetite framework we intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios.

The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the Group. At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the Group's risk profile and optimisation of shareholder returns. Our internal capital framework is designed to manage and achieve this balance.

The internal capital framework is based on the Group's risk identification, review and assessment processes and is used to provide a risk-based approach to capital allocation, performance and structuring of our balance sheet. The objectives of the internal capital framework are to quantify the minimum capital required to:

- Maintain sufficient capital to satisfy the Board's risk appetite across all risks faced by the Group
- Provide protection to depositors against losses arising from risks inherent in the business
- Provide sufficient capital surplus to ensure that the Group is able to retain its going concern basis under relatively severe operating conditions
- Inform the setting of minimum regulatory capital through the Internal Capital Adequacy Assessment Process (ICAAP) and subsequent SREP review. The ICAAP documents the approach to capital management, including the assessment of the regulatory and internal capital position of the Bank (solo-consolidation level) and the Investec plc consolidation Group. The ICAAP is reviewed and approved by IBP, Investec plc and DLC Capital Committees and in parallel by IBP BRCC, DLC BRCC and the IBP and the Investec plc Boards.

The IBP and Investec plc Capital Committees seek to optimise the balance sheet such that capital held is in excess of internal capital. Internal capital performs a critical role in:

- Investment decision-making and pricing that is commensurate with the risk being taken
- Allocating capital according to the optimal expected marginal risk-based return, and tracking performance on this basis
- Determining transactional risk-based returns on capital
- Rewarding performance, taking into account the relative levels of risk adopted by forming a basis for the determination of economic value added at a transactional level, and hence the basis for discretionary variable remuneration
- Comparing risk-based performance across business areas.

The framework has been approved by the IBP and Investec plc Boards and is managed by the IBP and Investec plc Capital Committees, which are responsible for oversight of the management of capital on a regulatory and an internal capital basis.

In order to achieve these objectives, the internal capital framework describes the following approach to the integration of risk and capital management.

Risk modelling and quantification (internal capital)

Internal capital requirements are quantified by analysis of the potential impact of key risks to a degree consistent with our risk appetite. Internal capital requirements are supported by the Board-approved risk assessment process described above. Quantification of all risks is based on analysis of internal data, management expertise and judgement, and external benchmarking.

The following risks are included within the internal capital framework and quantified for capital allocation purposes:

- Credit and counterparty risk, including:
  - underlying counterparty risk
  - concentration risk
  - securitisation risk
- Market risk
- Equity and investment risk held in the banking book
- Banking book interest rate risk
- Operational risk, which is considered as an umbrella term and covers a range of independent risks including, but not limited to fraud, litigation, business continuity, outsourcing and out of policy trading.

The specific risks covered are assessed dynamically through constant review of the underlying business environment.

Capital planning and stress/scenario testing

A capital plan is prepared for IBP and Investec plc and is maintained to facilitate discussion of the impact of business strategy and market conditions on capital adequacy. This plan is designed to assess capital adequacy under a range of economic and internal conditions over the medium term (three years), with the impact on earnings, asset growth, risk appetite and liquidity considered. The plan provides the IBP and Investec plc Boards with an input into strategy and the setting of risk appetite by considering business risks and potential vulnerabilities, capital usage and funding requirements given constraints where these exist.

12-month capital plans are prepared monthly, with regulatory capital being the key driver of decision-making.

The goal of capital planning is to provide insight into potential sources of vulnerability of capital adequacy by way of market, economic or internal events. As such, the three-year capital plans are stressed based on conditions most likely to cause duress. The conditions themselves are agreed by the IBP and Investec plc Capital Committees after the key vulnerabilities have been determined through the stress testing workshops. Such plans are used by management to formulate balance sheet strategy and agree management actions, trigger points and influence the determination of our risk appetite. The output of capital planning allows senior management to make decisions to ensure that the Bank and Group continue to hold sufficient capital to meet regulatory and internal capital targets. On certain occasions, especially under stressed scenarios, management may plan to undertake a number of actions. Assessment of the relative merits of undertaking various actions is then considered using an internal view of relative returns across portfolios which are themselves based on internal assessments of risk and capital.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Our capital plans are designed to allow senior management and the Boards to review:

- Changes to capital demand caused by implementation of agreed strategic objectives, including the creation or acquisition of new businesses, or as a result of the manifestation of one or more of the risks to which we are potentially susceptible
- The impact on profitability of current and future strategies
- Required changes to the capital structure
- The impact of implementing a proposed dividend strategy
- The impact of future regulatory change
- The impact of alternate market or operating conditions on any of the above.

At a minimum level, each capital plan assesses the impact on our capital adequacy in an expected case and in downturn scenarios. On the basis of the results of this analysis, the IBP, Investec plc and DLC Capital Committees are presented with the potential variability in capital adequacy and are responsible, in consultation with the Boards, for considering the appropriate response.

Reverse stress testing is performed annually as part of the ICAAP process.

Pricing and performance measurement

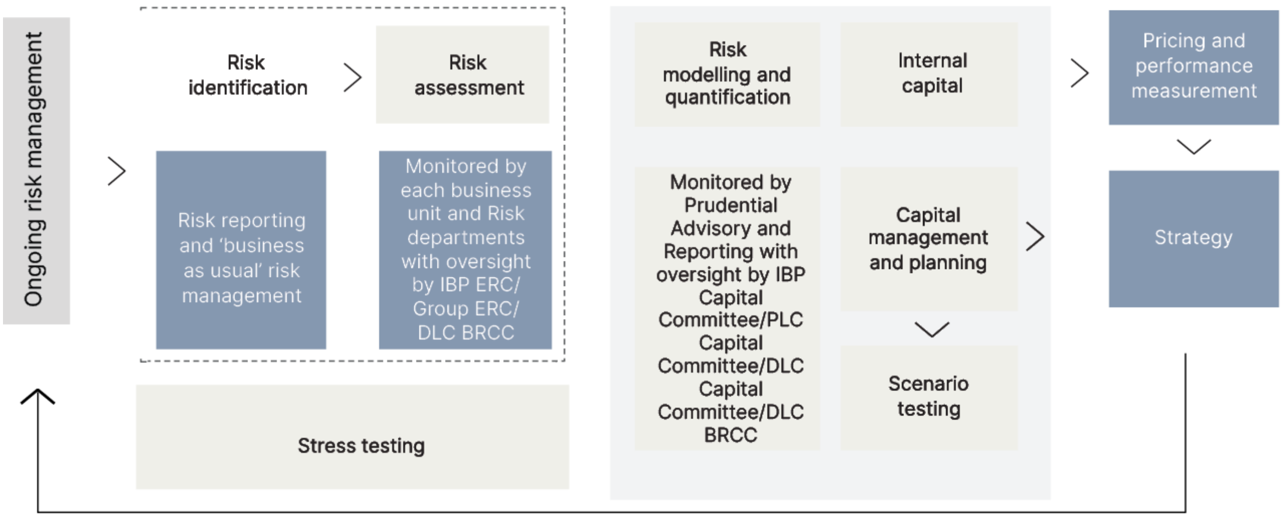
The use of internal capital as an allocation tool means that all transactions are considered in the context of their contribution to return on risk-adjusted capital. This ensures that expected returns are sufficient after taking recognition of the inherent risk generated for a given transaction. This approach allows us to embed risk and capital discipline at the level of deal initiation. Using expectations of risk-based returns as the basis for pricing and deal acceptance ensures that risk management retains a key role in ensuring the portfolio is appropriately managed for that risk.

In addition to pricing, returns on internal capital are monitored and relative performance is assessed on this basis.

Assessment of performance in this way is a fundamental consideration used in setting strategy and risk appetite as well as rewarding performance.

These processes have been embedded across the business with the process designed to ensure that risk and capital management form the basis for key decisions, at the Bank and Group level, as well as at a transactional level. Responsibility for oversight for each of these processes ultimately falls to the IBP BRCC and DLC BRCC.

The (simplified) integration of risk and capital management



CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 6: Composition of regulatory own funds (UK CC1)

Ref^	Common Equity Tier 1 (CET1) capital: instruments and reserves £'million	Ref*	31 March 2022	31 March 2021
1	Capital instruments and the related share premium accounts		807	807
	of which: Ordinary shares (including share premium)		807	807
2	Retained earnings		1 737	1 592
3	Accumulated other comprehensive income (and other reserves)		(42)	(67)
5	Minority interests (amount allowed in consolidated CET1)	e	—	—
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**		**2 502**	**2 332**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		(6)	(7)
8	Intangible assets (net of related tax liability) (negative amount)	a**b	(303)	(307)
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)	(12)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		—	12
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		(162)	(134)
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)	(179)
UK-20a	Exposure amount of the following items which qualify for a RW of 1 250%, where the institution opts for the deduction alternative		(5)	(2)
UK-20c	of which: securitisation positions (negative amount)		(5)	(2)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)		77	93
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**		**(571)**	**(536)**
29	**Common Equity Tier 1 (CET1) capital**		**1 931**	**1 796**
	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
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR		—	24
36	Additional Tier 1 (AT1) capital before regulatory adjustments		250	274
44	**Additional Tier 1 (AT1) capital**		**250**	**274**
45	**Tier 1 capital (T1 = CET1 + AT1)**		**2 181**	**2 070**
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	c	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	281	370
51	Tier 2 (T2) capital before regulatory adjustments		628	370
	Tier 2 (T2) capital: regulatory adjustments			
57	**Total regulatory adjustments to Tier 2 (T2) capital**		—	—
58	**Tier 2 (T2) capital**		**628**	**370**
59	**Total capital (TC = T1 + T2)**		**2 809**	**2 440**
60	**Total Risk exposure amount**		**16 980**	**16 332**

^ 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 alphabetical references identify balance sheet components in Table 3 - 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 6: Composition of regulatory own funds (UK CC1) (CONTINUED)

Ref^	£'million	Ref	31 March 2022	31 March 2021
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		11.4%	11.0%
62	Tier 1 (as a percentage of total risk exposure amount)		12.8%	12.7%
63	Total capital (as a percentage of total risk exposure amount)		16.5%	14.9%
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)		7.5%	7.6%
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)		6.4%	6.0%
	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)		70	61
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)		283	261
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)		49	40
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
82	Current cap on AT1 instruments subject to phase out arrangements		—	29
84	Current cap on T2 instruments subject to phase out arrangements		—	9

^ 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.

At 31 March 2022, the CET1 ratio increased to 11.4% from 11.0% at 31 March 2021. CET1 capital increased by £135 million to £1.9 billion, mainly as a result of:

- CET1 capital generation of £236 million through profit after taxation
- An increase in other comprehensive income of £37 million (including the fair value uplift on our investment in Ninety One)
- A decrease of £15 million in the deduction applied to financial sector entities which exceed the 10% threshold due to the sale of 1.13% of our Ninety One shareholding in March 2022.

The increases were partially offset by:

- Dividends paid to ordinary shareholders and Additional Tier security holders of £81 million
- An increase in treasury shares of £23 million
- An increase in foreseeable charges and dividends of £19 million
- A decrease of £12 million in our own credit reserves
- A decrease of £16 million in the IFRS 9 transitional add-back adjustment.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Regulatory capital instruments

Regulatory capital is divided into three main categories, namely CET1, AT1 and T2 capital and comprise the following:

- CET1 capital comprises shareholders' equity and related eligible non-controlling interests after giving effect to deductions for disallowed items (for example, goodwill and intangible assets) and other adjustments
- AT1 capital includes qualifying capital instruments that are capable of being fully and permanently written down or converted into CET1 capital at the point of non-viability of the Group, and related eligible non-controlling interests
- T2 capital comprises qualifying subordinated debt and related eligible non-controlling interests.

Table 7 provides a description of the terms and conditions of all capital instruments, including an indication of which instruments are not CRD IV compliant and are subject to transitional arrangements.

Table 7: Main features of regulatory own funds instruments (UK CCA)

Ref	Terms and conditions	Ordinary shares	Fixed rate reset perpetual AT1 write down capital securities	Subordinated fixed rate reset callable medium term notes	Subordinated callable fixed rate resettable medium term notes
	31 March 2022				
1	Issuer	Investec plc	Investec plc	Investec Bank plc	Investec plc
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GB00B17BBQ50	XS1692045864	XS1859228634	XS2393629311
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	English Law	English Law	English Law	English Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes
	Regulatory treatment				
4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional rules	Common Equity Tier 1	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo and (sub-) consolidated	Consolidated	Consolidated	Solo and Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 instrument	Tier 2 instruments	Tier 2 instruments
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£202 926	£250 million	£281 million	£347 million
9	Nominal amount of instrument	£202 926	£250 million	£420 million	£350 million
9a	Issue price	n/a	100.00%	99.47%	99.75%
9b	Redemption price	n/a	Redemption at principal amount plus accrued and unpaid interest to date of redemption	Par plus accrued and unpaid interest	Par plus accrued and unpaid interest
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	n/a	5 October 2017	24 July 2018	4 October 2021
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	No maturity	No maturity	24 July 2028	4 January 2032
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	5 December 2024, subject to supervisory approval; Subject to tax and capital disqualification event at any time; Redemption at principal amount plus accrued and unpaid interest to date of redemption	24 July 2023, subject to supervisory approval; subject to tax and regulatory call; redemption at par plus accrued interest	Any date from 4 October 2026 to 4 January 2027, subject to supervisory approval; subject to tax and regulatory call; redemption at par plus accrued interest

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 7: Main features of regulatory own funds instruments (UK CCA) (CONTINUED)

Ref	Terms and conditions	Ordinary shares	Fixed rate reset perpetual AT1 write down capital securities	Subordinated fixed rate reset callable medium-term notes	Subordinated callable fixed rate resettable medium term notes
	31 March 2022				
16	Subsequent call dates, if applicable	n/a	On each quarterly interest payment date after first call	n/a	n/a
	Coupons/dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	n/a	6.75%	4.25%	2.63%
19	Existence of a dividend stopper	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timings)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	n/a	Yes	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	CET1 ratio of the issuer group has fallen below 7.00% – contractual/point of non-viability – UK PRA statutory	n/a	n/a
32	If write-down, full or partial	n/a	Full	n/a	n/a
33	If write-down, permanent or temporary	n/a	Permanent	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	n/a	n/a	n/a
UK-34b	Ranking of the instrument in normal insolvency proceedings	1	2	3	3
35	Position in subordinated hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior to Additional Tier 1 instrument	Junior to Tier 2 instruments	Junior to Senior Unsecured	Junior to Senior Unsecured
36	Non-compliant transitioned features	n/a	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to full term and conditions of the instrument	Investec plc - Articles of Association	Investec plc - Fixed rate reset perpetual AT1 write down capital securities	Investec plc - Subordinated fixed rate reset callable medium term notes	Investec plc - Subordinated callable fixed rate resettable medium term notes

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Overview of RWAs

RWAs increased by 4% or £648 million to £17 billion over the period, predominantly within credit risk RWAs.

Credit risk RWAs, which include equity risk, increased by a net £850 million after the settlement of our Australian loan portfolio sale in April 2021, which reduced RWAs by £590 million. The remaining increase is mainly driven by growth in private client and Asset Finance Group lending, predominantly within high net worth (HNW) mortgages, other HNW lending and automobile loans.

