OUT OF THE ORDINARY

# Investec Bank plc

## Overview

June 2022

The information in this presentation relates to the financial year ended 31 March 2022, unless otherwise indicated.

# Contents



Investec

OUT OF THE ORDINARY

# Overview of Investec Group

# Investec Dual Listed Company structure

Non-Southern African operations

## Investec plc

LSE primary listing
JSE secondary listing
A2X secondary listing

Sharing Agreement

Southern African operations

## Investec Ltd

JSE primary listing
NSX secondary listing
BSE secondary listing
A2X secondary listing

Investec Bank plc

Investec Wealth & Investment Limited

Investec Bank Ltd

Investec Wealth and Investment International (Pty) Ltd

Investec plc and Investec Limited are **separate legal entities and listings**, but are bound together by contractual agreements and mechanisms

Investec operates as if it is a **single unified economic enterprise**

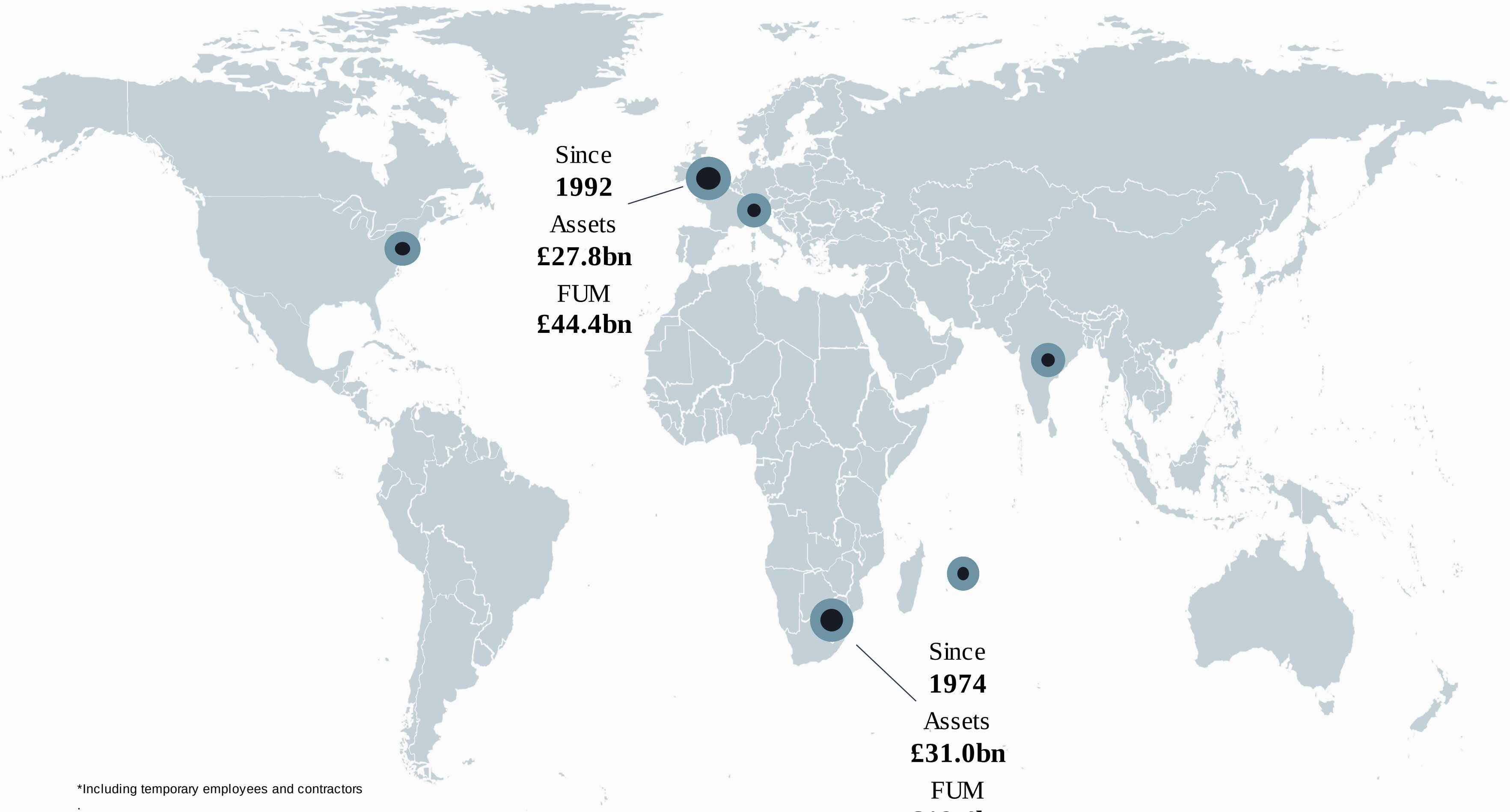
Shareholders have **common economic and voting interests** as if Investec plc and Investec Limited were a single company

**Creditors, however, are ring-fenced** to either Investec plc or Investec Limited as there are **no cross-guarantees** between the companies

All shareholdings in the ordinary share capital of the subsidiaries shown are 100%.

# Investec Group at a glance

A domestically relevant, internationally connected banking and wealth & investment Group




- Established in 1974
- Today, an efficient integrated international business platform employing approximately **8 300+*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£58.8bn**; total equity of **£5.7bn**; and total funds under management of **£63.8bn**

*Including temporary employees and contractors

# One Investec

## Our purpose

Our purpose is to create enduring worth – living in, not off, society.

## Our values

Our purpose is expressed in four key values that shape the way that we work and live within society.

1

### Cast-iron Integrity

We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

2

### Distinctive Performance

We employ talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment.

We promote innovation and entrepreneurial freedom to operate within the context of risk consciousness, sound judgement and an obligation to do things properly

We show concern for people, support our colleagues and encourage growth and development.

3

### Client focus

We break china for the client, having the tenacity and confidence to challenge convention.

We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.

4

### Dedicated partnership

We believe that open and honest dialogue is the appropriate process to test decisions, seek consensus and accept responsibility.

We are creative individuals who co-operate and collaborate unselfishly in pursuit of Group performance.

We respect the dignity and worth of the individual through encouraging openness and embracing difference and by the sincere, consistent and considerate manner in which we interact.

45+ years of heritage.

Two core geographies.

One Investec.

Whether you are an individual, a business, or an intermediary acting for clients, our aim is to create and manage your wealth and fuel your business growth.

# Investment proposition

Well positioned to pursue long-term growth

1. Well capitalised and highly liquid balance sheet
2. Improved capital allocation – anticipate excess capital
3. Diversified mix of earnings by geography and business, with significant annuity income underpin from leading wealth business
4. Clear growth opportunities through reinforcement of existing linkages across geography and business and new profit pool strategies which are underway
5. Our clients have historically shown resilience through difficult macro environments
6. Rightsized the cost structure of the business

# Framework to drive improved business performance

## Growth initiatives

Clear set of opportunities to deliver disciplined revenue growth

## Cost management

Enhanced management of the cost base through operational leverage

Underpinned by

## Capital discipline

A more disciplined approach to capital allocation and focus on capital optimisation

And delivered through

## Digitalisation

## Connectivity

Continued investments drive a digitally connected ecosystem to leverage efficiencies and deliver enhanced value to clients and staff

Investec

OUT OF THE ORDINARY

# Overview of Investec Bank plc (IBP)

The information in this presentation relates to the year ended 31 March 2022, unless otherwise indicated.

# Investec Bank plc

## A distinctive bank and investment manager with primary business in the UK

| Total assets | Net core loans | Customer deposits | Funds under management | Employees |
|---|---|---|---|---|
| £27.6bn | £14.4bn | £18.6bn | £44.4bn | 3,400+ |

### Key highlights

#### Diversified revenue streams with high annuity base

- Balanced and defensive business model comprising **two core business activities: Specialist Banking and Wealth & Investment**
- Continued focus on growing **our capital light income, now 47.1% of Investec Bank plc's revenue**
- Geographic and operational diversity with a high level of **annuity income[1] accounting for 75.9% of total operating income**
- **Total funds under management (FUM) of £44.4bn** and positive net inflows generated by our **leading UK private client wealth management business**

#### Sound balance sheet

- Never required shareholder or government support
- **Robust capital base**: 12.0% CET1[2] ratio, strong leverage ratio of 9.3%[3] and total capital ratio of 18.2%
- Investec Bank plc benefits from **a substantial unlevered asset, being Wealth & Investment**
- **Strong liquidity ratios** with high level of readily available liquid assets, representing 47.7% of customer deposits (cash and near cash: £8.9bn)
- **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding, customer deposits grew 14.6% in the financial year ended 31 March 2022
- We target a **diversified, secured loan portfolio**, lending to clients we know and understand
- We **inherently hold more capital per unit of risk**, with a conservative **risk-weighted assets density of 59.7%[4]**



[1] Where annuity income is net interest income and annuity fees. [2] The capital adequacy disclosures for IBP include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's 2022 integrated and strategic annual report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 37bps higher, on this basis. [3] The leverage ratios are calculated on an end-quarter basis. In the UK, the 31 March 2022 leverage ratio is calculated applying the UK leverage ratio framework, which applies to all UK firms from 1 January 2022
[4] Risk-weighted assets as a percentage of total assets.

# Overview of Investec Bank plc

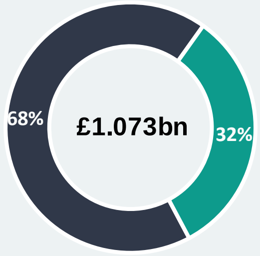
## We provide our clients with a diversified, combined and integrated banking and wealth management offering with extensive depth and breadth of product and services

| Corporate / Institutional / Private Equity / Intermediary / Government | Private clients (high net worth) / charities / trusts |
|---|---|
| **Specialist Banking** | **Wealth & Investment** |
| Lending | Discretionary wealth management |
| Transactional banking | Investment advisory services |
| Advice | Financial planning |
| Hedging | |
| Cash – deposit and savings | |
| Equity placement | |

**Specialist Banking – What makes us distinct**

- Provision of high touch personalised service, with ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth
- Provision of high-quality solutions to corporate and private clients, with leading positions in select areas

**% contribution to revenue**




- Specialist Banking
- Wealth & Investment

**Wealth & Investment - What makes us distinct**

- Built via organic growth and the acquisition of businesses over a long period of time
- Global investment process, delivering tailor-made and innovative solutions to our clients
- Domestically relevant with offshore capabilities
- Recognised brand and balance sheet strength attracts investment managers and supports client acquisition
- Size allows us to be agile but with the scale and strength to compete successfully
- Well-positioned for evolving domestic market trends (e.g. financial planning, digitalisation)

# Balanced business model

## Focused on growing capital light businesses

We have significantly increased our funds under management – a key capital light annuity income driver – by growing our Wealth & Investment business. Wealth & Investment FUM have grown from £14.2bn at 31 March 2012 to £44.4bn at 31 March 2022. In the financial year ended 31 March 2022, 32% of Investec Bank plc's revenue came from Wealth & Investment.