On 1 January 2022, Investec plc implemented the new CCR standardised approach (SA-CCR). Even with the adoption of the new CCR methodology, RWAs (including credit valuation adjustment risk) decreased by £92 million compared to 31 March 2021, primarily driven by a reduction in the volume of commodity swaps, equity options and interest rate swaps traded during the year.

Market risk RWAs decreased by £170 million, mainly due to the run down of the financial products and equity derivative exposure book compared with 31 March 2021.

Operational risk RWAs increased by £60 million, due to an increase in the three-year average operating income used to determine the capital requirement.

Table 8: Overview of risk weighted exposure amounts (UK OV1)

		Risk weighted exposure amounts (RWEAs)		Total own fund requirements*
Ref^	**£'million**	**31 March 2022**	31 March 2021^^	**31 March 2022**
1	Credit risk (excluding CCR)	13 845	12 976	1 108
2	Of which the standardised approach	13 845	12 976	1 108
6	Counterparty credit risk - CCR	658	750	52
7	Of which the standardised approach	463	623	37
UK 8a	Of which exposures to a CCP	19	23	2
UK 8b	Of which credit valuation adjustment - CVA	103	59	8
9	Of which other CCR	73	45	5
15	Settlement risk	4	5	—
16	Securitisation exposures in the non-trading book (after the cap)	79	97	6
18	Of which SEC-ERBA (including IAA)	21	15	2
19	Of which SEC-SA approach	58	82	4
UK 19a	Of which 1 250%/ deduction^^	5	2	—
20	Position, foreign exchange and commodities risks (Market risk)	608	778	49
21	Of which the standardised approach	608	778	49
23	Operational risk	1 786	1 726	143
UK 23b	Of which standardised approach	1 786	1 726	143
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	626	572	50
29	**Total**	**16 980**	**16 332**	**1 358**

^ 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 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.
^^ Following the release of the PRA templates effective 1 January 2022, some changes have been made to the comparative numbers to present a more meaningful comparison.

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 increased to 9.0% from 7.8.% at 31 March 2021 and reflects the change in the leverage exposure measure implemented in the UK from 1 January 2022. The revised framework reflects the changes in SA-CRR and excludes qualifying central bank balances from the calculation of the leverage exposure measure. We have not disclosed the comparative leverage tables due to the change in the calculation basis.

Governance

As with the governance of capital, the IBP, Investec plc and DLC Capital Committees are responsible for ensuring that the impact of any regulatory changes on the leverage ratio is calculated, analysed and understood at all reporting levels.

The leverage exposure measure is calculated on a monthly and quarterly basis and is presented to these committees on a regular basis. These committees are also responsible for monitoring the risk of excessive leverage.

Table 9: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1 - LRSum)

Ref^	£'million	31 March 2022
1	Total assets as per published financial statements	27 946
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(233)
4	(Adjustment for exemption of exposures to central banks)	(5 380)
8	Adjustment for derivative financial instruments	586
9	Adjustment for securities financing transactions (SFTs)	301
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 371
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(6)
12	Other adjustments	(404)
13	**Total exposure measure**	**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 10: Leverage ratio common disclosure (UK LR2 - LRCom)

Ref^	£'million	Leverage ratio exposures 31 March 2022
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	25 525
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(410)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**25 115**
	Derivative exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	723
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	558
11	Adjusted effective notional amount of written credit derivatives	68
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(22)
13	**Total derivatives exposures**	**1 327**
	Securities financing transaction (SFT) exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1 447
16	Counterparty credit risk exposure for SFT assets	301
18	**Total securities financing transaction exposures**	**1 748**
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	2 548
20	(Adjustments for conversion to credit equivalent amounts)	(1 177)
22	**Off-balance sheet exposures**	**1 371**
	Capital and total exposure measure	
23	Tier 1 capital (leverage)	2 181
24	Total exposure measure including claims on central banks	29 561
UK-24a	(-) Claims on central banks excluded	(5 380)
UK-24b	Total exposure measure excluding claims on central banks	24 181
	Leverage ratio	
25	Leverage ratio excluding claims on central banks (%)	9.0%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	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 (%)	9.0%
UK-25c	Leverage ratio including claims on central banks (%)	7.4%

Table 11: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3 - LRSpl)

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

Capital buffers

Overview

The Group is subject to a CCB and an institution-specific CCyB. As at 31 March 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 MPC's projections and absent a material change in the outlook for UK financial stability, the FPC would expect to increase the rate further to 2% in Q2 2022. This subsequent increase would be expected to take effect after the usual 12-month implementation period.

Table 13 which follows shows the geographical distribution of credit exposures relevant to the calculation of the CCyB.

Table 12: Amount of institution specific countercyclical capital buffer (UK CCyB2)

Ref^	£' million	31 March 2022	31 March 2021
1	Total risk exposure amount	16 980	16 332
2	Institution specific countercyclical capital buffer rate	0.03%	0.03%
3	**Institution specific countercyclical capital buffer requirement**	**4**	**5**

^ 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 13: 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 requirement weights (%)**	**Countercyclical capital buffer rate (%)**
	31 March 2022											
10	**Breakdown by country**											
	Norway	6	—	—	6	—	—	—	—	6	— %	1.0 %
	Hong Kong	55	2	—	57	4	—	—	4	49	0.4 %	1.0 %
	Bulgaria	4	—	—	4	—	—	—	—	2	— %	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 1% or above all have a countercyclical capital buffer rate of 0% at 31 March 2022.

CAPITAL ADEQUACY AND LEVERAGE
CONTINUED

Table 13: 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 2021											
10	**Breakdown by country**											
	Norway	48	—	—	48	4	—	—	4	48	0.4 %	1.0 %
	Hong Kong	58	2	—	60	4	—	—	4	48	0.4 %	1.0 %
	Czech Republic	—	—	—	—	—	—	—	—	—	— %	0.5 %
	Slovakia	—	—	—	—	—	—	—	—	—	— %	1.0 %
	Bulgaria	5	—	—	5	—	—	—	—	2	— %	0.5 %
	Luxembourg	638	1	—	639	51	—	—	51	635	4.8 %	0.5 %
	Total countries with existing CCyB rates >0%	**749**	**3**	**—**	**752**	**59**	**—**	**—**	**59**	**733**	**5.5 %**	
	United States of America	744	9	33	786	58	—	1	59	735	5.6 %	
	United Kingdom	9 155	58	292	9 505	583	2	4	589	7358	55.6 %	
	Australia	757	—	—	757	60	—	—	60	755	5.7 %	
	Netherlands	305	1	—	306	24	—	—	24	300	2.3 %	
	British Virgin Islands	394	—	—	394	27	—	—	27	331	2.5 %	
	Guernsey	495	—	—	495	32	—	—	32	406	3.1 %	
	Cayman Islands	429	—	246	675	36	—	3	39	482	3.6 %	
	Jersey	663	—	—	663	44	—	—	44	555	4.2 %	
	Ireland	455	—	—	455	33	—	—	33	409	3.1 %	
	Switzerland	184	1	—	185	11	—	—	11	134	1.0 %	
	Total countries with own funds requirements weights 1% or above	**13 581**	**69**	**571**	**14 221**	**908**	**2**	**8**	**918**	**11 465**	**86.6 %**	
	Total countries with own funds requirements weights below 1% and without an existing CCyB rate	**1 187**	**19**	**1**	**1 207**	**81**	**2**	**—**	**83**	**1 047**	**7.9 %**	
	Total	**15 517**	**91**	**572**	**16 180**	**1 048**	**4**	**8**	**1 060**	**13 245**	**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 1% or above all have a countercyclical capital buffer rate of 0% at 31 March 2021.

04

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.

The relevant credit committees will also consider wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction decreases as the probability of default of the borrower or counterparty increases. For CCR resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.

Credit and counterparty risk may also arise in other ways and it is the role of the risk management functions and the various independent credit committees to identify risks falling outside these definitions.

To manage, measure, monitor and mitigate credit and counterparty risk, independent credit committees exist in the UK. These committees also have oversight of regions where we assume credit risk and operate under Board-approved delegated limits, policies and procedures. There is a high level of executive involvement and oversight in the credit decision-making forums depending on the size and complexity of the deal. It is our policy that all credit committees include voting members who are independent of the originating business unit. All decisions to enter into a transaction are based on unanimous consent.

In addition to the credit committees, the following processes assist in managing, measuring and monitoring credit and counterparty risk:

- Day-to-day arrears management and regular arrears reporting ensure that individual positions and any potential adverse trends are dealt with in a timely manner
- Watchlist Forums review the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision. These committees review ECL impairments and staging at an asset level as well as potential fair value adjustments to loans and advances to customers. They provide recommendations for the appropriate staging and level of ECL impairment where required
- The Forbearance Forum reviews and monitors counterparties who have been granted forbearance measures
- Impairment Decision Committee reviews recommendations from underlying Watchlist Forums and ADR Forums respectively and consider and approve the appropriate level of ECL impairments and staging
- The Models Forum provides an internal screening and validation process for credit models. We have established independent model validation teams who review the models and provide feedback on the accuracy and operation of the models and note items for further development through the forum.

Credit committees and the processes above have incorporated considerations and decisions with respect to the COVID-19 pandemic and resulting relief measures, staging and ECL in line with the Group's existing governance.

Governance and risk appetite

The Board has set risk appetite limit frameworks which regulate the maximum exposures we would be comfortable to tolerate in order to diversify and mitigate risk. These limit frameworks, approved at least annually, are monitored on an ongoing basis by IBP BRCC, DLC BRCC and the respective Boards. Should there be any breaches to limits, or where exposures are nearing limits, these exceptions are specifically highlighted for attention, with remedial actions agreed.

Our assessment of our clients and counterparties includes consideration of their character, integrity, core competencies, track record and financial strength. A strong emphasis is placed on the historic and ongoing stability of income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client to meet their payment obligations.

Target clients include HNW individuals, active wealth creators, high-income professionals, self-employed entrepreneurs, owner managers in small to mid-cap corporates, sophisticated investors, established corporates, small and medium-sized enterprises (SMEs), financial institutions and sovereigns. Corporates should demonstrate scale and relevance in their market, an experienced management team, able Board members, strong earnings and cash flow.

We are client-centric in our approach and originate loans mainly with the intent of holding these assets to maturity, thereby developing a ‘hands-on’ and long-standing relationship.

Interbank lending is largely reserved for those banks and institutions in the Group’s core geographies of activity, which are systemic and highly rated.

Management and measurement

Fundamental principles employed in the management of credit and counterparty risk include:

- A clear definition of our target market
- A quantitative and qualitative assessment of the creditworthiness of our counterparties
- Analysis of risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty and geographical concentration)
- Decisions being made with reference to risk appetite limits
- Prudential limits
- Regular monitoring and review of existing and potential exposures once facilities have been approved

CREDIT AND COUNTERPARTY RISK
CONTINUED

- A high level of executive involvement in decision-making with non-executive review and oversight
- Portfolio reviews and stress testing.

Within the credit approval process, internal and external ratings are included in the assessment of client quality.

A large proportion of the Group's portfolio is not rated by external rating agencies. We place reliance upon internal consideration of counterparties and borrowers and use ratings prepared externally where available to support our decision-making process.

Regular reporting of credit and counterparty risk exposures within our operating units are made to management, the executives and the Board through the DLC BRCC and IBP BRCC. The Board reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents. This is implemented and reviewed by the credit risk management teams in each jurisdiction.

Portfolio reviews and stress testing are undertaken on all material businesses, where the exposures are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.

In the Investec plc 2022 annual report exposures are classified to reflect the Group's risk appetite and strategy.

In the Pillar 3 disclosures, exposures are classified according to the regulatory exposure classes. The nature of our activities and appetite to specific types of exposures are described on page 29 of the Investec plc 2022 annual report.

Regulatory approach

Under the SA, ratings assigned by External Credit Assessment Institutions (ECAIs) are used in the calculation of RWAs.

Investec plc complies with the standard association of external ratings with credit quality steps prescribed in the CRR and as published by the PRA.

Investec plc has nominated Fitch Ratings (Fitch), Standard & Poor's (S&P) and Moody's as eligible ECAIs for the purposes of determining external credit ratings. No changes to nominated ECAIs have taken place during the year. The following elections have been made:

- In relation to sovereign and securitisation exposures, Fitch, Moody's and S&P have been selected as eligible ECAIs
- In relation to bank, corporate and debt security exposures, Fitch, Moody's and S&P are recognised as eligible ECAIs.

If two external credit assessments are available for a counterparty, the more conservative assessment will be applied. Where there are three or more credit assessments with different ratings, the credit assessments corresponding to the two lowest credit ratings will be referred to and the higher of those two credit ratings will be used to determine the risk weight applied to the exposure.

Credit risk

Tables 14 and 15 which follow analyse credit risk exposures by regulatory asset class. Note that these tables do not include CCR. CCR exposures are disclosed on pages 43 and 44.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 14: 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 (%)
	31 March 2022						
1	Central governments or central banks	6 711	—	6 885	9	—	—%
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	—	—	—%
6	Institutions	1 478	97	1 486	101	326	21%
7	Corporates	6 510	1 889	6 282	909	6 935	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**	**13 844**	**55%**
	31 March 2021						
1	Central governments or central banks	4 346	—	4 474	2	21	— %
2	Regional governments or local authorities	2	—	2	—	—	20 %
3	Public sector entities	98	13	98	2	20	20 %
4	Multilateral Development Banks	280	—	280	—	—	— %
6	Institutions	1 279	126	1 279	124	293	20 %
7	Corporates	6 606	2 077	6 376	1 005	7 160	97 %
8	Retail	1 530	23	1 454	8	954	65 %
9	Secured by mortgages on immovable property	4 394	88	4 394	43	2 091	47 %
10	Exposures in default	234	1	234	1	271	116 %
11	Items associated with particularly high risk	520	94	518	94	918	150 %
12	Covered bonds	15	—	15	—	2	10 %
15	Equity exposures	299	—	299	—	581	195 %
16	Other exposures	614	—	614	—	665	108 %
17	**Total**	**20 217**	**2 422**	**20 037**	**1 279**	**12 976**	**61 %**

^ 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 15: Standardised approach (UK CR5)

		Risk weight^^										
Ref^	**£'million**	**0%**	**2%**	**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**
	31 March 2021											
1	Central governments or central banks	4 435	—	—	—	—	41	—	—	—	—	4 476
2	Regional governments or local authorities	—	—	—	2	—	—	—	—	—	—	2
3	Public sector entities	—	—	—	100	—	—	—	—	—	—	100
4	Multilateral Development Banks	280	—	—	—	—	—	—	—	—	—	280
6	Institutions	—	1	—	1 381	—	8	—	13	—	—	1 403
7	Corporates	—	—	—	—	—	—	—	7 370	11	—	7 381
8	Retail	—	—	—	—	—	—	1 462	—	—	—	1 462
9	Secured by mortgages on immovable property	—	—	—	—	3 585	7	—	845	—	—	4 437
10	Exposures in default	—	—	—	—	—	—	—	161	74	—	235
11	Items associated with particularly high risk	—	—	—	—	—	—	—	—	612	—	612
12	Covered bonds	—	—	15	—	—	—	—	—	—	—	15
15	Equity exposures	—	—	—	—	—	—	—	111	—	188	299
16	Other exposures	—	—	—	—	—	—	—	574	—	40	614
17	**Total**	**4 715**	**1**	**15**	**1 483**	**3 585**	**56**	**1 462**	**9 074**	**697**	**228**	**21 316**

^ 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 reducing factor set out in Article 501 and 501(a) of CRR II.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Credit risk adjustments

Definition of default
The Group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

Stage 1
Financial assets that are considered performing and have not had a significant increase in credit risk are reported as Stage 1 assets. Stage 1 financial assets have loss allowances measured at an amount equal to 12-month ECL.