### Capital light activities

Includes:
- Wealth management
- Advisory services
- Transactional banking services
- Funds

**£505mn**

**47.1% of total revenue**

Of which:

Net fees and commissions:

**£494mn**

**~46.1% of total revenue**

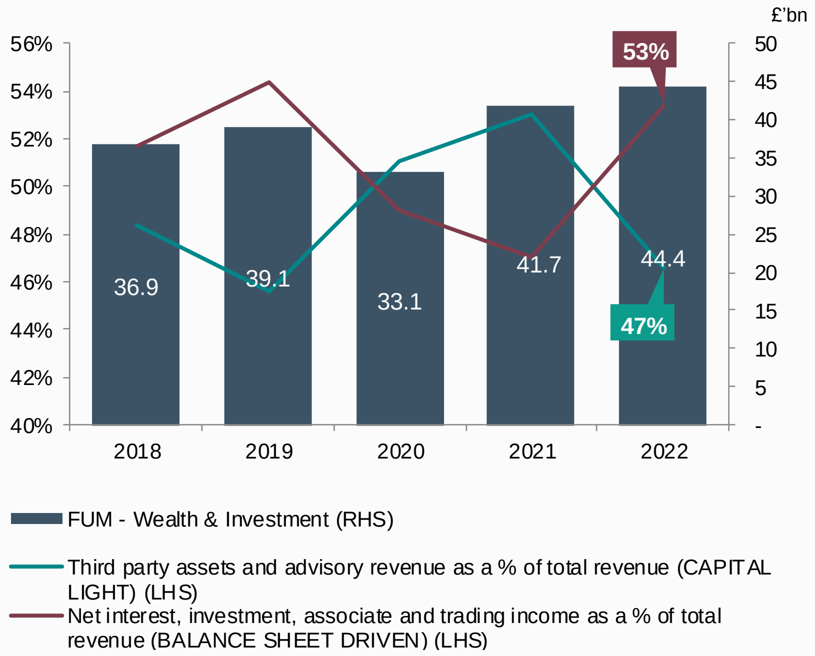
- Specialist Banking - £150mn
- Wealth & Investment - £344mn

Other:

**£11mn**

**~1.0% of total revenue**

Investec Bank plc funds under management and revenue type




### Balance sheet driven activities

Includes:
- Lending portfolios
- Trading income largely from client flows, balance sheet management and other
- Investment portfolios

**£568mn**

**52.9% of total revenue**

Of which:

Net interest income:

**£496mn**

**~46.2% of total revenue**

Customer flow and other trading income:

**£59mn**

**~5.5% of total revenue**

Investment and associate income:

**£13mn**

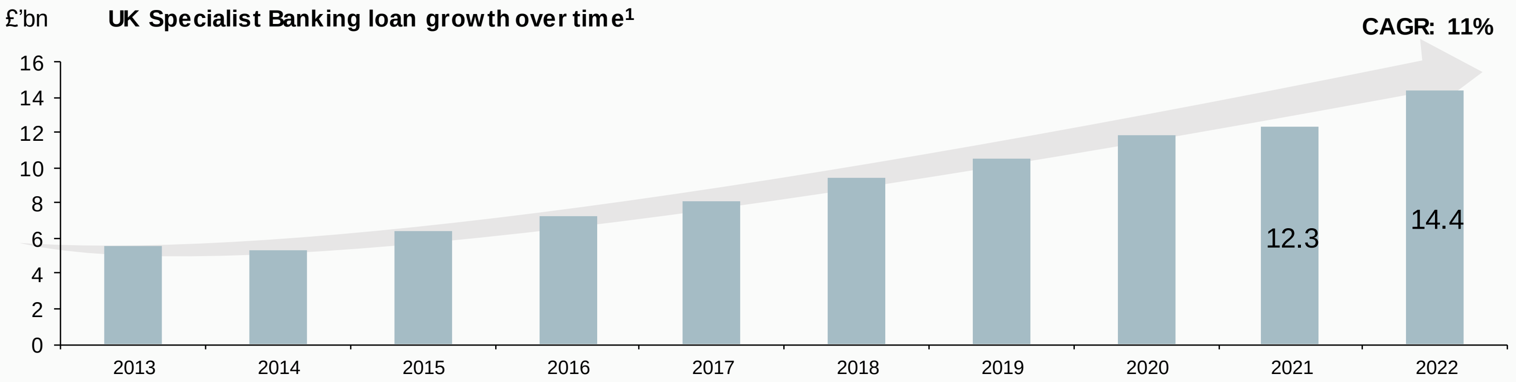
**~1.2% of total revenue**

Fee and commission income ← Types of income → Net interest, investment, associate and customer flow trading income

# Specialist Banking

## Winning in under-serviced parts of the market through dynamic, full service offering

| Private clients | Private companies | Private equity and sponsor-backed companies | Publically listed companies | Specialist sectors |
|---|---|---|---|---|
| For **high net worth clients** that need a banking partner to provide intellectual and financial capital to achieve their vision of success | For **UK mid-market founder and entrepreneur-led businesses** looking for a banking partner to support their needs, along every stage of their journey | For **UK mid-market Private Equity** clients looking for boutique service with 'bulge bracket' capability and award-winning franchises | For **UK mid-market listed companies** looking for top-ranked corporate broking and equity research and strategic advisory | **International specialist sector clients** looking for a corporate finance and banking partner with deep expertise and an innovative approach |
| Mortgages & Personal Lending, Cash Management & Foreign Exchange, Private Capital, integrated with Wealth Mgmt. | Growth & Leveraged Finance, Working Capital & Asset Finance, Specialist Lending, M&A Advisory, Equity Capital Markets, Treasury & Risk Solutions | | | |




| | |
|---|---|
| Permanent employees | 2,000+ |
| % Contribution to revenue[2] of Investec Group | c.36% |
| % Contribution to loan book of Investec Group | c.48% |



[1] Information for financial years prior to 2019 reflects the results of the ongoing business (excluding UK Specialist Bank legacy assets and businesses sold). Information from FY19 onwards is presented on a statutory basis.
[2] Investec Bank plc's Specialist Banking's total operating income before expected credit loss impairment charges as a percentage of the Investec Group's (for the financial year ended 31 March 2022).

# Wealth & Investment

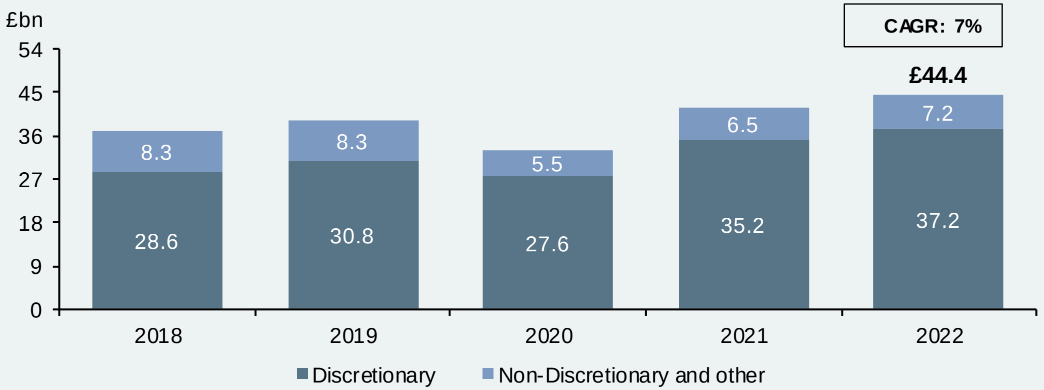
## A leading private client wealth manager in the UK with £44.4bn funds under management

| | |
|---|---|
| Our service offering | • Financial planning advice<br>• Investment management, including bespoke portfolio management |
| Our client groups | • Private clients, including HNW and International<br>• Clients of professional advisors<br>• Charities |
| Our distribution channels | • Direct<br>• Intermediaries<br>• Investec Private Bank |
| **International recognition** | defaqto 2021 GOLD DFM Service; defaqto EXPERT RATED DFM Bespoke 2013-2021; defaqto EXPERT RATED DFM MPS on Platform 2021; WealthBriefing European Awards 2022 UK Wealth Planning Team Winner Investec; 3D Investec Wealth & Investment Limited 2022 Awarded by ARC; COLWMA Winner 2019 Charity Investment Team of the Year Investec Wealth & Investment |

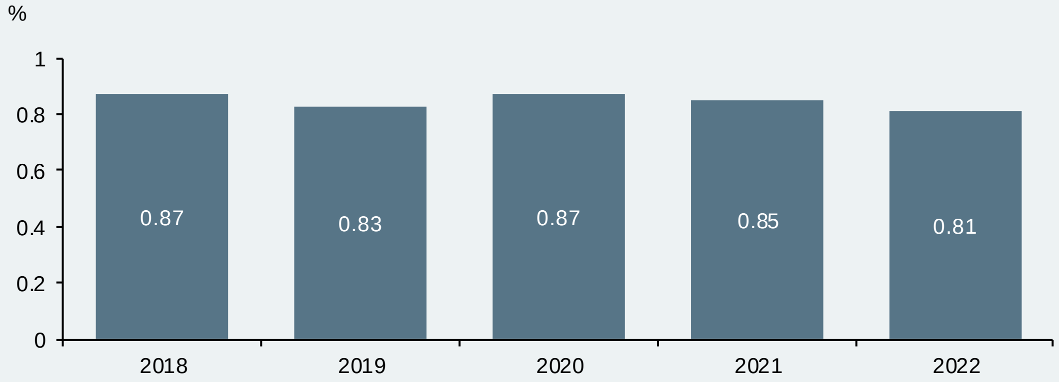
**Key facts**

| | |
|---|---|
| Total FUM | £44.4bn[1] |
| % UK Discretionary | 86% |
| % UK Direct | c.83% |
| Operating margin[2] | 27% |
| Average yield | 0.81% |
| Target Client | > £250k |
| # of Offices | 15 |
| # of UK client relationships | c.40,000 |
| # of UK IMs[3] | 329 |
| # of UK FPs[3] | 36 |

Focused move to discretionary wealth management – getting closer to CMD target of >90% discretionary FUM within three years




Average income[4] as a % of FUM



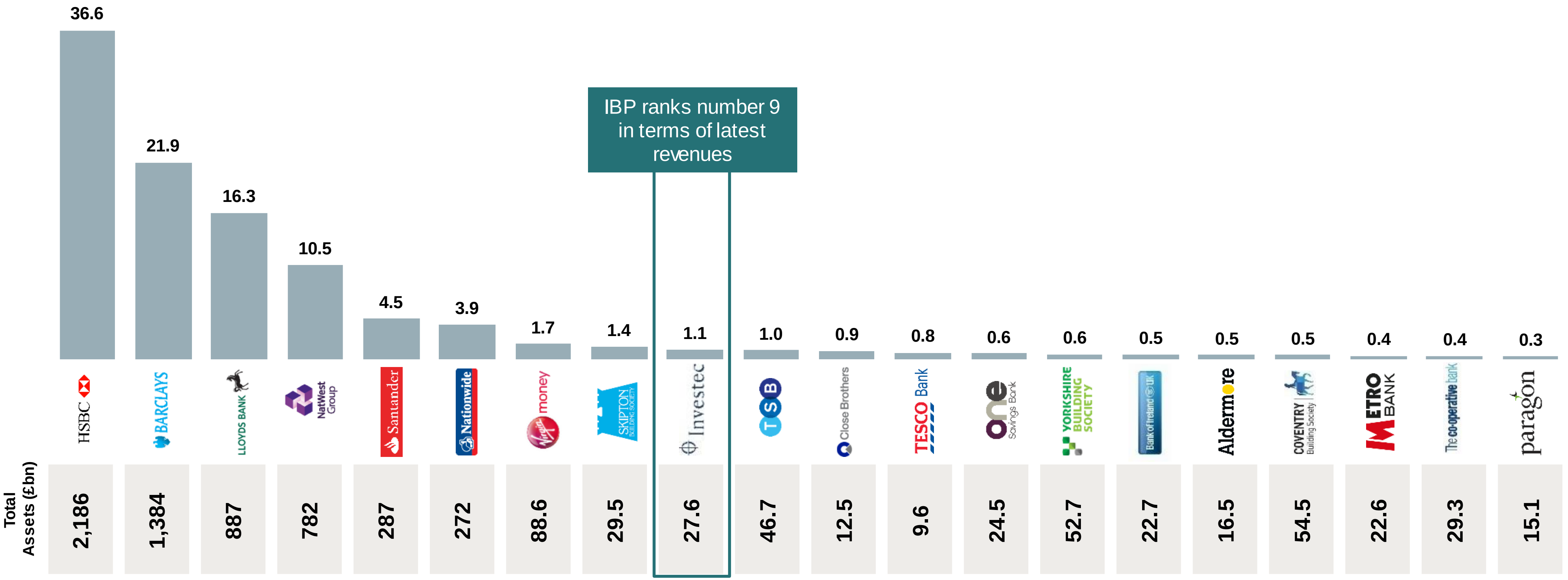



[1] Comprises UK & Channel Islands and Switzerland. In October 2019, the Republic of Ireland Wealth & Investment business was sold to Brewin Dolphin. UK & Channel Islands comprises c.97% of total FUM. [2] The operating margin of the UK & Channel Islands business (as well as Switzerland) was 25.3% at 31 March 2022. [3] Where IMs is investment managers and FPs is financial planners. [4] The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not adjust for the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals (where applicable) during the respective periods.