In line with regulatory and accounting bodies' guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. Where relief measures are granted, there is no change in expectation of the total amount due. Should the expected recoverability of the loan remain the same, these exposures will remain reported in Stage 1 for the foreseeable future, and will not be required to hold a lifetime ECL.

Stage 2
Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. A loss allowance equivalent to a lifetime ECL is required to be held.

The Group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty. These exposures are assessed on a case-by-case basis to determine whether the proposed modifications will be considered as forbearance. Where the Credit Committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable time-frame these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred. There is a common definition across the Bank's exposures regarding what constitutes a significant PD movement. The test involves both an absolute and relative movement threshold. An asset is considered to have been subjected to a significant increase in credit risk if the appropriate PD has doubled relative to the value at origination and on an absolute basis has increased by more than 1%. Any asset with an original rating that is classified as investment grade will be judged to have had a significant movement if the new PD would classify it as sub-investment grade and the equivalent rating has moved by more than three notches.

The Group adopts the view that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposures) are met.

Stage 3
Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The Group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable time-frame, the loan will be classified as Stage 3. Loans which are 90 days or more past due are considered to be in default.

The Group calculates the credit adjusted effective interest rate on Stage 3 assets, which is calculated based on the amortised cost of the financial asset (i.e. gross carrying amount less ECL allowance) instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cash flows.

ECL
The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking and therefore, potentially volatile.

Write-offs
The Group has developed specific guidelines on write-off aimed at granting full compliance with IFRS 9 and the document 'Guidance to banks on non-performing loans' issued by the European Central Bank.

A loan or advance is normally written off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is assessed on a case-by-case basis with considerations to indicators such as whether the exposure has been restructured or the given financial position of the borrower and guarantors. Any recoveries of amounts previously written off decrease the amount of impairment losses.

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. This is the first time this guidance is followed and therefore comparative numbers have not been provided.

In line with article 9 of part 5 of the Disclosure (CRR) part of the PRA rulebook, firms not classified as large institutions with a gross non-performing loan ratio of less than 5% are not required to disclose templates UK CR2a, UK CQ2, UK CQ6, UK CQ8, columns b and d of templates UK CQ4 and UK CQ5. In addition we have not disclosed UK CQ7. Investec plc has not obtained any collateral by taking possession and therefore it is a nil return for 31 March 2022.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 16: 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**	**27 520**	**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 17: Maturity of exposures (UK CR1-A)

		Net exposure value^^				
Ref^	**£'million**	**On demand**	**<= 1 year**	**> 1 year < = 5 years**	**> 5 years**	**Total**
	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 18: Changes in the stock of non-performing loans and advances (UK CR2)

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

Table 19: Credit quality of forborne exposures (UK CQ1)

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
Ref^	**£'million**	**Performing forborne**		**Of which defaulted**	**Of which impaired**	**On performing forborne exposures**	**On non-performing forborne exposures**		**Of which collateral and financial guarantees received on non-performing exposures with forbearance measures**
	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
CONTINUED

Table 20: Credit quality of performing and non-performing exposures by past due days (UK CQ3)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
Ref^	**£'million**		**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**		**Unlikely to pay that are not past due or are past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**Of which defaulted**
	31 March 2022												
005	Cash balances at central banks and other demand deposits	5 380	5 380	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	18 167	18 132	35	406	264	16	30	53	21	20	2	395
030	General governments	1	1	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	2 298	2 298	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	3 472	3 472	—	13	10	—	—	3	—	—	—	13
060	Non-financial corporations	7 730	7 716	14	349	225	10	24	49	20	20	2	338
070	Of which SMEs	1 844	1 842	2	62	4	5	13	7	19	12	2	55
080	Households	4 666	4 645	21	43	29	5	7	1	1	—	—	43
090	Debt securities	1 673	1 673	—	8	8	—	—	—	—	—	—	8
110	General governments	1 166	1 166	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	376	376	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	45	45	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	86	86	—	8	8	—	—	—	—	—	—	8
150	Off-balance sheet exposures	2 301			2								2
180	Credit institutions	16			—								—
190	Other financial corporations	872			—								—
200	Non-financial corporations	1 268			2								2
210	Households	144			—								—
220	**Total**	**27 520**	**25 184**	**35**	**416**	**272**	**16**	**30**	**53**	**21**	**20**	**2**	**405**

^ 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.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 21: 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
	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: 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 96% of the gross carrying amount of £27.9bn. The remaining 4% are not considered material and have been grouped under 'other countries'.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 22: Credit quality of loans and advances to non-financial corporations by industry (UK CQ5)

		Gross carrying/nominal amount			
Ref^	£'million		Of which defaulted	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	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 risk mitigation

Credit risk mitigation (CRM) techniques can be defined as all methods by which the Group seeks to decrease the credit risk associated with an exposure. The Investec Group considers credit risk mitigation techniques as part of the credit assessment of a potential client or business proposal and not as a separate consideration of mitigation of risk. Credit risk mitigants can include any collateral item over which the Group has a charge over assets, netting and margining agreements, covenants, or terms and conditions imposed on a borrower with the aim of reducing the credit risk inherent to that transaction.

As the Group has limited appetite for unsecured debt, the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. Collateral is assessed with reference to the sustainability of value and the likelihood of realisation.

Acceptable collateral generally exhibits characteristics that allow for it to be easily identified and appropriately valued and assists the Group to recover outstanding exposures.

Where a transaction is supported by a mortgage or charge over property, the primary credit risk is still taken on the borrower. In addition, the relevant credit committee normally requires a suretyship or guarantee in support of a transaction in our private client business.

For property-backed lending we also consider the client's overall balance sheet. The following characteristics of the property are also considered: the type of property; its location; and the ease with which the property could be relet and/or resold. Where the property is secured by lease agreement, the credit committee prefers not to lend for a term beyond the maximum term of the lease. Commercial real estate generally takes the form of good quality property often underpinned by strong third party leases. Residential property is also generally of a high quality and based in desirable locations. Residential and commercial property valuations will continue to form part of our ongoing focus on collateral assessment. It is our policy to obtain a formal valuation of every commercial property offered as collateral for a lending facility before advancing funds. Residential properties are valued by desktop valuation and/or approved valuers, where appropriate.

Other common forms of collateral in the retail asset class are motor vehicles, cash and share portfolios. Primary collateral in private client lending transactions can also include a HNW individual's share/investment portfolio. This is typically in the form of a diversified pool of equity, fixed income, managed funds and cash. Often these portfolios are managed by Investec Wealth & Investment. Lending against investment portfolios is typically geared at conservative loan-to-value (LTV) ratios, after considering the quality, diversification, risk profile and liquidity of the portfolio.

Our corporate, government and institutional clients provide a range of collateral including cash, corporate assets, debtors (accounts receivable), trading stock, debt securities (bonds), listed and unlisted shares and guarantees.

The majority of credit mitigation techniques linked to trading activity is in the form of netting agreements and daily margining. Primarily, the market standard legal documents that govern this include the International Swaps and Derivatives Association (ISDA) Master Agreements, Global Master Securities Lending Agreement and Global Master Repurchase Agreement. In addition to having ISDA documentation in place with market and trading counterparties in over-the-counter (OTC) derivatives, the Credit Committee may require a Credit

CREDIT AND COUNTERPARTY RISK
CONTINUED

Support Annex (CSA) to ensure that mark-to-market credit exposure is mitigated daily through the calculation and placement/receiving of cash collateral. Where netting agreements have been signed, the enforceability is supported by an external legal opinion within the legal jurisdiction of the agreement.

Set-off is applied between assets, subject to credit risk and related liabilities in the annual financial statements, where:

- A legally enforceable right to set-off exists
- There is the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

In addition to the above accounting set-off criteria, banking regulators impose the following additional criteria:

- Debit and credit balances relate to the same obligor/counterparty
- Debit and credit balances are denominated in the same currency and have identical maturities
- Exposures subject to set-off are risk-managed on a net basis
- Market practice considerations.

For this reason, there will be instances where credit and counterparty exposures are displayed on a net basis in these annual financial statements but reported on a gross basis to regulators.

The Group places minimal reliance on credit derivatives in its credit risk mitigation techniques. Periodically the Group will enter into Credit Default Swaps (CDS) in order to hedge a specific asset held or to create a more general or macro hedge against a group of exposures in one industry or geography. In these instances, the Group is deemed to be 'buying protection' against the assets. Depending on the perceived risk, or 'spread', of the underlying exposure, the CDS will fluctuate in value; increasing in value when the asset has become more risky and decreasing when risk has reduced. Occasionally, the Group will enter into trading/investment CDS positions where we buy protection or sell protection without owning the underlying asset. The total amount of net credit derivatives outstanding at 31 March 2022 amounts to £0.5 million, of which all is used for credit mitigation purposes. Total protection bought amounts to -£0.03 million and total protection sold amounts to £0.53 million relating to credit derivatives used in credit mitigation.

The Group implements robust processes to minimise the possibility of legal and/or operational risk through good quality tangible collateral. The legal risk function ensures the enforceability of credit risk mitigants within the laws applicable to the jurisdictions in which the Group operates. When assessing the potential concentration risk in its credit portfolio, consideration is given to the types of collateral and credit protection that form part of the portfolio.

Recognition of credit risk mitigation under the standardised approach

For regulatory reporting purposes, credit risk mitigation 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 23: 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
	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 which follow analyse CCR exposures, including credit valuation adjustment risk and exposures to central counterparties.

Wrong-way risk

The relevant credit committees will also consider wrong-way risk at the time of granting credit limits to each counterparty. In the banking book environment, wrong-way risk occurs where the value of collateral to secure a transaction decreases as the probability of default of the borrower or counterparty increases. For counterparty credit risk resulting from transactions in traded products (such as OTC derivatives), wrong-way risk is defined as exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.

CVA risk

Credit Valuation Adjustment (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 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 24: 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
	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 25: Transactions subject to own funds requirements for CVA risk (UK CCR2)

		Exposure value	RWEA	Exposure value	RWEA
Ref^	£'million	**31 March 2022**		31 March 2021	
4	Transactions subject to the Standardised method	**307**	**103**	324	59
5	**Total transactions subject to own funds requirements for CVA risk**	**307**	**103**	**324**	**59**

^ 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 25 and 26 for more information.

CREDIT AND COUNTERPARTY RISK
CONTINUED

Table 26: Analysis of exposures to CCPs (UK CCR8)

Ref^	£'million	Exposure value 31 March 2022	RWEA 31 March 2022	Exposure value 31 March 2021	RWEA 31 March 2021
1	**Exposures to QCCPs (total)**		**19**		**22**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	247	6	615	16
3	(i) OTC derivatives	112	2	71	1
4	(ii) Exchange-traded derivatives	135	4	544	15
8	Non-segregated initial margin	28	1	144	3
9	Prefunded default fund contributions	26	12	38	3

Table 27: 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**
	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**
	31 March 2021^^							
1	Central governments or central banks	19	—	—	—	—	—	19
3	Public sector entities	—	3	—	—	—	—	3
6	Institutions	—	369	258	—	1	—	628
7	Corporates	—	—	—	—	457	1	458
8	Retail	—	—	—	20	—	—	20
11	**Total exposure value**	**19**	**372**	**258**	**20**	**458**	**1**	**1 128**

Table 28: Credit derivatives exposures (UK CCR6)

Ref^	£'million	Protection bought 31 March 2022	Protection sold 31 March 2022	Protection bought 31 March 2021	Protection sold 31 March 2021
	Notionals				
1	Single name credit default swaps	23	174	51	171
3	Total return swaps	708	—	472	—
6	**Total notionals**	**731**	**174**	**523**	**171**
	Fair values				
7	Positive fair value (assets)	90	2	59	3
8	Negative fair value (liability)	—	1	12	1

^ 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.
^^ The comparatives have been restated to exclude the CCP exposures as per the new PRA guidance applicable from 1 January 2022. CCP exposures are included in Table 26.

05

Securitisation risk

SECURITISATION RISK

Overview and approach

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. We believe, however, that the information provided below is meaningful in that it groups all these related activities in order for a reviewer to obtain a full picture of the activities that we have conducted in this space. Some of the information provided below overlaps with the Group's credit and counterparty exposure information.

Risk management and governance

Securitisation transactions provide the bank with a cost-effective, alternative source of financing either through sale to the market or through use of the notes issued as collateral for other funding mechanisms. The Group principally relies on its own internal risk assessment. Overarching these transaction level principles is the Board-approved risk appetite policy, which details the Group's appetite for such exposures, and each exposure is considered relative to the Group's overall risk appetite. We can use explicit credit risk mitigation techniques where required; however, the Group prefers to address and manage these risks by approving exposures to which the Group has explicit appetite through the consistent application of the risk appetite policy.

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.

Accounting policies

The accounting policies applied to securitisation/structure credit activities are explained on page 110 of the Investec plc 2022 annual report.

Table 29: Securitisation exposures in the non-trading book (UK-SEC1)

		Institution acts as originator			Institution acts as investor	
		Traditional			Traditional	
		Non-STS				
Ref^	£'millions		of which SRT	Sub-total	Non-STS	Sub-total
	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	—	—
	31 March 2021					
1	**Total exposures**	**730**	**—**	**730**	**572**	**572**
2	**Retail (total)**	**7**	**—**	**7**	**256**	**256**
3	residential mortgage	7	—	7	256	256
7	**Wholesale (total)**	**723**	**—**	**723**	**316**	**316**
8	loans to corporates	—	—	—	316	316
10	lease and receivables	723	—	723	—	—

^ 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 30: 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^	£'millions	≤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
	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	—
	31 March 2021													
1	**Total exposures**	**550**	**6**	**14**	**2**	**20**	**550**	**2**	**15**	**82**	**2**	**1**	**7**	**2**
2	Traditional securitisation	550	6	14	2	20	550	2	15	82	2	1	7	2
3	Securitisation	550	6	14	2	20	550	2	15	82	2	1	7	2
4	Retail underlying	241	6	7	2	14	241	2	8	36	2	1	3	2
6	Wholesale	309	—	7	—	6	309	—	7	46	—	—	4	—

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

06

Market risk

MARKET RISK

Overview

The focus of our trading activities is primarily on supporting our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. Within our trading activities, we act as principal with clients or the market. 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.

More information on traded market risk in review and the wind down of the structured products book can be found on page 50 of the Investec plc 2022 annual report.

Traded market risk governance

Traded market risk is governed by policies that cover the management, identification, measurement and monitoring of market risk. We have independent market risk teams to identify, measure, monitor and manage market risk.