# Domestically relevant, internationally connected

- IBP is a substantial business generating revenues of £1,073mn during the year to 31 March 2022.
- The wealth business contributes £347mn of those revenues or 32% of IBP's total revenues. The chart below shows the relative revenue generation compared to the rest of the UK banking market and IBP's relative strength in having a wealth manager (providing significant earnings diversification) as well as a number of diversified banking income streams rather than a monoline business.

## Selected UK Banking Ranking by Revenues (£'bn)




All figures are based on 31 December 2021 disclosures, with the exception of Nationwide Building Society which is shown as at 4 April 2022, Virgin Money UK plc which is shown as at 31 March 2022, Close Brothers Group plc which is shown as at 31 January 2022, Tesco Personal Finance Group plc which is shown at 28 February 2022 and Aldermore Group plc which is shown at 30 June 2021 and IBP which is shown as at 31 March 2022. Revenues have been annualised for Virgin Money UK plc and Close Brothers Group plc whose latest disclosures are at half year.

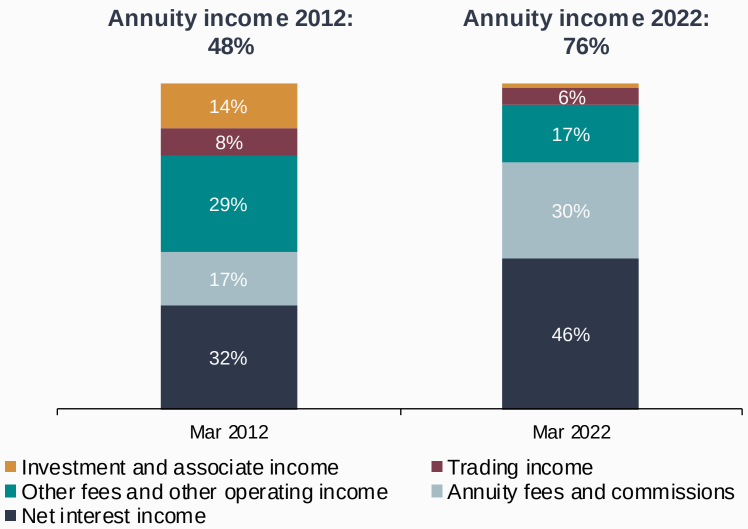
Investec

OUT OF THE ORDINARY

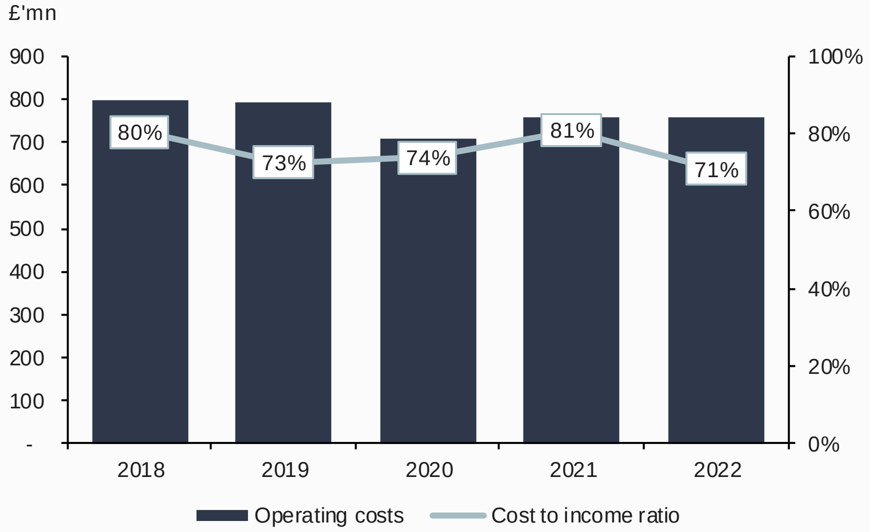
# IBP’s operating fundamentals

# Profitability supported by diversified revenue streams

**Annuity income[1]** (£'mn)




**Costs and cost to income ratio** (£'mn)



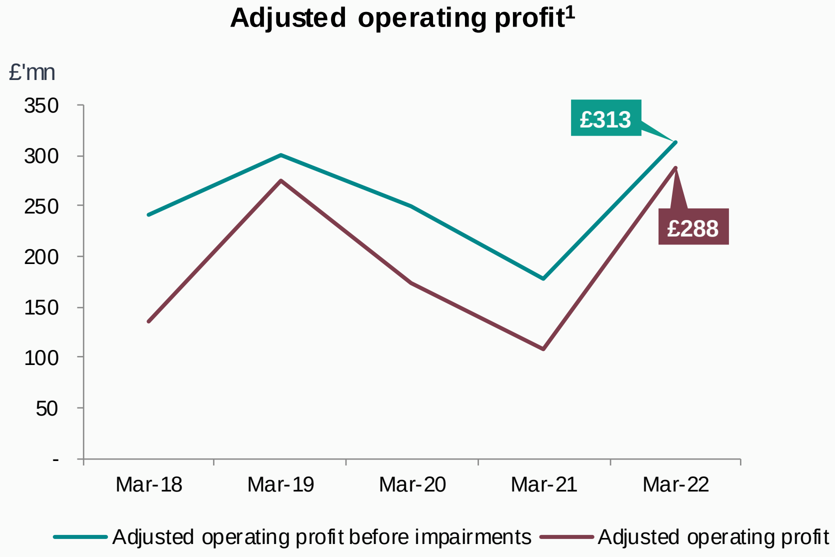

- **Solid recurring income base (FY22: 76%)** comprising net interest income and annuity fees, which has been enhanced by growth in our wealth management business and lending franchises
- **Diversified, quality revenue mix:**
  - Lending franchises driving net interest income – 46% of revenue
  - Wealth & Investment and lending franchises generating sound level of fees
  - Investment income a much lower proportion of total revenue
- **Capital light[1]** activities = 47% of revenue

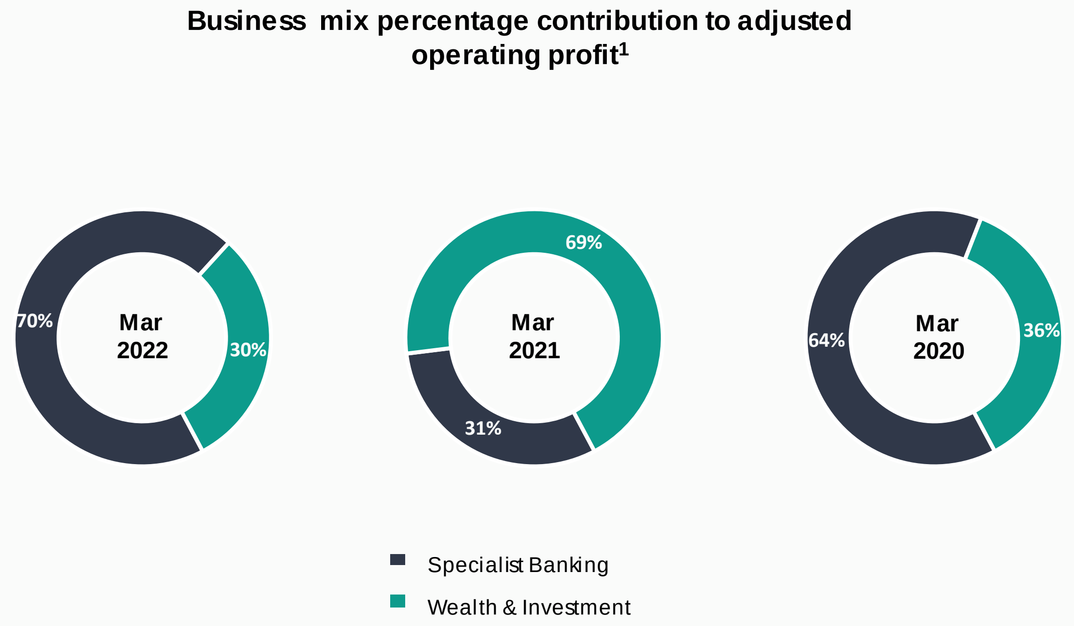
- **Focused on managing costs** while building for the future
  - Private Banking business now in leverage and growth phase, with prior years' significant investment fully expensed
  - Continue to leverage technology and existing capabilities to improve client experience and reduce costs
- FY22 **operating costs were broadly flat.** The reduction in fixed costs was offset by an increase in variable remuneration in line with business performance. The prior year base included one-off costs associated with the implementation of restructures as part of the strategy to simplify and focus the business, including related redundancies and the closure of operations in Australia
- The FY22 **cost to income ratio of 70.8%** improved as a result of cost discipline and higher revenue growth



[1] Where annuity income is net interest income and annuity fees; and capital light income is fees and other operating income.

# Profitability supported by diversified revenue streams




- We have grown adjusted operating profit from £136mn in 2018 to £288m in March 2022 (CAGR of 20.6%)
- In the 2018 financial year, results were impacted by elevated impairments recognised in anticipation of accelerated exits on certain legacy assets. In the 2020 and 2021 financial years, results were impacted by elevated impairment charges related to the impact of the COVID-19 pandemic. Impairments decreased in the 2022 financial year, primarily due to lower specific impairments

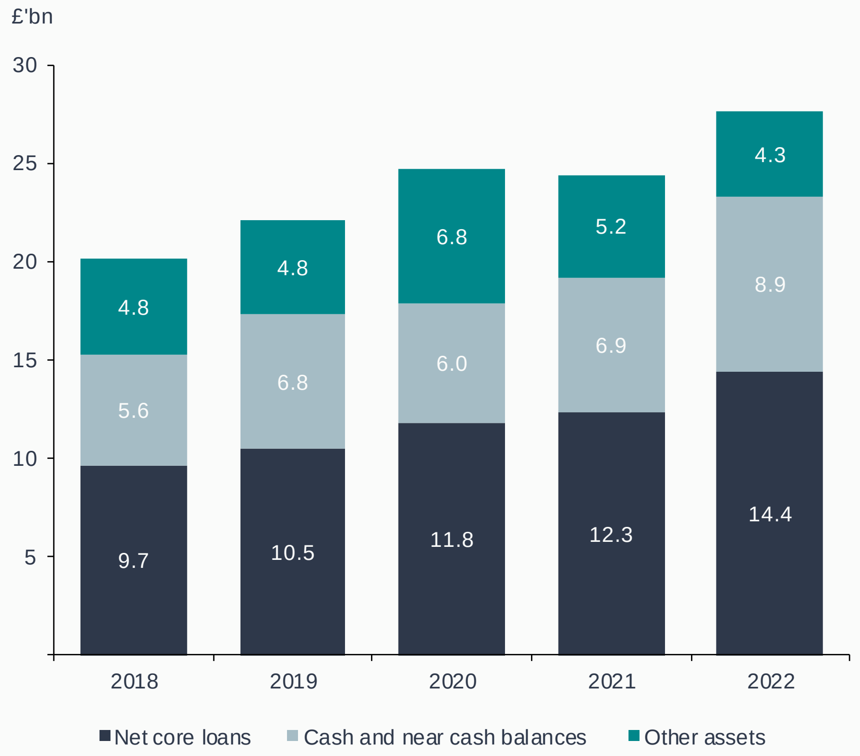
- Profitability is supported by a diversified, quality adjusted operating profit mix from the Specialist Banking and Wealth & Investment businesses
- The lower contribution from the Specialist Banking business in the 2021 financial year was largely driven by £93 million of risk management and risk reduction costs related to our structured deposits book; offsetting the increased equity capital markets activity and good levels of lending turnover experienced across private client and certain corporate client lending. These risk management and risk reduction costs were immaterial in the 2022 financial year, at £5.9 million



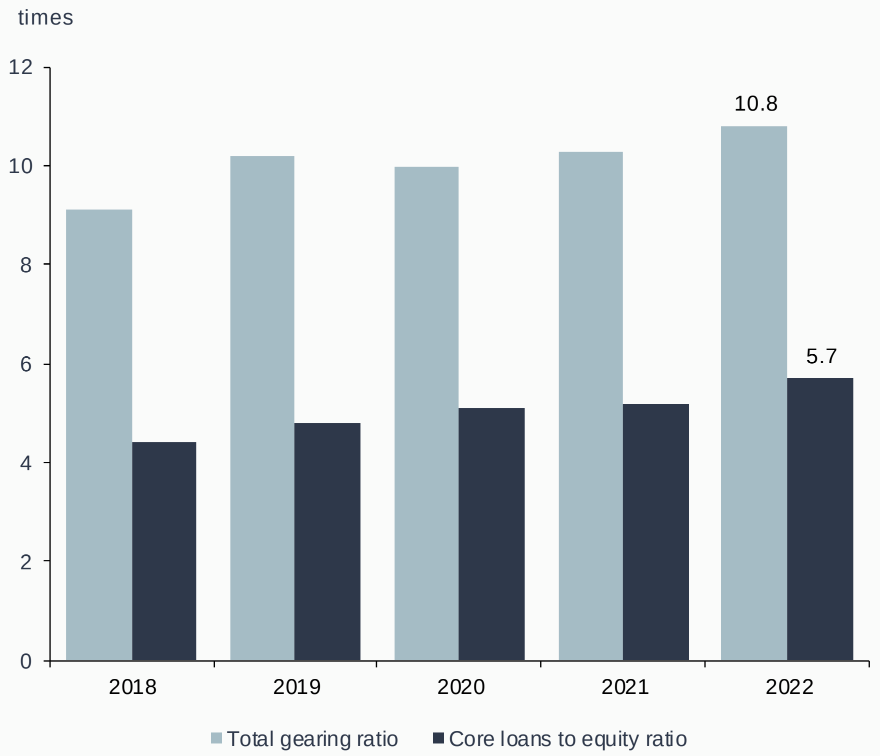
[1] Adjusted operating profit is Operating profit before acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

# Consistent asset growth, gearing ratios remain low

### Total assets composition




### Gearing[1] remains low




- Our **net core loans** have grown steadily (CAGR of 10.5% since 2018)
- Good growth in **cash and near cash** balances (CAGR of 12.2% since 2018)

- We have **maintained low gearing ratios**[1] with total gearing at 10.8x and an average of 10.1x since 2018

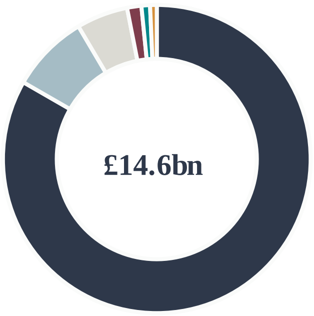


[1] Gearing ratio calculated as total assets divided by total equity.

# Exposures in a select target market

- Credit and counterparty exposures are to a **select target market:**
  - High net worth clients
  - Mid to large sized corporates
  - Public sector bodies and institutions
- The majority of exposures reside **within the UK**
- In December 2020, we announced the **wind down of our Australian operations** and sold most of the loan book in March 2021
- Our portfolios have performed well to date with limited direct exposure to high street retail or discretionary consumer spending
- **Net core loan growth of 17.2% since 31 March 2021** has been driven by our residential mortgage portfolio through acquisition of target clients in line with our Private Clients strategy, supported by strong demand for corporate credit across several portfolios
- Focus remains on redeployment of capital into core business activities and ensuring that **concentration risk** to certain asset types, industries and geographies is **prudently managed, mitigated and controlled**

## Gross core loans by country of exposure

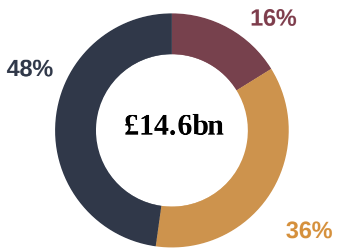



| | |
|---|---|
| United Kingdom | 83% |
| Europe (excl. UK) | 8% |
| North America | 5% |
| Asia | 2% |
| Australia | 1% |
| Other | 1% |

## Gross core loans by risk category

**Corporate and other**

| | |
|---|---|
| Corporate and acquisition finance | 12.8% |
| Small ticket asset finance | 10.0% |
| Fund finance | 8.6% |
| Motor finance | 5.2% |
| Power and infrastructure finance | 3.6% |
| Other corporate, institutional, govt. loans | 3.0% |
| Asset-based lending | 2.7% |
| Aviation finance | 2.4% |




**Lending collateralised by property**

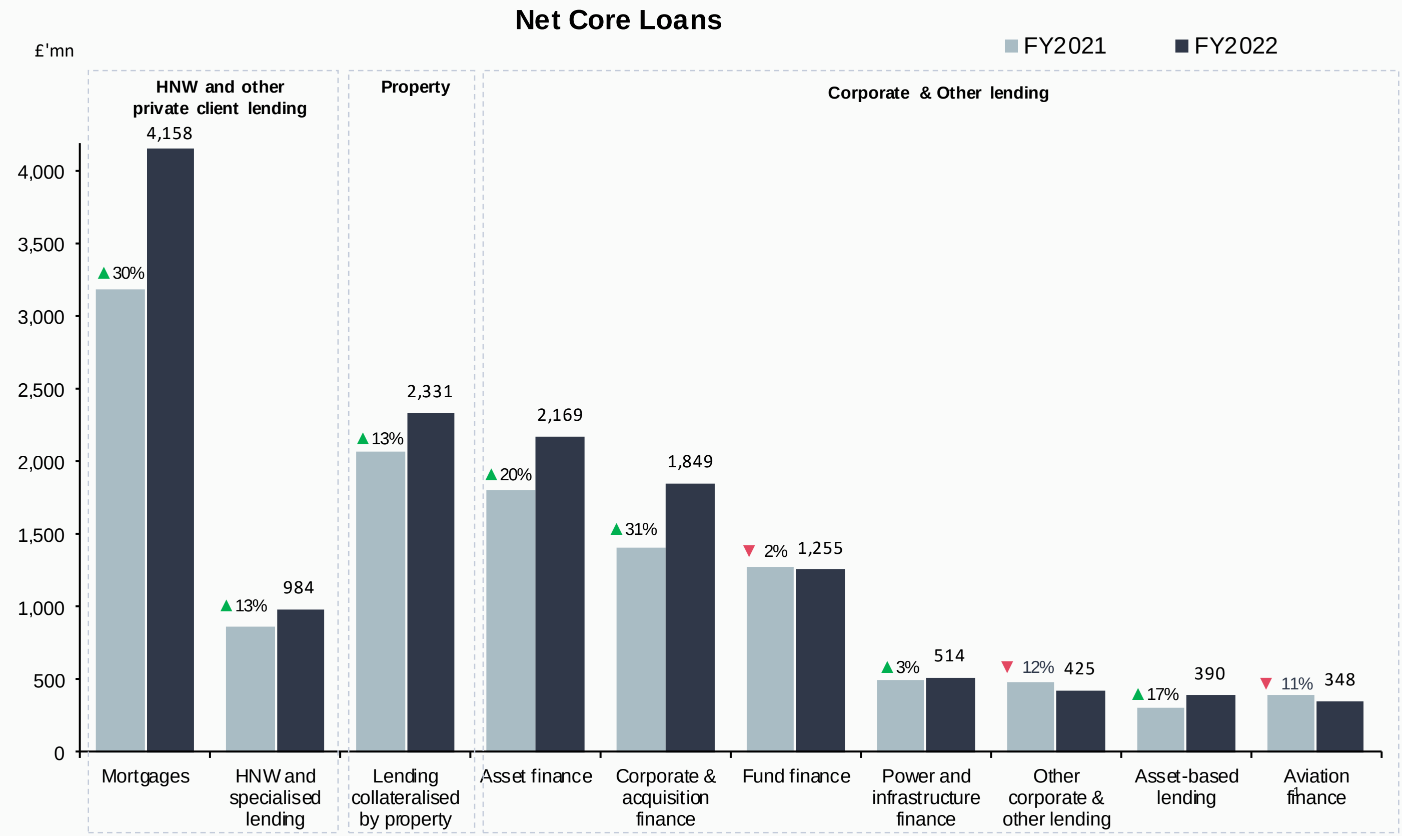
| | |
|---|---|
| Commercial real estate – investment | 9.3% |
| Residential real estate – investment | 2.9% |
| Residential real estate – development | 1.9% |
| Commercial real estate – development | 1.8% |
| Residential vacant land and planning | 0.2% |
| Commercial vacant land and planning | 0.1% |

**High net worth and other private client**

| | |
|---|---|
| Mortgages | 28.6% |
| HNW and specialised lending | 6.8% |

# Strong growth in loan book

## Continued growth in HNW & Other Private client lending and increased activity across corporate lending portfolios




**Net core loans up 17.2%, or 18.7% excluding Australia**

- Strong growth in mortgages driven by continued client acquisition
- High turnover across corporate lending by both new and existing clients

Good traction in Private Banking resulted in strong growth in Mortgages in the period to 31 March 2022, focused on target clients with lending in established areas (London and the South East) with recourse to principal and high level of cash equity contributions into transactions.

The credit loss ratio for this portfolio has averaged c.5bps over the last 10 years, indicative of the quality of the underlying franchise.