The market risk teams have reporting lines that are separate from the trading function, thereby ensuring independent oversight. The Market Risk Forum, mandated by the IBP ERC, manages market risk in accordance with approved principles, policies and risk appetite. Trading desk risk limits are reviewed by the Market Risk Forum and approved by IBP ERC in accordance with the risk appetite defined by the Board. Any significant changes in risk limits are then taken to Group ERC for review and approval. The appropriateness of limits is continually reassessed, with limits reviewed at least annually, in the event of a significant market event or at the discretion of senior management.

Measurement of traded market risk

A number of quantitative measures are used to monitor and limit exposure to traded market risk. These measures include:

- Value at Risk and Expected Shortfall as portfolio measures of market risk exposure
- Scenario analysis, stress tests and tools based on extreme value theory that measure the potential impact on portfolio values of extreme moves in markets
- Sensitivity analysis that measures the impact of individual market risk factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices. We use sensitivity measures to monitor and limit exposure across portfolios, products and risk types.

Stress and scenario analyses are used to add insight into the possible outcomes under severe market disruptions. The stress-testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk. Stress scenarios based on historical experience as well as hypothetical scenarios are considered and are reviewed regularly for relevance in the ever-changing market environment. Stress scenarios are run daily with analysis presented to IBP Review Executive Risk Review Forum (IBP Review ERRF) weekly and IBP BRCC when the committees meet or more often should market conditions require this.

Traded market risk management, monitoring and control

Market risk limits are set according to our risk appetite policy. Limits are set at trading desk level with aggregate risk across all desks also monitored against overall market risk appetite limits. Current market conditions as well as stressed market conditions are taken into account when setting and reviewing these limits.

Market risk teams review the market risks in the trading book with detailed risk reports produced daily for each trading desk and for the aggregate risk of the trading book. The material risks identified are summarised in daily reports that are distributed to, and discussed with senior management when required. The production of risk reports allows for the monitoring of all positions in the trading book against prescribed limits. Documented policies and procedures are in place to ensure there is a formal process for recognition and authorisation for risk excesses incurred.

The risk management software is fully integrated with source trading systems, allowing valuation in risk and trading systems to be fully aligned. All valuation models are subject to independent validation by market risk ensuring models used for valuation and risk are validated independently of the front office.

Regulatory approach

For regulatory purposes, the trading book includes all positions in CRD financial instruments and commodities held by the firm with trading intent, or in order to hedge positions held with trading intent. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity of another party.

Investec plc maintains a trading book policy which defines the policies and procedures followed when determining which positions to include in the trading book for the purposes of calculating regulatory capital requirements. Positions which cannot be included in the trading book will be assigned to the banking book and will attract capital requirements in line with this treatment.

All trading book positions will be subject to prudent valuation requirements. The Group applies the Simplified Approach when calculating additional value adjustments to adjust the fair value of trading book assets to their prudent value.

The market risk capital requirement is calculated using the SA.

MARKET RISK
CONTINUED

Table 32: Capital requirements for market risk (UK MR1)

		RWEAs	
Ref^	£'million	31 March 2022	31 March 2021
	Outright products		
1	Interest rate risk (general and specific)	81	133
2	Equity risk (general and specific)^^	336	397
3	Foreign exchange risk	103	72
	Options		
7	Scenario approach	88	176
9	**Total**	**608**	**778**

^ 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

07

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.

Sources of interest rate risk include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of Group assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the Group to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Embedded option risk:** arises from optional elements embedded in items where the Group or its customers can alter the level and timing of their cash flows
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest earnings and the economic value of equity.

Management and measurement

Non-trading interest rate risk is an inherent consequence of conducting banking activities, and arises from the provision of non-trading banking products and services. The Group considers the management of banking margin of vital importance, and our non-trading interest rate risk philosophy is reflected in our day-to-day practices.

The aim of non-trading interest rate risk management is to protect and enhance net interest income and economic value of equity in accordance with the Board-approved risk appetite and to ensure a high degree of stability of the net interest margin over an interest rate cycle. Non-trading interest rate risk is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and net present value (NPV) sensitivity to changes in interest rate risk factors:

- Income metrics capture the change in accruals expected over a specified time horizon in response to a change in interest rates
- Economic value metrics capture all future cash flows in order to calculate the Group's net worth and therefore can highlight risks beyond the short-term earnings time horizon.

These metrics are used to assess and to communicate to senior management the financial impact of possible future interest rate scenarios, covering:

- Interest rate expectations and perceived risks to the central view
- Standard shocks to levels and shapes of interest rates and yield curves
- Historically-based yield curve changes.

The repricing gap provides a simple representation of the balance sheet, with the sensitivity of fair values and earnings to changes to interest rates calculated off the repricing gap. This also allows for the detection of interest rate risk concentration in specific repricing buckets. Net interest income sensitivity measures the change in accruals expected over the specified horizon in response to a shift in the yield curve, while economic value sensitivity and stress testing to macro-economic movement or changes to the yield curve measures the interest risk implicit change in net worth as a result of a change in interest rates on the current values of financial assets and liabilities. Economic value measures have the advantage that all future cash flows are considered and therefore assess the risk beyond the earnings horizon.

Each banking entity has its own Board-approved non-trading interest rate risk appetite, which is clearly defined in relation to both income risk and economic value risk. The Group has limited appetite for non-trading interest rate risk.

IRRBB is monitored daily by Asset and Liability Management (ALM) via a daily dashboard which highlights a series of risk appetite and management policy metrics including, as a result of an instantaneous parallel shock of all interest rate curves:

- Net Interest Income (NII) sensitivity over a 12-month period, on an absolute basis in aggregate and per currency and as a percentage of projected annual net interest income
- Economic Value of Equity (EVE) or Net Present Value sensitivity, on an absolute basis in aggregate and per currency and as a percentage of capital.

The sensitivity of EVE to six prescribed regulatory interest rate scenarios, representing both parallel and non-parallel shifts to the yield curves in the respective currencies is also calculated on a daily basis.

Operationally, daily management of interest rate risk is centralised within the Treasury of each banking entity and is subject to local independent risk and ALCO review. Treasury mitigates any residual undesirable risk where possible, by changing the duration of the banking book's discretionary liquid asset portfolio, or through derivative transactions. The Treasury mandate allows for a tactical response to market volatility which may arise during changing interest rate cycles, in order to hedge residual exposures. Any resultant interest rate position is managed under the market risk limits. Balance sheet risk management independently monitors a broad range of interest rate risk metrics to changes in interest rate risk factors, detailing the sources of interest rate exposure.

Automatic optionality arising from variable rate products with an embedded minimum lending rate serves as an income protection mechanism for the Group against falling interest rates, while behavioural optionality risk from customers of fixed rate products is mitigated by early repayment charges.

The average repricing maturity for non-maturity deposits (NMDs) as of 31 March 2022 was 52 days. The longest repricing maturity for NMDs was 60 months.

Our interest rate sensitivity gap analysis and economic value sensitivity is disclosed in the Investec plc 2022 annual report on page 59.

NON-TRADING INTEREST RATE RISK
CONTINUED

Table 33: Quantitative information on IRRBB (UK IRRBB1)

		ΔEVE	ΔNII	Tier 1 capital
Ref^	**£'millions**	**31 March 2022**	**31 March 2022**	**31 March 2022**
010	Parallel shock up	2	47	
020	Parallel shock down	(7)	(70)	
030	Steepener shock	(37)		
040	Flattener shock	22		
050	Short rates shock up	21		
060	Short rates shock down	(19)		
070	**Maximum**	**(37)**	**(70)**	
080	**Tier 1 capital**			**2 680**

^ 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.

08

Investment risk

INVESTMENT RISK

Overview

Investment risk in the banking book comprises 2.5% of total assets at 31 March 2022. We have refocused our principal investment activities on clients where we have and can build a broader relationship through other areas of activity in the Group.

We partner with management and other co-investors by bringing capital raising expertise, working capital management, merger and acquisition and investment experience into client-driven private equity transactions, as well as leveraging third party capital into the Group's funds that are relevant to the Group's client base. Investments are selected based on:

- The track record and credibility of management
- Attractiveness of the industry and the positioning therein
- Valuation/pricing fundamentals
- Sustainability analyses
- Exit possibilities and timing thereof
- The ability to build value by implementing an agreed strategy.

Investments in listed shares may arise on an IPO or sale of an investment to a listed company. There is limited appetite for listed investments.

Additionally, from time to time, the manner in which certain lending transactions are structured results in equity, warrants or profit shares being held, predominantly in unlisted companies. We also source development, investment and trading opportunities to create value within agreed risk parameters.

Following the distribution that took place on 31 May 2022, Investec plc retains a c.10% shareholding in Ninety One (previously known as Investec Asset Management) as an investment (31 March 2022: c.15%).

Management framework and risk appetite

As investment risk arises from a variety of activities conducted by the Group, the monitoring and measurement thereof varies across transactions and/or type of activity. Independent investment committees exist in the UK and provide oversight of the regions where we assume investment risk.

Risk appetite limits and targets are set to manage our exposure to equity and investment risk. An assessment of exposures against limits and targets is reported to IBP and DLC BRCC.

As a matter of course, concentration risk is avoided and investments are spread across geographies and industries.

For more information on our valuation and sensitivity assumptions and accounting methodologies please refer to page 48 of the Investec plc 2022 annual report.

Regulatory approach

For regulatory purposes, listed and unlisted equities within the banking book are included in the credit risk capital calculations. Where an equity investment is deemed high risk, it will be included in the exposure category 'items associated with particularly high risk' attracting a risk weight of 150%.

For a breakdown of the investment portfolio and an analysis of income and revaluations recorded, refer to page 48 of Investec plc 2022 annual report.

09

Operational risk

OPERATIONAL RISK

Overview

Operational risk is an inherent risk in the ordinary course of business activity. The impact could be financial as well as non-financial. Possible non-financial impacts could include customer detriment, reputational or regulatory consequences.

Risk appetite

Operational risk appetite is defined as the level of risk exposure that is acceptable to the Board in order to achieve its business and strategic objectives. The Board is responsible for setting and regularly reviewing the risk appetite. The operational risk appetite policy defines the amount of operational risk exposure, or potential adverse impact of a risk event, that the Group is willing to accept.

Operational risks are managed in accordance with the approved risk appetite. Any breaches of limits are escalated in accordance with the appropriate governance structures.

Operational risk management framework and governance

The Group manages operational risk through an operational risk management framework that is embedded across all levels of the organisation and is supported by a strong risk management culture. The key purpose of the operational risk management framework is to define the policies and practices that provide the foundation for a structured and integrated approach to identify, assess, mitigate/manage, monitor and report on operational risks.

The operational risk governance structures form an integral part of the operational risk management framework. Key components of the governance structures are:

Roles and responsibilities

The Group, in keeping with sound governance practices, has defined roles and responsibilities for the management of operational risk in accordance with the three lines of defence model, i.e. business line management, an independent operational risk function and an independent internal audit function.

Specialist control functions are responsible for the management of key operational risks. These include, but are not limited to: compliance (including financial crime compliance), cyber, finance, fraud, legal and information security risks.

Committees

Operational risk is managed and monitored through various governance forums and committees that are integrated with the Group's risk management governance structure and report to Board level committees.

The Group's operational risk profile is reported to the governance forums and committees on a regular basis, which contributes to sound risk management and decision-making by the Board and management.

- Operational risk:

Management forums and committees are in place at each entity level. Key responsibilities include the monitoring of operational risk and oversight of the operational risk management framework, including approval of the operational risk management policies.

- Technology and information security risk:

The DLC IT Risk and Governance Committee is responsible for the monitoring of current and emerging technology and information security risk. In addition, the committee considers the strategic alignment of technology and business.

More information on our operational risk practices and key operational risk themes is set out on pages 62 to 63 of the Investec plc 2022 annual report.

Regulatory approach

For regulatory purposes we apply the SA to calculate operational risk capital requirements. The capital requirements are calculated as a percentage of income (per the regulatory definitions) averaged over the last three years. The operational risk charge is updated on an annual basis.

Table 34: Operational risk own funds requirements and risk weighted exposure amounts (UK OR1)

Ref^	£'million Banking activities	Relevant indicator 31 March 2022	31 March 2021	31 March 2020	Own funds requirements	Risk weighted exposure amount
2	Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	1 125	962	942	143	1 786
3	Subject to TSA:	1 125	962	942		

^ 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.

Asset encumbrance

ASSET ENCUMBRANCE

Overview

An asset is defined as encumbered if it has been pledged as collateral against an existing liability, and as a result, is no longer available to the Group to secure funding, satisfy collateral needs or be sold to reduce the funding requirement.

Risk management monitors and manages total balance sheet asset encumbrance within a Board-approved risk appetite limit. Asset encumbrance is one of the factors considered in the discussion of new products or new funding structures, and the impact on risk appetite is assessed.

Encumbered assets are identified in accordance with the reporting requirements under Article 443 of the Disclosure (CRR) within the PRA Rulebook, and regular reporting is provided to the PRA. The figures included in the tables which follow are median values of these quarterly returns and therefore will not be reconcilable to balances reported in the Investec plc 2022 annual report.

Encumbered assets

The median volume of the encumbered assets of Investec plc in the year leading up to 31 March 2022 was £2.3 billion. This encumbrance primarily relates to assets encumbered within the Bank of England (BoE) Single Collateral Pool (SCP) to provide collateral for use in their Sterling Monetary Framework market operations and funding schemes, collateral posted as derivative margin, and assets encumbered as part of reverse repurchases agreements and collateralised notes. In addition, Investec plc utilises securitisation in order to raise external term funding as part of its diversified liability base.

IBP is the primary entity which encumbers assets within Investec plc. The most material intragroup encumbrance is related to assets encumbered within the Asset Finance Group (AFG) – £966 million of equipment leases and auto loans originated by AFG have been used as collateral for a retained securitisation. £706 million of senior notes from this securitisation have been used as collateral in the SCP with the remaining notes retained within the Group.

Unencumbered assets

Of the assets which are not currently encumbered, it would not be possible to encumber around 8% – this includes assets such as goodwill, interests in associate undertakings, deferred tax assets, property, plant and equipment, and client assets.

Table 35: Encumbered and unencumbered assets (UK AE1)

Ref^	£'million	Carrying amount of encumbered assets	of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	of which notionally eligible EHQLA and HQLA	Fair value of unencumbered assets	of which notionally eligible EHQLA and HQLA
	31 March 2022								
010	**Assets of the reporting institution***	**2 279**	**322**			**23 486**	**5 436**		
030	Equity instruments	37	—	—	—	1 056	—	—	—
040	Debt securities	356	282	356	282	2 799	1 272	2 799	1 272
060	of which: asset-backed securities	19	—	19	—	1 154	—	1 154	—
070	of which: issued by general governments	282	282	282	282	1 404	1 224	1 404	1 224
080	of which: issued by financial corporations	21	—	21	—	92	—	92	—
090	of which: issued by non-financial corporations	37	—	37	—	89	—	89	—
120	Other assets	1 895	40			19 633	4 190		
	31 March 2021^^								
010	**Assets of the reporting institution***	**2 622**				**21 886**			
030	Equity instruments	53		—		927		—	
040	Debt securities	746		746		2 559		2 559	
060	of which: asset-backed securities	21		21		976		976	
070	of which: issued by general governments	589		589		1 217		1 217	
080	of which: issued by financial corporations	74		74		250		250	
090	of which: issued by non-financial corporations	64		64		33		33	
120	Other assets	1 794				18 588			

^ 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.