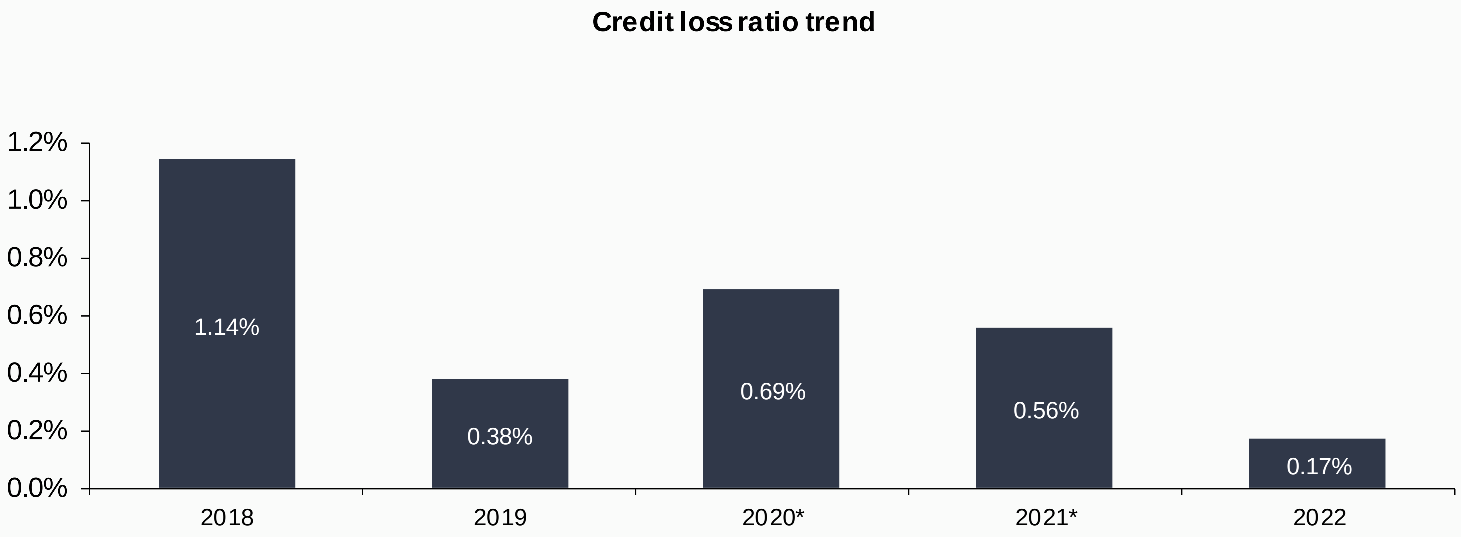
The Corporate & Other lending book grew by 12% since 31 March 2021 to £7.0 billion. Lending activity increased significantly across all portfolios, supported by new client acquisition as we continue to build scale and relevance in our client franchises, and repeat business with existing clients.

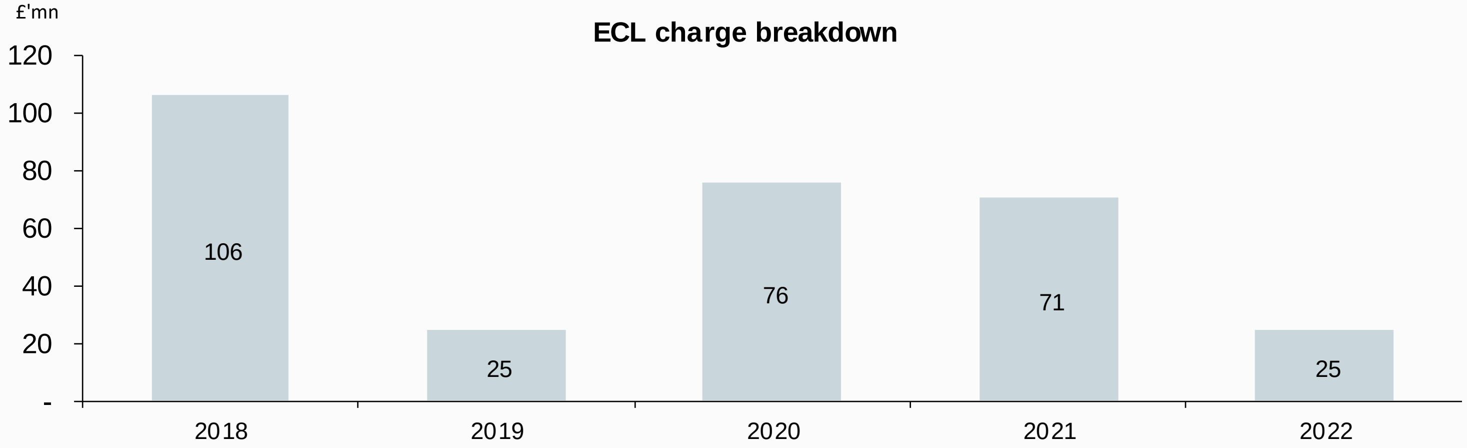
We also experienced continued success with our origination and distribution strategy, particularly in the lending areas of Fund Solutions, Power and infrastructure finance and Growth & Leverage finance, generating additional ROE-accretive revenue and mitigating concentration risk.

[1] Other corporate & other lending includes: Other corporates and financial institutions and governments (and Resource finance in Mar-21).

# Sound asset quality

- Credit loss ratio reduced to 17bps from 56bps at Mar 2021, below the through-the-cycle range of 30 - 40 bps
- Total income statement ECL impairment charges amounted to £25.4mn (Mar 2021: £71.1mn), mainly driven by:
    - Lower specific impairments
    - Net model releases due to updated macro-economic scenarios
    - Modest management overlay increase to account for continued economic uncertainty



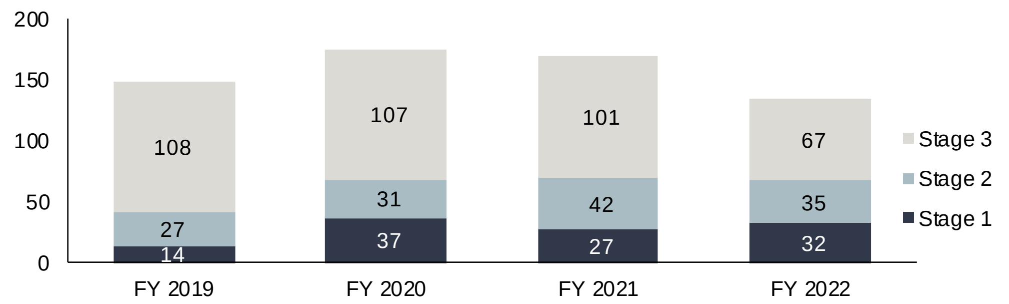



* Covid-19 impacted ECLs over the period

# Asset quality metrics

## Asset quality metrics reflect the solid performance of core loans to date

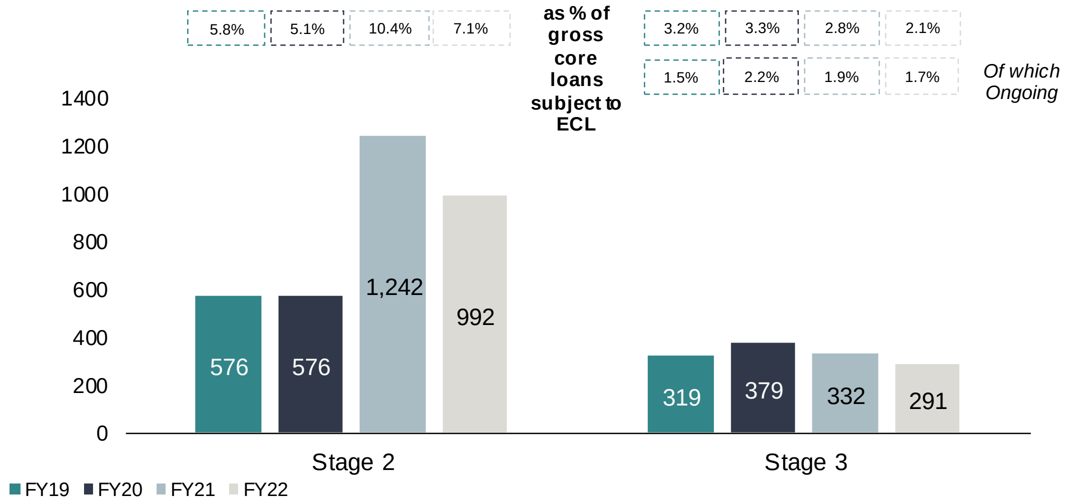
**Balance sheet ECL provisions** (£'mn)




| ECL coverage ratio | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|---|
| Stage 1 | 0.20% | 0.36% | 0.26% | 0.25% |
| Stage 2 | 4.7% | 5.4% | 3.4% | 3.5% |
| Stage 3 | 33.9% | 28.2% | 30.4% | 23.0% |
| of which Ongoing Stage 3 | 23.5% | 24.9% | 26.8% | 16.7% |

- The management ECL overlay totals £16.8 million at 31 March 2022 (£16 million at 31 March 2021; £21 million at 30 September 2021). This is a £4.2 million release since 30 September 2021 to reflect the increased modelled ECL given greater downside weighting as well as the reducing impact that the COVID-19 pandemic has on management's underlying assumptions offset by the increasing impact of greater global uncertainty with respect to the Russian invasion of Ukraine, as well as wider supply chain issues. The management ECL overlay seeks to capture the significant level of judgement required in the application of the macro-economic scenarios as well as the ongoing uncertainty in the UK and global operating environment that is not currently captured completely by modelled outputs.
- Notwithstanding the partial release in management ECL overlay during the second half of the year, the overall coverage for Stage 1 and Stage 2 remains elevated at 31 March 2022, reflecting the ongoing uncertainty and deterioration of forward-looking macro-economic scenarios, particularly with respect to inflation.

**Gross core loans by Stage** (£'mn)




- Overall asset quality improved in FY2022:
  - Stage 2 exposures reduced to £992 million or 7.1% as a proportion of gross core loans subject to ECL at 31 March 2022 (31 March 2021: 10.4%), but still remain elevated relative to pre-pandemic levels reflecting the continued uncertainty in the macro-economic environment, particularly with respect to inflation. The decrease in Stage 2 loans was predominantly driven by the transfer of loans back to Stage 1 resulting from the updated forward-looking macro-economic scenarios
  - Stage 3 exposures reduced to £291 million at 31 March 2022 or 2.1% of gross core loans subject to ECL (31 March 2021: 2.8%) due to a number of successful exits from existing Stage 3 positions offset by limited new defaults. These exposures are adequately provisioned. Stage 3 coverage reduced due to certain exits (and requisite write-offs) of previously provided for exposures.

# Diversified funding strategy

- Investec Bank plc's **funding consists primarily of customer deposits**
- The bank adopts a conservative and prudent funding strategy
- Investec Bank plc is not subject to the Banking Reform Act ring-fencing requirements which are applicable to all large UK deposit takers, as it falls below the £25bn of core deposits de minimis threshold
- Investec Bank plc has **no MREL requirement in excess of its minimum capital requirements**

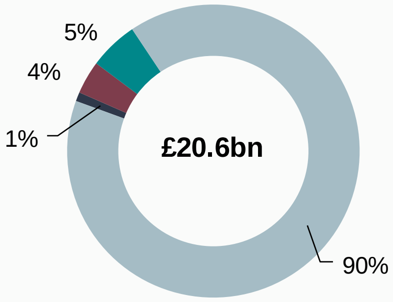
## Conservative and prudent funding strategy

1. Maintaining a high base of high-quality liquid assets
2. Diversifying funding sources
3. Limiting concentration risk
4. Low reliance on wholesale funding
5. Maintaining a stable retail deposit franchise

## Credit Ratings

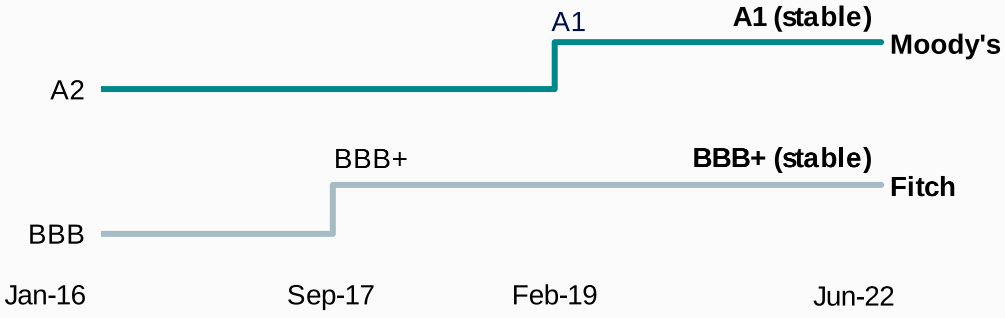
- On 13 April 2022, Moody's affirmed IBP's long-term deposit rating at A1 (stable outlook)
- On 25 March 2022, Fitch affirmed IBP’s long-term Issuer Default Rating (IDR) at BBB+ (stable outlook).
- Through the previous financial crisis, Investec plc and IBP retained an investment grade rating.

## Select funding sources



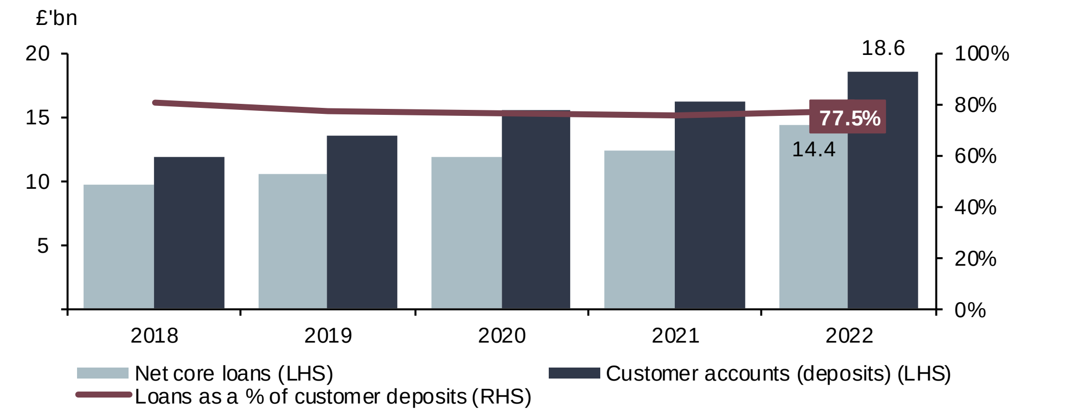

| £'mn | 31 Mar 2022 |
|---|---|
| Customer deposits | 18 616 |
| Debt securities in issue | 1 121 |
| Subordinated Liabilities | 759 |
| Liabilities arising on securitisation of other assets | 96 |
| **Total** | **20 592** |

## Outstanding Investec Bank plc Debt Capital Markets Issuance

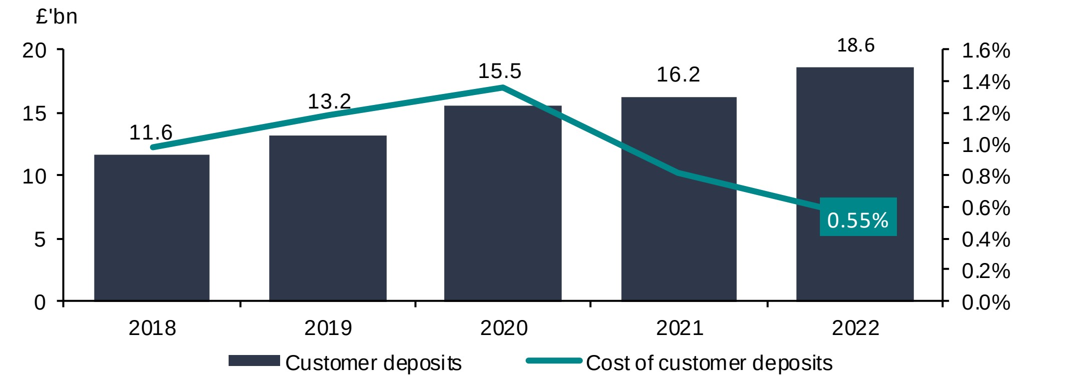


# Primarily customer deposit funded with low loan to deposit ratio

## Fully self funded: conservative loan to deposit ratio




## Increase in customer deposits over time despite reduction in cost of customer deposits

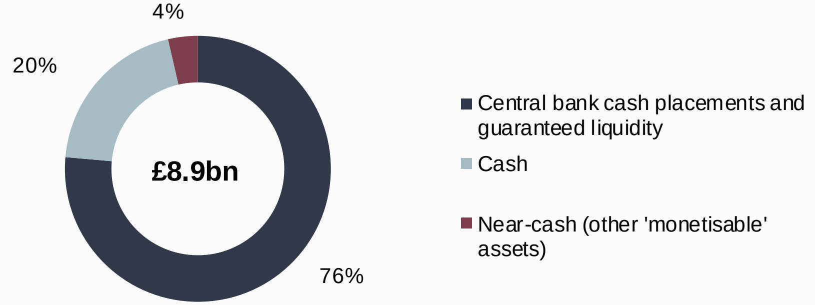



- Loans as a percentage of customer deposits remains conservative at 77.5%
- Customer deposits have grown by 55.5% (11.7% CAGR) since 2018 to £18.6bn at 31 March 2022
- **Low usage of central bank funding schemes** as a proportion of funding mix. Current TFSME drawings are **£1,200mn** which we expect to refinance well in advance of maturity in September/October 2025
- Increase in retail deposits and very **little reliance on wholesale funding**. Significant portion of UK customer deposits form part of the FSCS eligibility framework
- Fixed and notice deposits make up majority of customer deposits and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products
- Investec Bank plc's **customer deposits have consistently increased over many years and remain resilient** in spite of an **overall reduction of cost of customer deposits** and through the volatility in the market due to the COVID-19 pandemic
- Customer deposits are dynamically raised through diversified, well-established channels
- During FY2022, the cost of raising customer deposits decreased considerably, in line with trends in the market. We have also remained focused on reducing the operational cost of raising those customer deposits by migrating to a lower cost digital product base

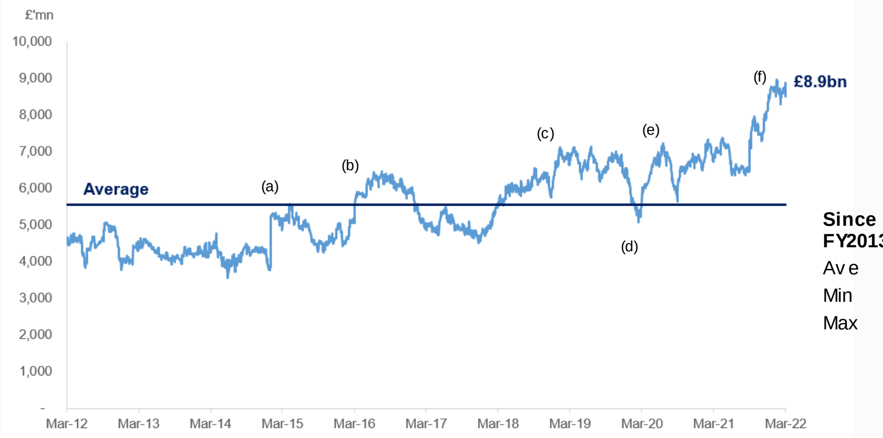
# Maintaining robust surplus liquidity

- We **maintain** a high level of readily available, high-quality **liquid assets** – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased since FY2013 (£4.5bn) to £8.9bn at 31 March 2022 **(representing 47.6% of customer deposits)**
- At 31 March 2022, the **Liquidity Coverage Ratio** for Investec Bank plc (solo basis) was **476%** and the **Net Stable Funding Ratio was 136%** – both metrics well ahead of current minimum regulatory requirements

## Cash and near cash composition



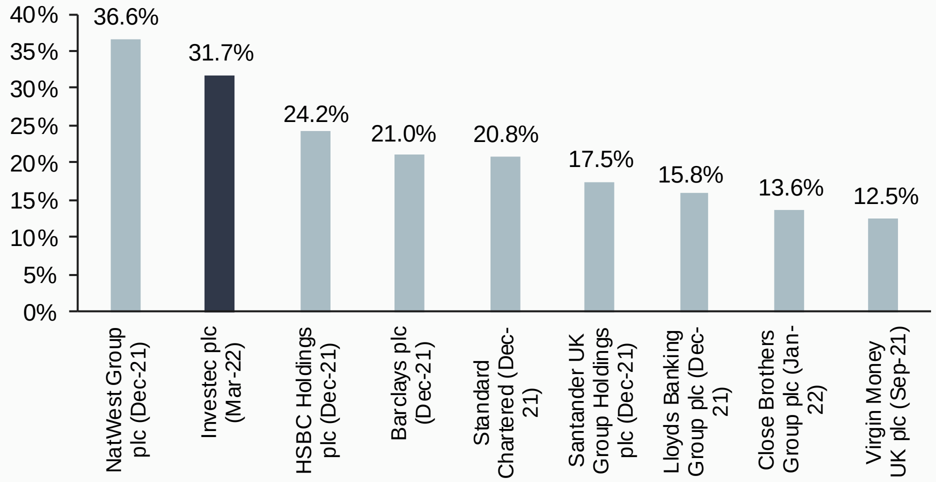

## High level of cash and near cash balances




| Since FY2013 | £'mn |
|---|---|
| Ave | 5 563 |
| Min | 3 545 |
| Max | 8 957 |

(a) Impacted by sale of Group assets; (b) Prudent increase in cash pre-Brexit referendum; (c) Pre-funding ahead of loss of Irish deposits; (d) Prior to the onset of the COVID-19 pandemic, cash and near cash reduced to business-as-usual level as we paid out the Irish deposits that we had already pre-funded; (e) COVID-19 pandemic; (f) Significant pre-funding via new digital retail deposit platform and secured TFSME funding.

## Liquidity buffer: Cash and near cash as a proportion of total assets



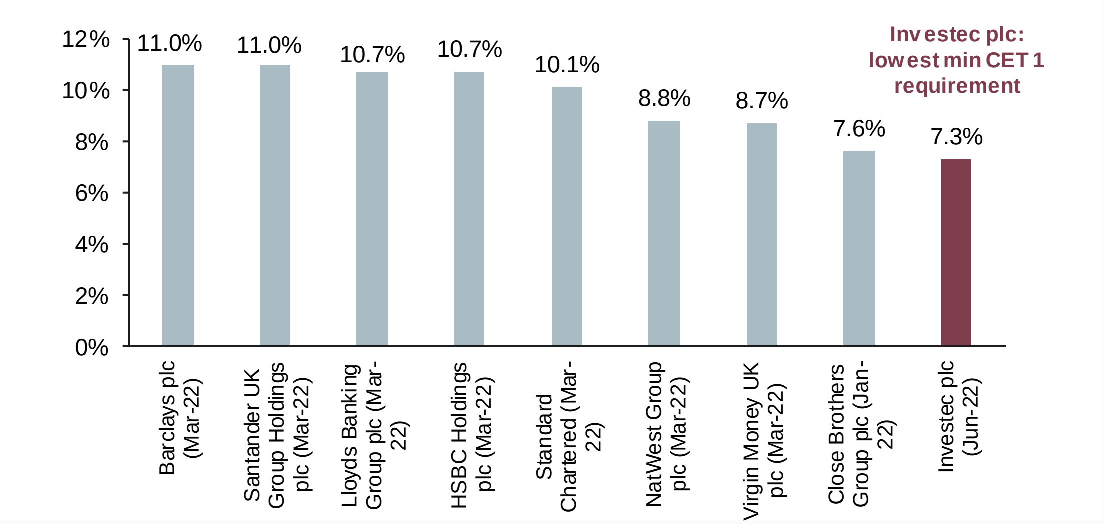
# Sound capital ratios in excess of internal and regulatory minimums