^^ Of which notionally eligible EHQLA and HQLA columns (filled in light grey) were not populated for the 31 March 2021 comparatives. At this date total assets did not exceed the threshold of EUR 30 billion.

* The values included in the table represent the median values over four quarters and therefore may not agree to the totals disclosed in the table.

ASSET ENCUMBRANCE
CONTINUED

Table 36: Collateral received (UK AE2)

Ref^*	£'million	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	31 March 2022				
130	**Collateral received by the reporting institution***	**108**	**108**	**424**	**49**
140	Loans on demand	—	—	154	—
150	Equity instruments	—	—	37	—
160	Debt securities	108	108	229	49
190	of which: issued by general governments	108	108	27	27
200	of which: issued by financial corporations	—	—	165	—
210	of which: issued by non-financial corporations	—	—	12	—
230	Other collateral received	—	—	35	—
241	Own covered bonds and asset-backed securities issued and not yet pledged			2	—
250	**Total assets, collateral received and own debt securities issued**	**2 381**	**388**		
	31 March 2021^^				
130	**Collateral received by the reporting institution***	**308**		**947**	
140	Loans on demand	—		141	
150	Equity instruments	—		25	
160	Debt securities	308		745	
180	of which: asset-backed securities	—		6	
190	of which: issued by general governments	308		189	
200	of which: issued by financial corporations	—		353	
210	of which: issued by non-financial corporations	—		135	
230	Other collateral received	—		49	
240	Own debt securities issued other than own covered bonds or securitisations			—	
241	Own covered bonds and asset-backed securities issued and not yet pledged	—		6	
250	**Total assets, collateral received and own debt securities issued**	**3 031**			

Table 37: Sources of encumbrance (UK AE3)

Ref^	£'million	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	31 March 2022		
010	**Carrying amount of selected financial liabilities***	**1 816**	**2 077**
	31 March 2021		
010	**Carrying amount of selected financial liabilities***	2 406	2 431

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ Of which notionally eligible EHQLA and HQLA columns were not populated for the 31 March 2021 comparatives. At this date total assets did not exceed the threshold of EUR 30 billion.
* The values included in the table represent the median values over four quarters and therefore may not agree to the totals disclosed in the table.

Liquidity risk

LIQUIDITY RISK

Overview

Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing 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 is further broken down into:

Funding liquidity risk: this relates to the risk that the Group will be unable to meet current and/or future cash flows or collateral requirements in the normal course of business, without adversely affecting its solvency, financial position or its reputation
Market liquidity risk: this relates to the risk that the Group 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.

Our Board-approved Internal Liquidity Adequacy Assessment Process concluded that Investec maintains at all times a prudent funding profile and liquidity resources which are adequate, both in amount and quality, to ensure that there is no significant risk that its obligations cannot be met as they fall due, both under the normal course of business and under a stress. In order to achieve this outcome, Investec has in place a robust strategy, policies and systems that enables it to measure, manage and monitor liquidity risk and funding risk over the short and long term.

Management and measurement

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 which encompass the following robust and comprehensive set of policies and procedures for assessing, measuring and controlling liquidity risk:

- Our liquidity management processes encompass requirements set out within Basel Committee on Banking Supervision (BCBS) guidelines and by the regulatory authorities in each jurisdiction, namely the PRA, EBA, GFSC and FINMA
- The risk appetite is clearly defined by the Board and each geographic entity must have its own Board-approved policies with respect to liquidity risk management
- Funding is diversified with respect to currency, term, product, client type and counterparty to ensure a varied overall funding mix
- The balance sheet risk management team independently monitors key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential market disruptions
- The maintenance of sustainable prudent liquidity resources takes precedence over profitability
- The Group maintains contingency funding plans designed to protect depositors, creditors and shareholders and maintain market confidence during adverse liquidity conditions. The plan covers a diverse and credible menu of financial options available to the Board in order to address a severe stress scenario (including, but not limited to, monetisation of High Quality Liquid Assets (HQLA), raising deposits, debt issuance and securitisation of assets for purposes of selling or monetising via repurchase agreement).

We measure liquidity risk by quantifying and calculating various liquidity risk metrics and ratios to assess potential risks to the liquidity position. These include:

- An internal 'survival horizon' metric which models the number of days it takes before the Group's cash position is depleted under an internally defined worst-case liquidity stress
- Regulatory metrics for liquidity measurement:
  - LCR
  - NSFR
- Additional internally defined liquidity, funding and balance sheet ratios
- Any other local regulatory requirement.

This suite of metrics ensures the smooth management of the day-to-day liquidity position within conservative parameters, and further validates that we are able to generate sufficient liquidity to withstand a range of liquidity stresses or market disruptions.

The liquidity risk framework and governance, including all liquidity metrics and the parameters used in stress scenarios, are Board-approved and reviewed at least annually, taking into account changes in the business environments and input from business units. The objective of stress testing is to analyse the possible impact of a severe but plausible combined market-wide and idiosyncratic stress on our balance sheet, so as to maintain sufficient liquidity and to continue to operate for a minimum period as required by the Board-approved risk appetite.

We further carry out reverse stress tests to identify business model vulnerabilities which tests 'tail risks' that can be missed in normal stress tests. The Group has calculated the severity of stress required to breach the liquidity requirements. This scenario is considered highly unlikely given the Group's strong liquidity position, as it requires an extreme withdrawal of deposits combined with the inability to take any management actions to breach liquidity minima that threatens the Group's liquidity position.

The Group operates an industry-recognised third party risk modelling system in addition to custom-built management information systems designed to measure and monitor liquidity risk on both a current and forward-looking basis. A rigorous systems and controls infrastructure for supporting the receipt of timely and accurate liquidity risk data continues to be a key focus of IBP solo's senior management.

Under delegated authority of the respective boards, the Group has established Asset and Liability Committees (ALCOs) within each banking entity in which it operates, using regional expertise and local market access as appropriate. The ALCOs are mandated to ensure independent supervision of liquidity risk within the risk appetite.

Each banking entity has its own Board-approved liquidity policies and its own senior risk committee which is responsible for the measurement and management of the liquidity risk arising within that entity. Senior risk management individuals from each subsidiary are required attendees at the Investec Bank plc and Investec plc ALCOs, ensuring a holistic approach to liquidity risk management.

ALCOs meet on at least a monthly basis to review the exposures that lie within the balance sheet together with market conditions, and decide on strategies to mitigate any undesirable liquidity risk. The Treasury function within each banking entity is mandated to holistically manage the liquidity mismatch arising from our asset and liability portfolios on a

LIQUIDITY RISK
CONTINUED

day-to-day basis. The Treasury function within each banking entity is required to exercise tight control of liquidity, funding concentration and encumbrance within the Board-approved risk appetite limits. The ALM team provides independent oversight of the Group's liquidity and reports to the IBP Chief Risk Officer.

Liquidity buffer

The liquidity buffer represents the amount of the Group's liquidity resources which meet the regulatory requirements, after the application of any prescribed haircuts. The majority of the liquidity buffer is held in the form of cash at the BoE. The remainder of the buffer is held in the form of unencumbered high-quality liquid assets (typically in the form of government or rated securities eligible for repurchase with the central bank) or in the form of other near cash items. Investec's liquidity buffer is always well in excess of the regulatory requirements, and its levels and composition are managed within Board-approved limits. Additionally, the Group remains a net liquidity provider to the interbank market, placing significantly more funds with other banks than our short-term interbank borrowings. We do not rely on short-term interbank deposits to fund term lending.

Treasury periodically monetises a representative proportion of the liquid assets through repo or outright sale in order to test its access to the market and the effectiveness of the monetisation process.

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 LCR requires banks to hold a stock of HQLA at least as large as expected total net cash outflows over the stress period. The total net cash outflows represent the total expected cash outflows and inflows for the subsequent 30 days, after the prescribed LCR weightings have been applied. The LCR is calculated using the PRA Rulebook (CRR) and our own interpretations where the regulation calls for it.

Risks not captured in the LCR (e.g. intraday risk and derivative initial margin risk) are quantified and would not materially impact the LCR.

The 12-month moving averages of month-end reported LCR observations did not change materially. The business model of the Group is based on borrowing from and lending to a diverse client base including retail and non-retail customers. The main drivers of the LCR results are (i) the weighted outflows (over the 30-days LCR window) arising from these deposits and credit facilities and (ii) the size of the liquidity buffer, which is a function of the overall levels of funding and lending (within and outside of the 30-days LCR window).

Operating entities within the Group may be required to post incremental derivatives margin during periods of increased market volatility. To manage this risk, we model and provide for potential additional margin calls as part of both our internal stress testing and in the LCR. Derivatives exposures arise predominantly from FX transactions used by Treasury to support short-term liquidity needs which may arise under a liquidity stress, and from derivatives sold to corporate and investment banking clients as part of our range of Treasury and Risk Management Solution business.

The Group strives to ensure access to multiple funding sources and mitigates funding concentration risk by setting limits on specific counterparty types, products, maturity profiles and individual counterparties. The purpose of funding diversification is to ensure that the Group has in place alternative sources of funding that strengthen its capacity to survive liquidity shocks.

Investec conducts business in three significant currencies: GBP, EUR and USD, with the main currency being GBP. We aim to match fund assets and liabilities by currency. Investec's liquidity risk management framework requires all operating entities to monitor the LCR for material currencies. The denomination of HQLA securities is tailored to cater for short-term liquidity needs by currency under business-as-usual and stressed circumstances. The active management of currency liquidity risk is driven by internal stress testing and the associated currency level risk appetite limits.

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). Table UK LIQ1 is completed on an Investec plc Group basis. 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.

LIQUIDITY RISK
CONTINUED

Table 38: Quantitative information of LCR (UK LIQ1)

		Total unweighted value (average)				Total weighted value (average)			
Ref^	**£'million Quarter ending on**	**31 March 2022**	**31 Dec 2021**	**30 Sep 2021**	**30 June 2021**	**31 March 2022**	**31 Dec 2021**	**30 Sep 2021**	**30 June 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)					**5 022**	**4 414**	**3 973**	**3 943**
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:**	10 881	10 784	10 736	10 782	702	684	643	615
3	Stable deposits	2 111	1 966	1 786	1 628	106	98	89	81
4	Less stable deposits	3 208	3 185	3 045	2 901	499	495	473	451
5	Unsecured wholesale funding	2 509	2 374	2 275	2 193	1 197	1 148	1 124	1 124
7	Non-operational deposits (all counterparties)	2 479	2 370	2 271	2 189	1 167	1 144	1 120	1 120
8	Unsecured debt	30	4	4	4	30	4	4	4
9	Secured wholesale funding					37	40	46	69
10	Additional requirements	2 782	2 818	2 869	2 851	1 368	1 406	1 421	1 422
11	Outflows related to derivative exposures and other collateral requirements	1 025	1 057	1 053	1 050	1 025	1 057	1 053	1 050
12	Outflows related to loss of funding on debt products	52	59	64	65	52	59	64	65
13	Credit and liquidity facilities	1 705	1 701	1 752	1 736	291	290	304	307
14	Other contractual funding obligations	541	579	659	683	409	435	484	467
15	Other contingent funding obligations	549	514	480	457	53	44	42	40
16	**TOTAL CASH OUTFLOWS**					**3 766**	**3 757**	**3 760**	**3 737**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	629	767	996	1 153	540	709	923	1 046
18	Inflows from fully performing exposures	1 275	1 172	1 076	1 021	1 179	1 078	977	920
19	Other cash inflows	866	947	979	890	543	638	677	633
20	**TOTAL CASH INFLOWS**	**2 770**	**2 886**	**3 051**	**3 064**	**2 262**	**2 425**	**2 577**	**2 599**
UK-20c	Inflows subject to 75% cap	2 770	2 886	3 051	3 064	2 262	2 425	2 577	2 599
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER**					**5 022**	**4 414**	**3 973**	**3 943**
22	**TOTAL NET CASH OUTFLOWS**					**1 504**	**1 340**	**1 198**	**1 176**
23	**LIQUIDITY COVERAGE RATIO***					**336.0%**	**333.0%**	**336.0%**	**340.0%**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.
* The LCR is calculated using 12-month averages and therefore the totals in the table above will not tie back to the ratio disclosed.
** Row 2 is made up of total retail deposits (i.e. stable deposits, less stable deposits and LCR exempt retail deposits).

Other risks

OTHER RISKS

Overview

In addition to the risks explained in this Pillar 3 document, there are other material and significant risks which the Board and senior management believe could have an impact on the operations, financial performance, viability and prospect of the Group.

The Board, through its various sub-committees, has performed a robust assessment of these principal risks and regular reporting of these risks is made to the Board. These risks are summarised in more detail on pages 11 to 25 of the Investec plc 2022 annual report.

Appendix A - Investec Bank plc individual disclosure tables

APPENDIX A

Appendix A – Investec Bank plc individual disclosure tables

IBP is authorised by the PRA and is regulated by the FCA and the PRA on a solo-consolidated basis.

IBP applies the provisions laid down in Article 9 (solo-consolidation waiver) of the CRR and therefore includes Investec Investments (UK) Limited in the solo-consolidation.

In accordance with Article 13 and the Disclosure (CRR) Part of the PRA rulebook, a sub-set of Pillar disclosures covering own funds, capital requirements, countercyclical capital buffers, credit risk, remuneration, leverage ratio, liquidity requirements and credit risk mitigation techniques have to be published by significant subsidiaries of the Group. The IBP disclosures which follow are published on an individual level (i.e. solo-consolidation level) as at 31 March 2022, with comparative figures provided for 31 March 2021 where relevant.

Table 39: Key metrics (UK KM1)

Ref^	£'million	31 March 2022
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	1 602
2	Tier 1 capital	1 852
3	Total capital	2 618
	Risk weighted exposure amounts	
4	Total risk weighted exposure amount	13 631
	Capital ratios (as a percentage of risk weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	11.8%
6	Tier 1 ratio (%)	13.6%
7	Total capital ratio (%)	19.2%
	Additional own funds requirements based on SREP (as a percentage of risk weighted exposure amounts)	
UK 7a	Additional CET1 SREP requirements (%)	0.6%
UK 7b	Additional AT1 SREP requirements (%)	0.2%
UK 7c	Additional T2 SREP requirements (%)	0.3%
UK 7d	Total SREP own funds requirements (%)	9.1%
	Combined buffer requirement (as a percentage of risk weighted exposure amount)	
8	Capital conservation buffer (%)	2.5%
9	Institution specific countercyclical capital buffer (%)	0.03%
11	Combined buffer requirement (%)	2.53%
UK 11a	Overall capital requirements (%)	11.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	2.7%
	Leverage ratio	
13	Leverage ratio total exposure measure	19 021
14	Leverage ratio	9.7%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	4 309
UK 16a	Cash outflows - Total weighted value	3 015
UK 16b	Cash inflows - Total weighted value	1 720
16	Total net cash outflows (adjusted value)	1 295
17	Liquidity coverage ratio (%)	337.0%

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

In May 2022, the PRA issued IBP with a revised Pillar 2A requirement of 0.48%, of which 0.27% 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 and will apply from the end of June 2022.