## Robust headroom of 3.9% above the MDA threshold as at 31 March 2022 (Investec plc[4])

**Capital ratios: Investec Bank plc**

| | 31 Mar 2022 | 31 Mar 2021 | Target |
|---|---|---|---|
| Common equity tier 1 (as reported) | 12.0% | 11.8% | >10% |
| Common equity tier 1 ('fully loaded')[1] | 11.6% | 11.3% | |
| Tier 1 (as reported) | 13.6% | 13.4% | >11% |
| Total capital ratio (as reported) | 18.2% | 16.4% | 14% to 17% |
| Leverage ratio[2] | 9.3% | 8.0% | >6% |
| Leverage ratio – 'fully loaded'[1] | 9.1% | 7.7% | |

**Minimum CET 1 requirement %[3]**




- Investec holds capital in excess of regulatory requirements and internal capital targets and intends to perpetuate this philosophy and ensure that it remains well capitalised
- The bank has never required shareholder or government support and we have never missed a preference share or AT1 instrument coupon payment
- In March 2021, the Bank of England confirmed the preferred resolution strategy for IBP remains 'modified insolvency'. As a result, the Bank of England has set IBP's MREL requirement as equal to its Total Capital Requirement (Pillar 1 + Pillar 2A)

- Investec plc's minimum current CET1 requirement at 31 March 2022 is 7.3% comprising a 4.5% Pillar 1 minimum requirement, a 2.5% CCB, a 0.31% Pillar 2A requirement and a 0.03% Countercyclical Capital Buffer (CCyB)
- Investec plc's reported CET1 ratio was 11.4% at 31 March 2022, providing a 4.1% surplus relative to the current regulatory minimum before buffers (which are also allowed to be used in times of stress)
- Investec plc continues to have the lowest PRA prescribed Pillar 2A capital requirement of all UK holding companies shown above

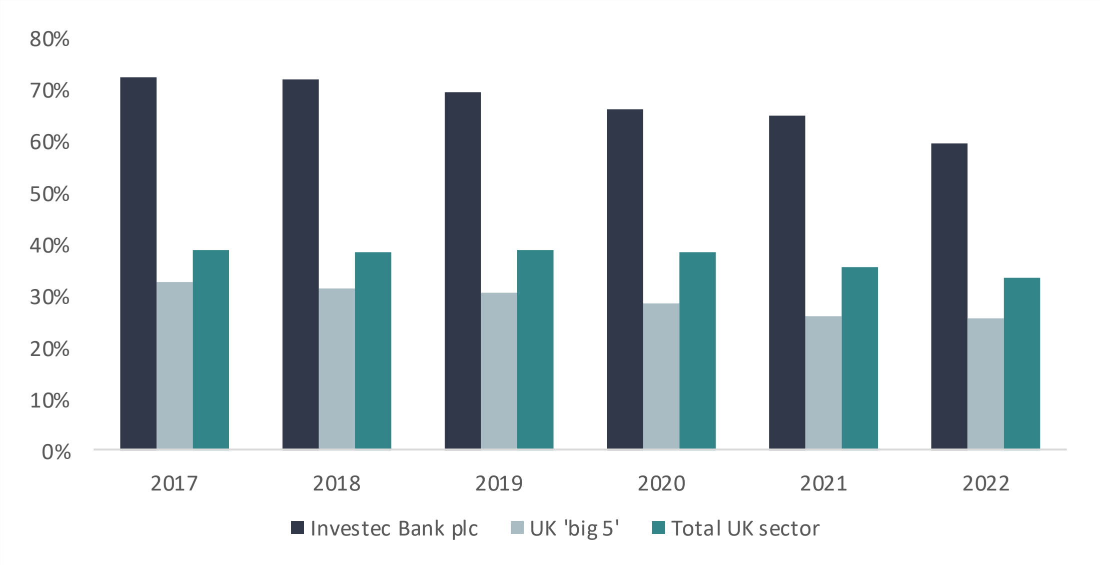


[1] The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assume full adoption of IFRS 9 (including the 'quick fix' regulation in the UK). [2] The leverage ratios are calculated on an end-quarter basis. In the UK, the 31 March 2022 leverage ratio is calculated applying the UK leverage ratio framework, which applies to all UK firms from 1 January 2022. The 31 March 2021 comparative is calculated on a Capital Requirements Directive (CRD) IV basis [3] Information sourced from financial reports. [4] Investec Bank plc CET 1 minimum is not publicly disclosed; therefore, Investec plc CET 1 minimum has been disclosed.

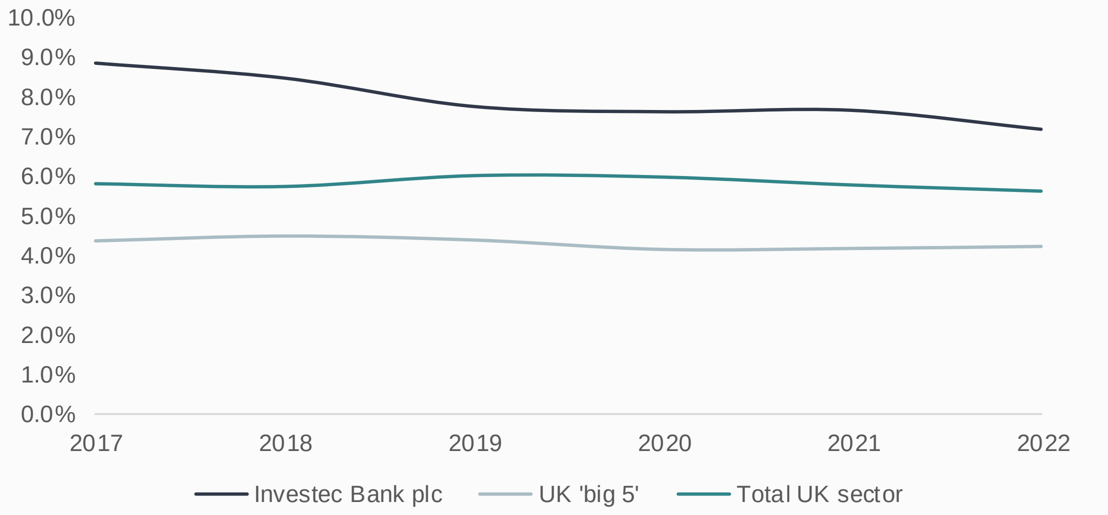
# We inherently hold more capital per unit of risk

## As we use the standardised approach for RWA calculations, our capital ratios are not directly comparable with peers

**RWA density –** Total RWA / Total Assets




**CET 1 / Total Assets** (%)




- We use the **Standardised Approach** for our RWA calculations – while peers are largely on the advanced approach. IBP is in the early stages of a process to migrate from
- the Standardised Approach to the Internal Ratings Based (IRB)
- approach.
- The result is that our **RWA density at 60% is above** the sector average of 33.6%
- Our **RWA density is more than 2x higher** than the 'big 5' UK peers

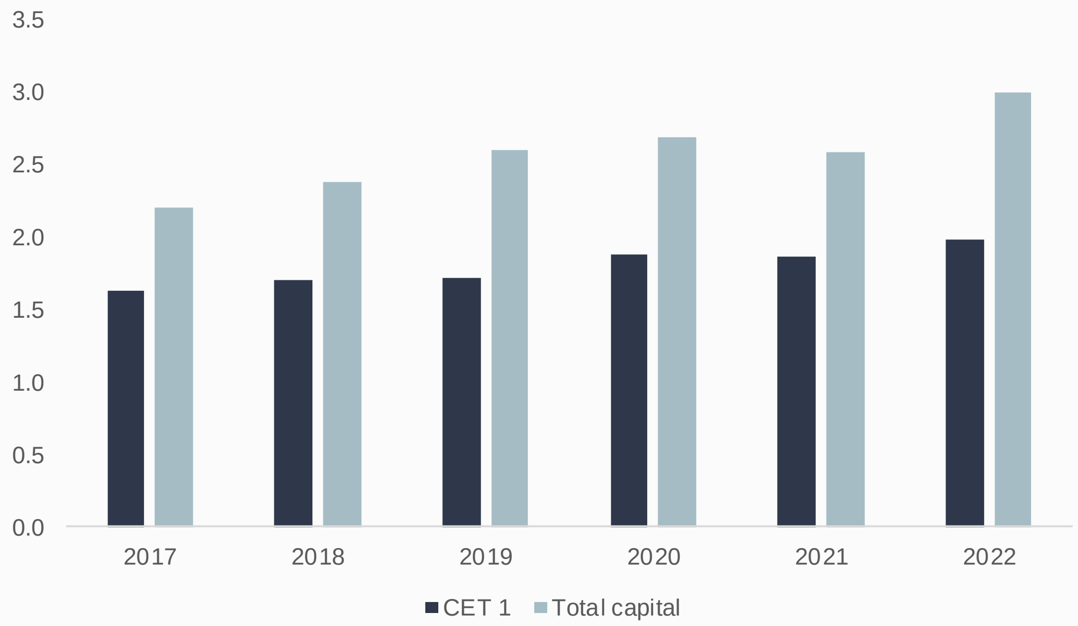
- We **hold more CET 1 to our total assets than our peer group** – primarily as a result of higher RWA density from using the standardised approach
- Investec Bank plc's **CET 1 / Total assets is 7.2%** - which is 140bps higher than the UK sector on a similar measure



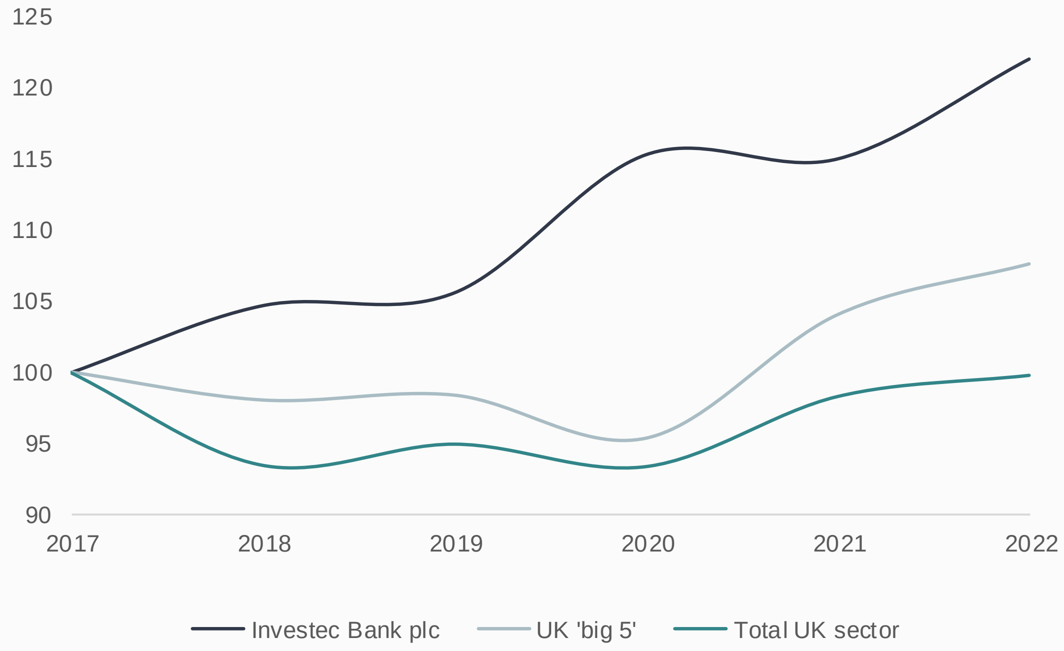
Where the UK 'big 5' banks include HSBC, RBS, Lloyds, Barclays and Standard Chartered (source: Thomson Reuters- All adjusted to GBP) and the Total UK sector is per the Bank of England
Peers are shown at the December 2021 period as this is the closest match to the period under review (Investec Bank plc's 31 March 2022 financial year-end).