APPENDIX A
CONTINUED

Table 40: Reconciliation of regulatory own funds to the balance sheet in the audited financial statements (UK CC2)

£'million	Ref^	Accounting balance sheet	Regulatory balance sheet
		31 March 2022	
Cash and balances at central banks		5 327	5 327
Loans and advances to banks		536	542
Reverse repurchase agreements and cash collateral on securities borrowed		1 448	1 448
Sovereign debt securities		323	323
Bank debt securities		58	58
Other debt securities		1 144	1 143
Derivative financial instruments		672	675
Securities arising from trading activities		163	163
Investment portfolio		70	284
Loans and advances to customers		10 930	10 933
Other loans and advances		3 027	2 774
Other securitised assets		5	93
Interests in associated undertakings and joint ventures		2	3
Deferred taxation assets of which:		70	70
– relates to losses carried forward	a	6	6
Current taxation assets		29	32
Other assets		615	578
Property and equipment		71	71
Investment in subsidiaries		828	700
Total assets		**25 318**	**25 217**
Deposits by banks		2 215	2 215
Derivative financial instruments		828	829
Other trading liabilities		43	43
Repurchase agreements and cash collateral on securities lent		198	198
Customer deposits (deposits)		17 290	16 939
Debt securities in issue		1 120	1 120
Liabilities arising on securitisation of other assets		—	96
Other liabilities		676	647
Subordinated liabilities of which:		759	759
– term subordinated debt included in Tier 2 capital	b	759	759
Total liabilities		**23 129**	**22 846**
Equity			
Ordinary share capital		1 281	1 280
Share premium		199	199
Capital reserve		153	153
Other reserves		(3)	(3)
Retained income		309	492
Shareholders' equity excluding non-controlling interests		1 939	2 121
Additional Tier 1 securities in issue	c	250	250
Total equity		**2 189**	**2 371**
Total liabilities and equity		**25 318**	**25 217**

APPENDIX A
CONTINUED

Table 41: Composition of regulatory own funds (UK CC1)

Common Equity Tier 1 (CET1) capital: instruments and reserves £'million		Ref	31 March 2022
1	Capital instruments and the related share premium accounts		1 480
	of which: Ordinary shares		1 480
2	Retained earnings		424
3	Accumulated other comprehensive income (and other reserves)		156
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**		**2 060**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		(5)
8	Intangible assets (net of related tax liability) (negative amount)		(299)
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	(6)
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)		(203)
UK-20a	Exposure amount of the following items which qualify for a RW of 1 250%, where the institution opts for the deduction alternative		(5)
UK-20c	of which: securitisation positions (negative amount)		(5)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)		60
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**		**(458)**
29	**Common Equity Tier 1 (CET1) capital**		**1 602**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	c	250
31	of which: classified as equity under applicable accounting standards	c	250
Additional Tier 1 (AT1) capital: regulatory adjustments			
44	**Additional Tier 1 (AT1) capital**		**250**
45	**Tier 1 capital (T1 = CET1 + AT1)**		**1 852**
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	b	766
51	Tier 2 (T2) capital before regulatory adjustments	b	766
57	**Total regulatory adjustments to Tier 2 (T2) capital**		—
58	**Tier 2 (T2) capital**		766
59	**Total capital (TC = T1 + T2)**		**2 618**
60	**Total Risk exposure amount**		**13 631**
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		11.8%
62	Tier 1 (as a percentage of total risk exposure amount)		13.6%
63	Total capital (as a percentage of total risk exposure amount)		19.2%
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)		7.6%
65	of which: capital conservation buffer requirement		2.5%
66	of which: countercyclical buffer requirement		0.03%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		6.6%
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)		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)		240
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)		7

^ 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.
* Includes the share premium account.

APPENDIX A
CONTINUED

Table 42: Main features of regulatory own funds instruments (UK CCA)

Ref	Terms and conditions	Ordinary shares	Fixed rate reset perpetual AT1 write down capital securities	Subordinated fixed rate reset callable medium term notes	Subordinated prepayable fixed rate resettable medium term loan
	31 March 2022				
1	Issuer	Investec Bank plc	Investec Bank plc	Investec Bank plc	Investec Bank plc
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GB00B17BBQ50	XS1692045864	XS1859228634	n/a
2a	Public or private placement	Private	Private	Public	Private
3	Governing law(s) of the instrument	English Law	English Law	English Law	English Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional rules	Common Equity Tier 1	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo and (sub-) consolidated*	Solo	Solo	Solo and Consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 instrument	Tier 2 instruments	Tier 2 instruments
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£1.28 billion	£250 million	£419 million	£347 million
9	Nominal amount of instrument	£1.28 billion	£250 million	£420 million	£350 million
9a	Issue price	n/a	100.00%	99.473%	99.746%
9b	Redemption price	n/a	Redemption at principal amount plus accrued and unpaid interest to date of redemption	Par plus accrued and unpaid interest	Par plus accrued and unpaid interest
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	n/a	5 October 2017	24 July 2018	4 October 2021
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	No maturity	No maturity	24 July 2028	4 January, 2032
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	5 December 2024, subject to supervisory approval; Subject to tax and capital disqualification event at any time; Redemption at principal amount plus accrued and unpaid interest to date of redemption	24 July 2023, subject to supervisory approval; subject to tax and regulatory call; redemption at par plus accrued interest	Any date from 4 October 2026 to 4 January 2027, subject to supervisory approval; subject to tax and regulatory call; redemption at par plus accrued interest
16	Subsequent call dates, if applicable	n/a	On each quarterly interest payment date after first call	n/a	n/a

* Note these instruments are also recognised at the IBP consolidation level, however, as this is not a regulated sub-group reference is only made to the inclusion at the solo level.

APPENDIX A
CONTINUED

Table 42: Main features of regulatory own funds instruments (UK CCA) (CONTINUED)

Ref	Terms and conditions	Ordinary shares	Fixed rate reset perpetual AT1 write down capital securities	Subordinated fixed rate reset callable medium-term notes	Subordinated prepayable fixed rate resettable medium term loan
	31 March 2022				
	Coupons/dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	n/a	6.75%	4.25%	2.625 %
19	Existence of a dividend stopper	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timings)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	n/a	Yes	n/a	n/a
31	If write-down, write-down trigger(s)	n/a	CET1 ratio of the issuer group has fallen below 7.00% – contractual/ point of non- viability – UK PRA statutory	n/a	n/a
32	If write-down, full or partial	n/a	Full	n/a	n/a
33	If write-down, permanent or temporary	n/a	Permanent	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	n/a	n/a	n/a
UK-34b	Ranking of the instrument in normal insolvency proceedings	1	2	3	3
35	Position in subordinated hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior to Tier 1 instruments	Junior to Tier 2 instruments	Junior to senior unsecured	Junior to senior unsecured
36	Non-compliant transitioned features	n/a	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	IBP - Articles of Association	IBP - Fixed rate reset perpetual AT1 write down capital securities (£200 million) IBP - Fixed rate reset perpetual AT1 write down capital securities (£50 million)	IBP - Subordinated fixed rate reset callable medium-term notes	IBP - Subordinated repayable fixed rate resettable medium term notes

APPENDIX A
CONTINUED

Table 43: Overview of risk weighted exposure amounts (UK OV1)

Ref^	£'million	Risk weighted exposure amounts (RWEAs) 31 March 2022	Total own fund requirements* 31 March 2022
1	Credit risk (excluding CCR)	11 116	889
2	Of which the standardised approach	11 116	889
6	Counterparty credit risk - CCR	664	53
7	Of which the standardised approach	470	38
UK 8a	Of which exposures to a CCP	19	2
UK 8b	Of which credit valuation adjustment - CVA	102	8
9	Of which other CCR	73	6
15	Settlement risk	1	—
16	Securitisation exposures in the non-trading book (after the cap)	220	18
18	Of which SEC-ERBA (including IAA)	161	13
19	Of which SEC-SA approach	59	5
UK 19a	Of which 1250%/ deduction^^	5	—
20	Position, foreign exchange and commodities risks (Market risk)	538	43
21	Of which the standardised approach	538	43
23	Operational risk	1 092	87
UK 23b	Of which standardised approach	1 092	87
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	454	36
29	**Total**	**13 631**	**1 090**

Leverage ratio

Table 44: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1 - LRSum)

Ref^	£'million	31 March 2022
1	Total assets as per published financial statements	25 318
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(101)
4	(Adjustment for exemption of exposures to central banks)	(5 327)
8	Adjustment for derivative financial instruments	447
9	Adjustment for securities financing transactions (SFTs)	301
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 242
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital (leverage))	(5)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(2 401)
12	Other adjustments	(453)
13	**Total exposure measure**	**19 021**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed.
^^ IBP has chosen to deduct from CET1 capital securitisation positions that attract a RW of 1 250%. Line 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.

APPENDIX A
CONTINUED

Table 45: Leverage ratio common disclosure (UK LR2 - LRCom)

Ref^	£'million	Leverage ratio exposures 31 March 2022
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	23 014
6	(Asset amounts deducted in determining Tier 1 capital (leverage))	(458)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**22 556**
	Derivative exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	648
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	509
11	Adjusted effective notional amount of written credit derivatives	68
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(22)
13	**Total derivatives exposures**	**1 203**
	Securities financing transaction (SFT) exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1 447
16	Counterparty credit risk exposure for SFT assets	301
18	**Total securities financing transaction exposures**	**1 748**
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	2 346
20	(Adjustments for conversion to credit equivalent amounts)	(1 104)
22	**Off-balance sheet exposures**	**1 242**
	Excluded exposures	
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	(2 401)
UK-22k	**(Total exempted exposures)**	**(2 401)**
	Capital and total exposure measure	
23	Tier 1 capital (leverage)	1 852
24	Total exposure measure including claims on central banks	24 348
UK-24a	(-) Claims on central banks excluded	(5 327)
UK-24b	**Total exposure measure excluding claims on central banks**	**19 021**
	Leverage ratio	
25	Leverage ratio excluding claims on central banks (%)	9.7%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	9.4%
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 (%)	9.7%
UK-25c	Leverage ratio including claims on central banks (%)	7.6%

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

APPENDIX A
CONTINUED

Table 46: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3 - LRSpl)

Ref^	£'million	Leverage ratio exposures 31 March 2022
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	20 613
UK-2	Trading book exposures	163
UK-3	Banking book exposures, of which:	20 450
UK-4	Covered bonds	15
UK-5	Exposures treated as sovereigns	6 123
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	21
UK-7	Institutions	541
UK-8	Secured by mortgages of immovable properties	4 835
UK-9	Retail exposures	168
UK-10	Corporates	5 801
UK-11	Exposures in default	218
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	2 728

Capital buffers

Table 47: Amount of institution specific countercyclical capital buffer (UK CCyB2)

Ref^	£' million	31 March 2022
1	Total risk exposure amount	13 631
2	Institution specific countercyclical buffer rate	0.03%
3	**Institution specific countercyclical buffer requirement**	**4**

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

APPENDIX A
CONTINUED

Table 48: 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	—	—	—	—	1	—%	1.0%
	Hong Kong	52	2	—	54	4	—	—	4	49	0.4%	1.0%
	Czech Republic	—	—	—	—	—	—	—	—	0	—%	0.5%
	Slovakia	—	—	—	—	—	—	—	—	0	—%	1.0%
	Bulgaria	4	—	—	4	—	—	—	—	0	—%	0.5%
	Luxembourg	572	—	—	572	44	—	—	44	552	4.8%	0.5%
	Total countries with existing CCyB rates >0%	**634**	**2**	**—**	**636**	**48**	**—**	**—**	**48**	**602**	**5.2 %**	
	Australia	195	—	—	195	16	—	—	16	200	1.7%	
	Cayman Islands	345	—	230	575	29	—	3	32	400	3.4%	
	Guernsey	372	—	—	372	31	—	—	31	388	3.3%	
	Ireland	399	—	—	399	30	—	—	30	375	3.2%	
	Jersey	464	—	—	464	36	—	—	36	450	3.9%	
	Netherlands	404	—	—	404	33	—	—	33	413	3.6%	
	Switzerland	98	10	—	108	5	—	—	5	63	0.5%	
	United Kingdom	10 726	44	826	11 596	520	1	13	534	6675	57.6%	
	United States of America	872	6	123	1 001	68	—	2	70	875	7.5%	
	British Virgin Islands	301	—	—	301	21	—	—	21	263	2.3%	
	Total countries with own funds requirements weights 1% or above^^	**14 176**	**60**	**1 179**	**15 415**	**789**	**1**	**18**	**808**	**10 102**	**87.0 %**	
	Total countries with own funds requirements weights below 1% and without an existing CCyB rate	**1 039**	**11**	**1**	**1 051**	**72**	**1**	**—**	**73**	**909**	**7.8%**	
	Total	**15 849**	**73**	**1 180**	**17 102**	**909**	**2**	**18**	**929**	**11 613**	**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 1% or above all have a countercyclical capital buffer rate of 0% at 31 March 2022.

APPENDIX A
CONTINUED

Table 49: Standardised approach – credit risk exposure and credit risk mitigation effects (UK CR4)

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	5 908	—	5 950	9	—	—%
2	Regional governments or local authorities	—	—	—	—	—	20%
3	Public sector entities	21	8	21	4	5	20%
4	Multilateral Development Banks	214	—	214	—	—	—%
6	Institutions	541	—	548	4	118	21%
7	Corporates	8 202	1 848	8 020	904	6 312	71%
8	Retail	168	98	95	44	98	71%
9	Secured by mortgages on immovable property	4 835	103	4 835	52	2 385	49%
10	Exposures in default	218	2	217	1	262	120%
11	Items associated with particularly high risk	585	287	584	156	1 109	150%
12	Covered bonds	15	—	15	—	2	10%
15	Equity exposures	232	—	232	—	494	213%
16	Other exposures	322	—	322	—	332	103%
17	**Total**	**21 261**	**2 346**	**21 053**	**1 174**	**11 117**	**50%**

^ 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 SME and infrastructure supporting factors set out in Article 501 and 501(a) of CRR II.

APPENDIX A
CONTINUED

Table 50: 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	5 327	5 327	—	—	—	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	16 020	14 242	607	333	—	333	(43)	(21)	(22)	(115)	—	(53)	(30)	7 666	191
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	1 352	1 294	—	—	—	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	5 402	5 244	38	9	—	9	(8)	(7)	(1)	—	—	—	—	235	16
060	Non-financial corporations	5 892	4 514	473	295	—	295	(33)	(13)	(20)	(112)	—	(50)	(30)	4 129	145
070	Of which SMEs	885	741	116	36	—	30	(10)	(3)	(7)	(14)	—	(14)	—	594	13
080	Households	3 373	3 190	95	29	—	29	(2)	(1)	(1)	(3)	—	(3)	—	3 302	29
090	Debt securities	1 542	1 344	—	8	—	8	—	—	—	(6)	—	(5)	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	323	290	—	—	—	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	372	305	—	—	—	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	761	742	—	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	86	7	—	8	—	8	—	—	—	(6)	—	(5)	—	—	—
150	Off-balance sheet exposures	2 159	2 111	48	2	—	2	(8)	(7)	(1)	—	—	—		554	2
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—		—	—
170	General governments	—	—	—	—	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	16	16	—	—	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	752	752	—	—	—	—	(3)	(3)	—	—	—	—		16	—
200	Non-financial corporations	1 260	1 213	48	2	—	2	(5)	(4)	(1)	—	—	—		429	2
210	Households	130	130	—	—	—	—	(1)	(1)	—	—	—	—		109	—
220	**Total**	**25 047**	**23 023**	**654**	**343**	**—**	**343**	**(51)**	**(28)**	**(23)**	**(121)**	**—**	**(58)**	**(30)**	**8 220**	**193**

^ 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.

APPENDIX A
CONTINUED

Table 51: Maturity of exposures (UK CR1-A)

Ref^	£'million	Net exposure value ^^ On demand	<= 1 year	> 1 year < = 5 years	> 5 years	Total
	31 March 2022					
1	Loans and advances	1 205	3 624	6 578	4 788	16 195
2	Debt securities	—	241	479	824	1 544
3	**Total**	**1 205**	**3 865**	**7 057**	**5 612**	**17 739**

Table 52: Changes in the stock of non-performing loans and advances (UK CR2)

Ref^	£'million	Gross carrying amount 31 March 2022
010	**Initial stock of non-performing loans and advances**	333
020	Inflows to non-performing portfolios	165
030	Outflows from non-performing portfolios	(99)
040	Outflows due to write-offs	(42)
050	Outflow due to other situations	(24)
060	**Final stock of non-performing loans and advances**	**333**

Table 53: Credit quality of forborne exposures (UK CQ1)

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
Ref^	£'million	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	31 March 2022								
005	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
010	Loans and advances	99	65	64	65	(6)	(6)	49	20
020	Central banks	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	—	9	9	9	—	—	—	—
060	Non-financial corporations	80	52	51	52	(6)	(6)	23	13
070	Households	19	3	3	3	—	—	26	7
080	Debt securities	—	8	—	8	—	(5)	—	—
090	Loan commitments given	8	—	—	—	—	—	—	—
100	**Total**	**107**	**73**	**64**	**73**	**(6)**	**(12)**	**49**	**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.

APPENDIX A
CONTINUED

Table 54: Credit quality of performing and non-performing exposures by past due days (UK CQ3)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
Ref^	£'million		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	31 March 2022												
005	Cash balances at central banks and other demand deposits	5 327	5 327	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	16 020	15 993	26	333	227	9	19	44	13	20	1	333
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	1 352	1 352	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	5 402	5 402	—	9	9	—	—	—	—	—	—	9
060	Non-financial corporations	5 892	5 883	9	295	198	6	13	44	13	19	1	295
070	Of which SMEs	885	885	1	36	3	2	3	3	13	11	1	30
080	Households	3 373	3 356	17	29	20	3	5	—	—	—	—	29
090	Debt securities	1 542	1 542	—	8	8	—	—	—	—	—	—	8
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	323	323	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	372	372	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	761	761	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	86	86	—	8	8	—	—	—	—	—	—	8
150	Off-balance sheet exposures	2 159			2								2
160	Central banks	—			—								—
170	General governments	—			—								—
180	Credit institutions	16			—								—
190	Other financial corporations	752			—								—
200	Non-financial corporations	1 260			2								2
210	Households	130			—								—
220	**Total**	**25 047**	**22 862**	**26**	**343**	**235**	**9**	**19**	**44**	**13**	**20**	**1**	**343**

^ 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.

APPENDIX A
CONTINUED

Table 55: 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
	31 March 2022					
010	**On-balance sheet exposures**	**23 229**	**341**	**(101)**		**(63)**
	United Kingdom	17 240	254	(65)		—
	United States	1 051	—	(3)		—
	Jersey	551	54	(8)		—
	Germany	475	—	(1)		—
	Guernsey	190	—	—		—
	France	428	12	(1)		—
	Luxembourg	496	—	—		—
	Ireland	368	1	(2)		—
	Netherlands	372	—	(2)		—
	Switzerland	198	—	—		—
	Cayman Islands	506	—	(1)		—
	British Virgin Islands	338	—	(2)		(62)
	Australia	177	—	(2)		—
	Other countries^^	839	20	(14)		(1)
080	**Off-balance sheet exposures**	**2 161**	**2**		**(8)**	
	United Kingdom	934	—		(4)	
	United States	377	—		(2)	
	Jersey	164	2		—	
	Luxembourg	235	—		—	
	Netherlands	113	—		(1)	
	Other countries^^	338	—		(1)	
150	**Total**	**25 390**	**343**	**(101)**	**(8)**	**(63)**

^ 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, Isle of Man, 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 13 countries, which in aggregate, represent more than 95% of the total gross carrying amount of £25.4bn. The remaining 5% are not considered material and have been grouped under 'other countries'.

APPENDIX A
CONTINUED

Table 56: 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
	31 March 2022				
010	Agriculture, forestry and fishing	10	—	(5)	—
020	Mining and quarrying	109	3	(1)	—
030	Manufacturing	561	—	(6)	(62)
040	Electricity, gas, steam and air conditioning supply	592	—	(1)	—
050	Water supply	159	35	(2)	—
060	Construction	792	28	(13)	—
070	Wholesale and retail trade	147	1	(1)	—
080	Transport and storage	234	9	(3)	—
090	Accommodation and food service activities	45	—	(3)	—
100	Information and communication	245	—	(3)	—
110	Financial and insurance activities	—	—	—	—
120	Real estate activities	2 540	184	(27)	—
130	Professional, scientific and technical activities	127	22	(7)	—
140	Administrative and support service activities	411	22	(9)	—
150	Public administration and defence, compulsory social security	—	—	—	—
160	Education	41	—	—	—
170	Human health services and social work activities	135	1	(1)	—
180	Arts, entertainment and recreation	21	—	—	—
190	Other services	18	—	—	—
150	**Total**	**6 187**	**305**	**(82)**	**(62)**

Table 57: Disclosure of the use of credit risk mitigation techniques (UK CR3)

Ref^	£'million	Unsecured - carrying amount	Secured - carrying amount	Of which secured by collateral ^^	Of which secured by financial guarantees
	31 March 2022				
1	Loans and advances	8 434	7 761	5 910	1 851
2	Debt securities	1 544	—	—	—
3	**Total**	**9 978**	**7 761**	**5 910**	**1 851**
4	Of which non-performing exposures	85	135	106	29
5	Of which defaulted	85	135		

^ 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.

APPENDIX A
CONTINUED

Table 58: Quantitative information of LCR (UK LIQ1)

		Total unweighted value (average)				Total weighted value (average)			
Ref^	**£'million Quarter ending on**	**31 March 2022**	**31 Dec 2021**	**30 Sep 2021**	**30 June 2021**	**31 March 2022**	**31 Dec 2021**	**30 Sep 2021**	**30 June 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)					**4 309**	**3 741**	**3 341**	**3 359**
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:**	10 246	10 169	10 147	10 214	631	616	580	555
3	Stable deposits	2 101	1 956	1 775	1 617	105	98	89	81
4	Less stable deposits	2 788	2 784	2 668	2 543	428	428	411	391
5	Unsecured wholesale funding	1 120	1 032	1 009	1 029	620	571	581	632
7	Non-operational deposits (all counterparties)	1 090	1 028	1 005	1 025	590	567	577	628
8	Unsecured debt	30	4	4	4	30	4	4	4
9	Secured wholesale funding					37	40	46	69
10	Additional requirements	2 672	2 708	2 756	2 741	1 332	1 370	1 385	1 386
11	Outflows related to derivative exposures and other collateral requirements	1 016	1 048	1 046	1 046	1 016	1 048	1 046	1 046
12	Outflows related to loss of funding on debt products	52	59	64	65	52	59	64	65
13	Credit and liquidity facilities	1 605	1 600	1 646	1 630	264	262	275	275
14	Other contractual funding obligations	441	431	480	492	359	337	354	323
15	Other contingent funding obligations	413	370	338	337	36	27	25	25
16	**TOTAL CASH OUTFLOWS**					**3 015**	**2 961**	**2 971**	**2 990**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	629	767	996	1 152	540	710	923	1 046
18	Inflows from fully performing exposures	757	676	608	587	702	620	548	523
19	Other cash inflows	735	714	651	568	478	503	497	443
20	**TOTAL CASH INFLOWS**	**2 121**	**2 157**	**2 255**	**2 307**	**1 720**	**1 833**	**1 968**	**2 012**
UK-20c	Inflows subject to 75% cap	2 121	2 157	2 255	2 307	1 720	1 833	1 968	2 012
	TOTAL ADJUSTED VALUE								
UK-21	**LIQUIDITY BUFFER**					**4 309**	**3 741**	**3 341**	**3 359**
22	**TOTAL NET CASH OUTFLOWS**					**1 295**	**1 133**	**1 007**	**1 000**
23	**LIQUIDITY COVERAGE RATIO***					**337.0%**	**336.0%**	**339.0%**	**343.0%**

^ The references identify the lines prescribed in the PRA template. Only applicable lines with assigned values are reported. All other lines have been suppressed. Cells shaded dark grey are out of scope in accordance with the PRA requirements.
* The LCR is calculated using 12-month averages and therefore the totals in the table above will not tie back to the ratio disclosed.
** Row 2 is made up of total retail deposits (i.e. stable deposits, less stable deposits and LCR exempt retail deposits).

14

Appendix B - CRR references

APPENDIX B
CONTINUED

Appendix B – CRR references

CRR Ref	High-level summary	Compliance reference
Scope of disclosure requirements		
431(1)	Publicly disclose Pillar 3 information.	Investec plc publishes Pillar 3 disclosures.
431(2)	Institutions that have been granted specific permissions by the competent authorities or use credit risk mitigation techniques are required to make certain disclosures under articles 452 to 455.	Only Article 453 is applicable. See below.
431(3)	Institutions must have a formal policy to comply with the disclosure requirements and have policies for assessing the appropriateness of their disclosures, including their verification and frequency. Institutions shall also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants.	Investec plc has a dedicated Pillar 3 policy.
431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative, noting in particular any significant changes compared to previous disclosures	Where required, qualitative narrative has been provided. Note disclosures adopted for the first time will not have accompanying qualitative narrative.
431(5)	Explanation of ratings decisions to SMEs and other corporate loan applications upon request.	The majority of SME business supported by Investec is via its asset finance business which operates a largely intermediary business channel strategy. All credit decisions are provided in writing including the rationale for any transactions where we feel unable to help. For any automated decisions, customers are invited to ask for any declines to be reviewed if they so wish in line with UK Data Protection law. For all other corporate lending, decisions can be provided upon request.
Non-material, proprietary or confidential information		
432(1)	Institutions may omit information that is not regarded as material if certain conditions are respected.	Compliance is governed by the Pillar 3 policy.
432(2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Compliance is governed by the Pillar 3 policy.
432(3)	Where 432(2) applies this must be stated in the disclosures, and more general information must be disclosed.	This table indicates where disclosures are omitted.
Frequency and scope of disclosure		
433	Annual disclosures must be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter.	Refer to policy on page 6.
433a(1)-(3)	Large institutions are required to disclose certain information on an annual, semi-annual and quarterly basis.	As at 31 March 2022, Investec plc is not a large institution.
Disclosure by small and non-complex institutions		
433b(1)-(2)	Small and non-complex institutions shall disclose certain information on an annual and semi-annual basis.	As at 31 March 2022, Investec plc is not a small or non-complex institution.
Disclosure by other institutions		
433c(1)-(2)	Institutions that are not subject to Article 433a or 433b shall disclose certain information on an annual and semi-annual basis. Non-listed institutions disclose certain information on an annual basis.	Investec plc discloses information in line with the requirements of Article 433c.
Means of disclosure		
434(1)	Institutions shall disclose information in electronic format and in a single medium or location.	Most of the disclosures are contained in this document, with the exception of the Remuneration disclosures which are included in the 2022 Investec DLC remuneration report. The remuneration disclosures for IBP are included in the remuneration report, section 4 of the Investec Bank plc 2022 annual report.
434(2)	Archive of prior disclosures to be made available on firm's website.	Prior year reports are available on the Investec website.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Uniform disclosure formats		
434a	Provision left blank	Not applicable
Timing and means of Disclosure under Article 441		
434b(1)-(3)	Disclosure of indicators of global systemic importance.	Not applicable
431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative, noting in particular any significant changes compared to previous disclosures	Where required, qualitative narrative has been provided. Note disclosures adopted for the first time will not have accompanying qualitative narrative.
Disclosure of risk management objectives and policies		
435(1)(a)	The strategies and processes to manage risks.	Refer to the risk management section on page 16, credit and counterparty risk on page 32, securitisation risk on page 46, market risk on page 49, non-trading interest rate risk on page 52, investment risk on page 55, operational risk on page 57 and liquidity risk on page 62.
435(1)(b)	Structure and organisation of risk management functions.	
435(1)(c)	Scope and nature of risk reporting and measurement systems.	
435(1)(d)	Policies for hedging and mitigating risk and strategies and processes for monitoring effectiveness.	
435(1)(e)	Declaration approved the management body on the adequacy of risk management arrangements.	Refer to the risk management section on page 16.
435(1)(f)	Concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business	
435(2)(a)	Number of directorships held by members of the management body.	Refer to Investec Group's 2022 integrated and strategic annual report pages 109 to 111.
435(2)(b)	Recruitment policy for the selection of members of the management body.	Refer to Investec DLC 2022 remuneration report pages 12 to 16.
435(2)(c)	Policy on diversity of members of the management body.	Refer to Investec Group's 2022 integrated and strategic annual report pages 119.
435(2)(d)	Disclosure of whether a dedicated risk committee is in place, and number of times the committee has met.	Refer to Investec plc's 2022 annual report page 26.
435(2)(e)	Description of information flow on risk to the management body.	Refer to Investec Group's 2022 integrated and strategic annual report pages 114 to 115.
Disclosure of scope of application		
436(a)	Name of institution	Refer to policy on page 6.
436(b)	Reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation.	Refer to table 2 Outline of the differences in the scopes of consolidation (entity by entity) (UK LI3) on page 10, table 4 Mapping of financial statement categories with regulatory risk categories (UK LI1) on page 12 and table 5 Main sources of differences between regulatory exposure amounts and carrying values in the financial statements (UK LI2) on page 14. The differences are further explained in the following sections: -Basis of consolidation on page 9; and -Differences between the financial accounting and regulatory exposure amounts on page 14.
436(c)	Breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation, broken down by type of risk.	
436(d)	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation and the exposure amount used for regulatory purposes.	
436(e)	For exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions.	Not applicable, Investec plc does not use the core approach.
436(f)	Impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group.	There are no current or foreseen material practical or legal impediments to the prompt transfer of capital resources or repayment of liabilities among the parent undertaking and its subsidiary undertakings.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of scope of application (continued)		
436(g)	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Entities outside the scope of consolidation are appropriately capitalised.
436(h)	Making use of the provisions laid down in Article 7 and 9.	IBP, the main banking subsidiary of the Group, applies the provisions in article 9 of the CRR (solo-consolidation waiver) and reports to the PRA on a solo-consolidation basis, including Investec Investments (UK) Limited.
Disclosure of own funds		
437(a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution.	Refer to table 3 Reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation (UK CC2) on page 11 and table 6 Composition of regulatory own funds (UK CC1) on page 21.
437(b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution.	Refer to regulatory capital instruments on page 23 and table 7 Main features of regulatory own funds instruments (UK CCA) on page 23.
437(c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.	
437(d)	Disclosure of the nature and amounts of the following: each prudential filter applied pursuant to Articles 32 to 35 each deduction made pursuant to Articles 36, 56 and 66 items not deducted in accordance with Articles 47, 48, 56, 66 and 79.	Refer to table 3 Reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation (UK CC2) on page 11 and table 6 Composition of regulatory own funds (UK CC1) on page 21.
437(e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply.	
437(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	
Disclosure of own funds and eligible liabilities		
437a(a)-(d)	Institutions subject to Article 92a or 92b shall disclose information regarding their own funds and eligible liabilities	Not applicable.
Capital requirements		
438(a)	Summary of the institution's approach to assessing the adequacy of its internal capital to support current and future activities.	Refer to capital management on pages 19 to 22.
438(b)	The amount of the additional own funds requirements based on the supervisory review and evaluation process and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments.	Refer to table 1 Key metrics (UK KM1) on page 7.
438(c)	Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process.	This is included in the Group's ICAAP and is shared with the regulator upon request.
438(d)	The total risk weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories and, where applicable, an explanation of the effect on the calculation of own funds and risk weighted exposure amounts that results from applying capital floors and not deducting items from own funds.	Refer to table 8 Overview of risk weighted exposure amounts (UK OV1) on page 25.
438(e)	The on- and off-balance-sheet exposures, the risk weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk weighted exposure amounts for the categories of equity exposures set out in Article 155(2).	Not applicable. Investec plc applies the SA.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Capital requirements (continued)		
438(f)	The exposure value and the risk weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis.	Investec plc owns 100% of Investec Captive Insurance. The exposure of £4 million is subject to significant investment thresholds, with c.£2 million subject to a risk weight of 250%.
438(g)	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.	Not applicable. Investec plc is not a financial conglomerate.
438(h)	The variations in the risk weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models.	Not applicable.
Disclosure of exposures to counterparty credit risk		
439(a)	A description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties.	Refer to capital management on page 19.
439(b)	A description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.	Refer to credit risk mitigation on page 41.
439(c)	A description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291.	Refer to wrong-way risk on page 43.
439(d)	The amount of collateral the institution would have to provide if its credit rating were downgraded.	The Group does not have any funding deals containing credit rating downgrade triggers.
439(e)	For derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral; subject to thresholds.	Not applicable.
439(f)	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method.	Refer to table 24 Analysis of counterparty credit risk by approach (UK CCR1) on page 43.
439(g)	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation, whichever method is used, and the associated risk exposure amounts broken down by applicable method.	
439(h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method.	Refer to table 25 Transactions subject to own funds requirement for CVA risk (UK CCR2) on page 43.
439(i)	The exposure value to central counterparties and the associated risk exposures, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures.	Refer to table 26 Analysis of exposures to CCPs (UK CCR8) on page 44.
439(j)	The notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold.	Refer to table 28 Credit derivatives exposures (UK CCR6) on page 44.
439(k)	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9).	Not applicable.
439(l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452.	Refer to table 27 Standardised approach - CCR exposures by regulatory exposure class and risk weights (UK CCR3) on page 44.
439(m)	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	Refer to table 24 Analysis of counterparty credit risk by approach (UK CCR1) on page 43.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of countercyclical capital buffers		
440(a)	The geographical distribution of the exposure amounts and risk weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer.	Refer to table 13 Geographical distribution of credit exposures for the calculation of the countercyclical buffer (UK CCyB1) on page 29.
440(b)	The amount of their institution-specific countercyclical capital buffer.	Refer to table 12 Amount of institution specific countercyclical capital buffer (UK CCyB2) on page 28.
Disclosure of indicators of global systemic importance		
441	G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score.	Not applicable.
Disclosure of exposures to credit risk and dilution risk		
442(a)	The scope and definitions use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes.	Refer to credit risk adjustments on page 36.
442(b)	A description of the approaches and methods adopted for determining specific and general credit risk adjustments.	Investec plc treats IFRS 9 ECLs as specific credit risk adjustments. ECLs are allocated to the underlying exposure in the RWA calculations. For information on IFRS 9 staging refer to credit risk adjustments on page 36.
442(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received.	Refer to table 16 Performing and non-performing exposures and related provisions (UK CR1) on page 37, table 19 Credit quality of forborne exposures (UK CQ1) on page 38, table 21 Quality of non-performing exposures by geography (UK CQ4) on page 40 and table 22 Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 41.
442(d)	An ageing analysis of accounting past due exposures.	Refer to table 20 Credit quality of performing and non-performing exposures by past due days (UK CQ3) on page 39.
442(e)	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures.	Refer to table 16 Performing and non-performing exposures and related provisions (UK CR1) on page 37, table 18 Changes in the stock of non-performing loans and advances (UK CR2) on page 38, table 19 Credit quality of forborne exposures (UK CQ1) on page 38, table 21 Quality of non-performing exposures by geography (UK CQ4) on page 40 and table 22 Credit quality of loans and advances to non-financial corporations by industry (UK CQ5) on page 41.
442(f)	Any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off.	
442(g)	The breakdown of loans and debt securities by residual maturity.	Refer to table 17 Maturity of exposures (UK CR1-A) on page 38.
Disclosure of encumbered and unencumbered assets		
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.	Refer table 35 Encumbered and unencumbered assets (UK AE1) on page 59, table 36 Collateral received (UK AE2) on page 60 and table 37 Sources of encumbrance (UK AE3) on page 60.
Disclosure of the use of the Standardised Approach		
444(a)	The names of the nominated ECAIs and export credit agencies and the reasons for any changes in those nominations over the disclosure period.	Refer to regulatory approach on page 33.
444(b)	The exposure classes for which each ECAI or export credit agency is used.	

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of the use of the Standardised Approach (continued)		
444(c)	A description of the process used to transfer the issuer and issue credit ratings onto items on included in the trading book.	Refer to regulatory approach on page 33.
444(d)	The association of the external rating of each nominated ECAI or export credit agency with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by the competent authority.	Investec plc complies with the standard association published by the PRA.
Disclosure of the use of the Standardised Approach (continued)		
444(e)	The exposure values and the exposure values after credit risk mitigation associated with each credit quality step by exposure class, as well as those deducted from own funds.	Refer to table 14 Standardised approach – credit risk exposure and credit risk mitigation effects (UK CR4) on page 34, table 15 Standardised approach (UK CR5) on page 35 and table 6 Composition of regulatory own funds (UK CC1) on page 21.
Disclosure of exposure to market risk		
445	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	Refer to table 32 Capital requirements for market risk (UK MR1) on page 50.
Disclosure of operational risk management		
446(a)	The approaches for the assessment of own funds requirements for operational risk that the institution qualifies for.	Refer to operational risk and table 34 Operational risk own funds requirements and risk weighted exposure amounts (UK OR1) on page 57.
446(b)	Where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach.	Not applicable.
446(c)	In the case of partial use, the scope and coverage of the different methodologies used.	Not applicable, Investec plc only applies the SA.
Disclosure of key metrics		
447(a)	The composition of own funds and own funds requirements as calculated in accordance with Article 92.	Refer to table 1 Key metrics (UK KM1) on page 7.
447(b)	The total risk exposure amount as calculated in accordance with Article 92(3).	
447(c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations.	
447(d)	The combined buffer requirement which the institutions are required to hold in accordance with regulation 35 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.	
447(e)	Disclose the following information in relation to leverage ratio: (i) for all institutions, their leverage ratio and total exposure measure; (ii) for LREQ firms, the information in Article 451(1)(b) and (g) and Article 451(2)(b) to (d).	
447(f)	The following information in relation to their liquidity coverage ratio: (i) the average or averages of the liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages of the total liquid assets, after applying the relevant haircuts based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of the liquidity outflows, inflows and net liquidity outflows based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.	

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of key metrics (continued)		
447(g)	The following information in relation to the net stable funding requirement : (i) the average or averages of the net stable funding ratio (ii) the average or averages of the available stable funding (iii) the average or averages of the required stable funding .	Not applicable.
447(h)	The own funds and eligible liabilities ratios and components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.	Investec plc is not subject to Articles 92a and 92b. Therefore the requirement is not applicable.
Disclosure of exposures to interest rate risk on positions not held in the trading book		
448(1)(a)	Institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in in Chapter 9 of the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook: (a) the changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down; (iii) steepener shock (short rates down and long rates up); (iv) flattener shock (short rates up and long rates down); (v) short rates shock up; (vi) short rates shock down.	Refer to table 33 Quantitative information on IRRBB (UK IRRBB1) on page 53.
448(1)(b)	The changes in the net interest income calculated under the following two supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook for the current and previous disclosure periods: (i) parallel shock up; (ii) parallel shock down.	
448(1)(c)	A description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph.	Refer to overview and management and measurement of IRRBB on page 52.
448(1)(d)	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date.	
448(1)(e)	The description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review including: (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems for the purpose of calculating changes in the economic value of equity and in net interest income, as required under points (a) and (b) of this paragraph, if those assumptions differ from those used for the purposes of Chapter 9 of the ICAA Part of the PRA Rulebook or from those specified in Annex XXXVIII of Chapter 6 of this Disclosure (CRR) Part of the PRA Rulebook, including the rationale for those differences; (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs.	
448(1)(f)	The description of the overall risk management and mitigation strategies for those risks.	

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of exposures to interest rate risk on positions not held in the trading book (continued)		
448(1)(g)	Average and longest repricing maturity assigned to non-maturing deposits.	Refer to overview and management and measurement of IRRBB on page 52.
448(2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to economic value of equity shall not apply to institutions that use the standardised framework referred to in Rule 9.1B of the ICAA Part of the PRA Rulebook.	Not applicable.
Disclosure of exposure to securitisation positions		
449(a)	A description of securitisation and re-securitisation activities, including the risk management and investment objectives in connection with those activities, the role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS), and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy.	Refer to securitisation risk on page 46.
449(b)	The type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties.	Refer to securitisation risk on page 46. At 31 March 2022 we have no STS positions.
449(c)	The approaches for calculating the risk weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions.	Refer to regulatory approach on page 46.
449(d)	A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation.	Requirement (i) and (iv) apply. The following SSPEs acquire originated exposures and are consolidated for regulatory purposes: Cavern Funding 2020 Plc - Securitised auto receivables Temese Funding 2 Plc - Securitised receivables Landmark Mortgage Securities No 2 plc - Securitised residential mortgages
449(e)	A list of any legal entities in relation to which the institutions have disclosed that they have provided support.	Not applicable.
449(f)	A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions.	IBP is the originator and investor in securitisations originated by Investec. In addition Investec Asset Finance plc, Mann Island Finance Limited and CF Corporate Finance Limited have invested in these securitisations.
449(g)	A summary of the accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.	Refer to accounting policies on page 46.
449(h)	The names of the ECAIs used for securitisations and the types of exposure for which each agency is used.	For securitisation exposures, Fitch, Moody's and S&P have been selected as eligible ECAIs.
449(i)	Where applicable, a description of the Internal Assessment Approach, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels.	Not applicable.
449(j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures.	Refer to Securitisation exposures in the non-trading book (UK-SEC1) on page 46.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of exposure to securitisation positions (continued)		
449(k)	For the trading and the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1250%, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements ; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated risk weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250%, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements.	We have no trading book exposures at 31 March 2022. Refer to Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (UK-SEC4) on page 47.
449(l)	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.	This disclosure has not been provided. Significant risk transfer has not been achieved for any securitisations originated by the Group. We continue to look through to the underlying assets. Specific credit risk adjustments will be reflected in the credit quality tables.
Disclosure of remuneration policy		
450(1)-(2)	Institutions are required to disclose information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions.	Refer to page 12 of the Investec Group's 2022 remuneration report.
Disclosure of the leverage ratio		
451(1)(a)-(g)	Institutions shall disclose the following information regarding their leverage ratio and their management of the risk of excessive leverage: (a) the leverage ratio; (b) the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure; (c) a breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements; (d) a description of the processes used to manage the risk of excessive leverage; (e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers; (f) in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if Article 468 of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part; (g) in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if Article 473a of the CRR did not apply for purposes of the capital measure under Article 429(3) of Chapter 3 of the Leverage Ratio (CRR) Part.	Refer to the leverage ratio section on page 26.
451(2)-(5)	These disclosure requirements apply only to LREQ firms.	Not applicable.
Disclosure of liquidity requirements		
451a(1)	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article	Refer to the liquidity section on pages 62 to 63 and table 38 Quantitative information of LCR (UK LIQ1) on page 64.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of liquidity requirements (continued)		
451a(2)	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: (a) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (b) the average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer; (c) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Refer to the liquidity section on pages 62 to 63 and table 38 Quantitative information of LCR (UK LIQ1) on page 64.
451a(3)	Institutions shall disclose the following information in relation to their net stable funding ratio: (a) averages of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters; (b) an overview of the amount of available stable funding calculated for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters; (c) an overview of the amount of required stable funding calculated for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters.	The NSFR requirements took effect from 1 January 2022, however full disclosure will only be possible from 31 March 2023, once quarterly observations over the preceding four quarters is available.
451a(4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook.	Refer to the liquidity section on pages 62 to 63.
Disclosure of the of the IRB approach to credit risk		
452(a)-(h)	This disclosure is required by institutions calculating risk weighted exposure amounts under the IRB approach to credit risk.	Not applicable.
Disclosure of the use of credit risk mitigation techniques		
453(a)	The core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting.	Refer to credit risk mitigations on page 41 to 42.
453(b)	The core features of the policies and processes for eligible collateral evaluation and management.	
453(c)	A description of the main types of collateral taken by the institution to mitigate credit risk.	
453(d)	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures.	
453(e)	Information about market or credit risk concentrations within the credit mitigation taken.	
453(f)	For institutions calculating risk weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures.	Refer to table 23 Disclosure of the use of CRM techniques (UK CR3) on page 42.

APPENDIX B
CONTINUED

Appendix B – CRR references (CONTINUED)

CRR Ref	High-level summary	Compliance reference
Disclosure of the use of credit risk mitigation techniques (continued)		
453(g)	The corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect.	Not applicable.
453(h)	For institutions calculating risk weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation.	Refer to table 14 Standardised approach - credit risk exposure and credit risk mitigation effects (UK CR4) on page 34.
453(i)	For institutions calculating risk weighted exposure amounts under the Standardised Approach, the risk weighted exposure amount and the ratio between that risk weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class.	
453(j)	For institutions calculating risk weighted exposure amounts under the IRB Approach, the risk weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	Not applicable.
Disclosure of the use of the advanced measurement approach to operational risk		
454	The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk transfer mechanisms for the purpose of mitigating that risk.	Not applicable.
Use of Internal Market Risk models		
455	Institutions using internal market risk models are subject to specific disclosure requirements.	Not applicable.