# Strong internal capital generation

**Total capital** (£'bn)




**Common equity tier 1 –** rebased to 100




- Investec has **strong organic capital generation** and has not required recourse to government or shareholders
- **CET 1 and total capital levels have both grown robustly** at c.4% and c.6% CAGR, respectively, since 2017

- **Investec Bank plc's CET 1 has grown faster** (c.5% CAGR) than both the sector (flat) and the UK 'big 5' (c.2% CAGR) since 2017



Where the UK 'big 5' banks include HSBC, RBS, Lloyds, Barclays and Standard Chartered (source: Thomson Reuters- All adjusted to GBP) and the Total UK sector is per the Bank of England
Peers are shown at the December 2021 period as this is the closest match to the period under review (Investec Bank plc's 31 March 2022 financial year-end).

Investec

OUT OF THE ORDINARY

# Further information and peer analysis

May 2022

# UK Sustainability highlights

## PROGRESS MADE ON OUR CORE SDGS

### Climate Action

**Scope 3 financed emissions** – focused project to establish a baseline strategy and targets to reach net-zero

Investec Group committed

Investec Wealth & Investment committed

### Reduced Inequalities

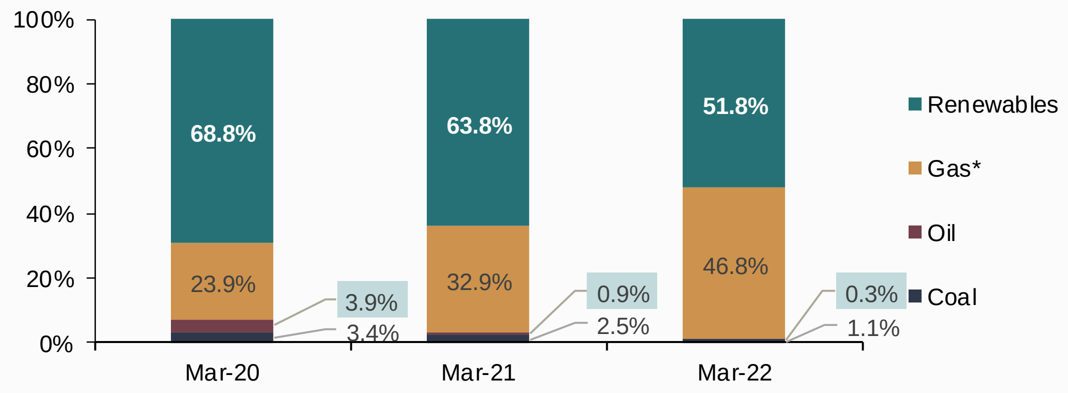
**50%** Women on the IBP board

Support the 10 000 Black Interns program

## MINIMAL LENDING TO COAL

**0.05%** **Coal exposure** as a percentage of loans and advances (Mar-21: 0.14%).

### IBP energy exposure




## SUSTAINABLE FINANCE AND RATINGS

**$600mn** Raised for Investec Bank plc through **sustainability linked Loan.** (3x oversubscribed).

**$35mn** Raised by Investec Wealth & Investment as at 31 March 2022 through the launch of a **Global Sustainable Equity Fund**.

**16.6** **Low-risk Sustainalytics** rating. Placing us in the Top 13% of the banking industry

**Providing profitable, impactful and sustainable products and services and innovative sustainability offerings**

* Majority is natural gas

# Private Clients

## UK high net worth (HNW) banking: journey to scale

We are proud to have beaten our targets for HNW banking to breakeven by March 2022

### Journey to profitability

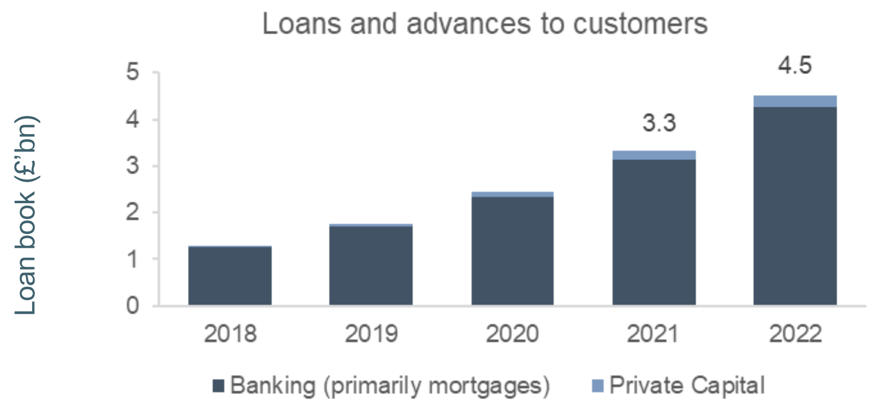
| £'million | FY20 | FY21 | FY22 |
|---|---|---|---|
| Revenue | 25.2 | 36.5 | 75.3 |
| ECL impairments | (0.6) | (1.5) | (2.4) |
| Costs | (43.5) | (38.0) | (42.0) |
| **Profit** | **(18.9)** | **(3.0)** | **30.8** |
| *Loan book growth* | *37.7%* | *37.2%* | *35.1%* |

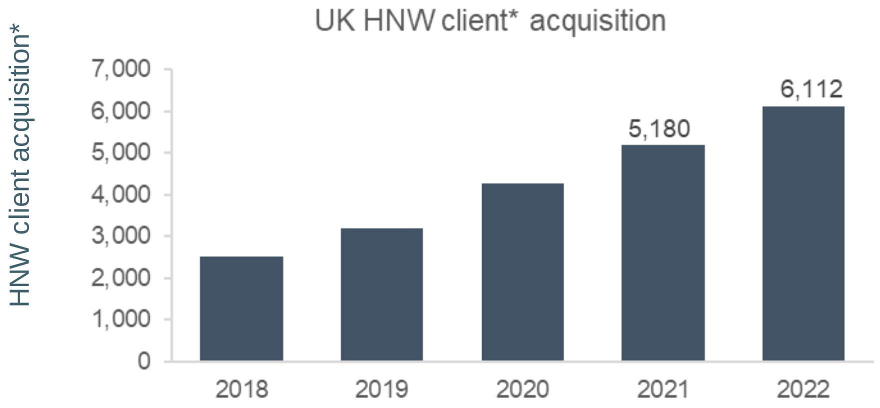
The results reflect our continued success in executing our HNW client acquisition strategy, translating into strong growth in lending, profitability, and market share.

Notwithstanding our success to date in building scale and relevance, we believe we are only beginning to capitalise on the existing market opportunity. We are seeing growing demand for our efficient, refreshingly human private client offering.

We have proven the concept: our journey to profitability – particularly in turbulent times – evidences the clear market opportunity and the strength of our proposition to capture it. Now it is all about scale.

### Growth






Note: * Entrepreneurially minded, active wealth creators, who are time poor and have at least £300k per annum in income and £3 million in NAV.

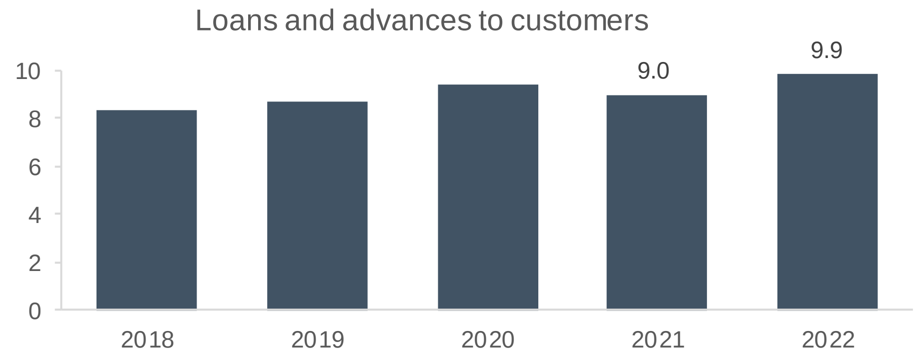
# Spotlight on our Private Equity franchise

## Low capital, low cost intensity model for growth

### Growth

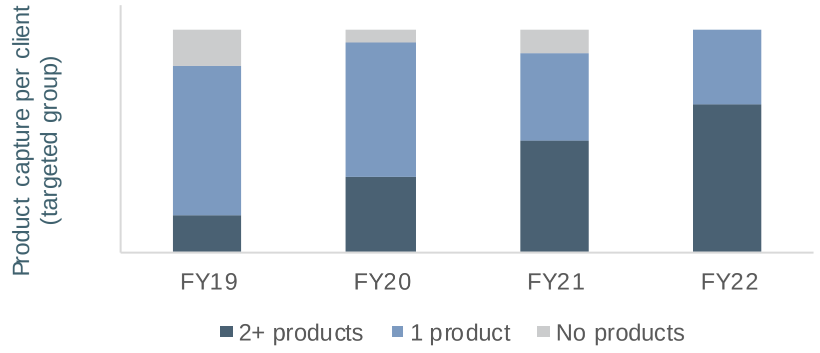
| £'million | FY20 | FY21 | FY22 |
|---|---|---|---|
| Revenue | 614.3 | 580.3 | 650.9 |
| ECL impairments | (75.1) | (69.6) | (22.9) |
| Costs | (408.8) | (474.6) | (458.8) |
| NCI | (0.9) | 0.9 | - |
| **Profit** | **129.5** | **37.0** | **169.2** |
| *Loan book growth* | *7.8%* | *(4.6%)** | *10.4%* |

* FY21 loan book growth was negatively impacted by the sale of the c.£400 million Australian loan book in March 2021. There was marginal book growth excluding the Australian loan book.



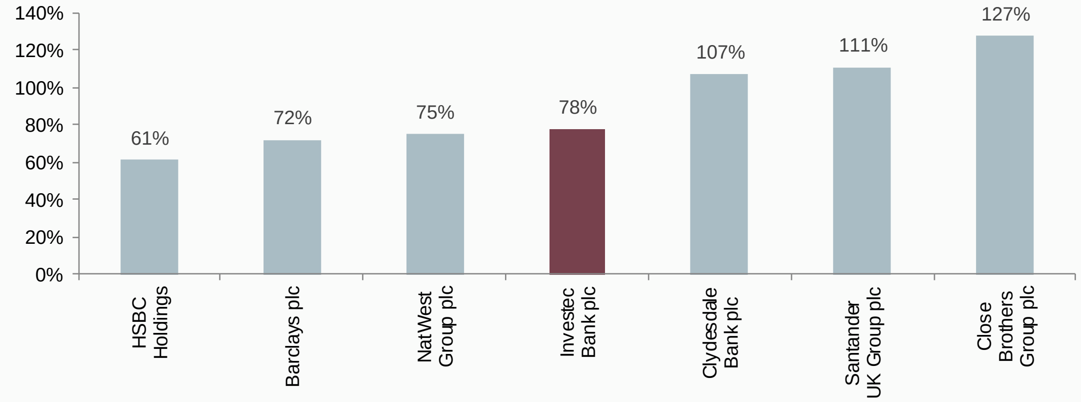

### Spotlight on our Private Equity franchise

- We have a **fully integrated proposition** spanning advisory (M&A and IPO), capital solutions (leverage finance and fund level finance) and risk management (currency and interest rate hedging) for **private equity funds and their portfolio companies**
- We have a **broad European footprint** with activity weighted to the UK, complemented by fast-growing continental European activity levels, aided through a minority stake in Capitalmind, an M&A boutique
- Over the past three years, we have focused on unlocking value by offering an **integrated, multi-product solution to a targeted group of clients**. The benefit of this collaborative client focus is delivering strong performance:
  - Revenue from these clients increased by over 40% in FY2022
  - Increasingly, our clients are taking more products – **two-thirds of these particular clients now have at least two products**
- Opportunity remains to do more with these clients and to replicate our multi-product strategy more broadly

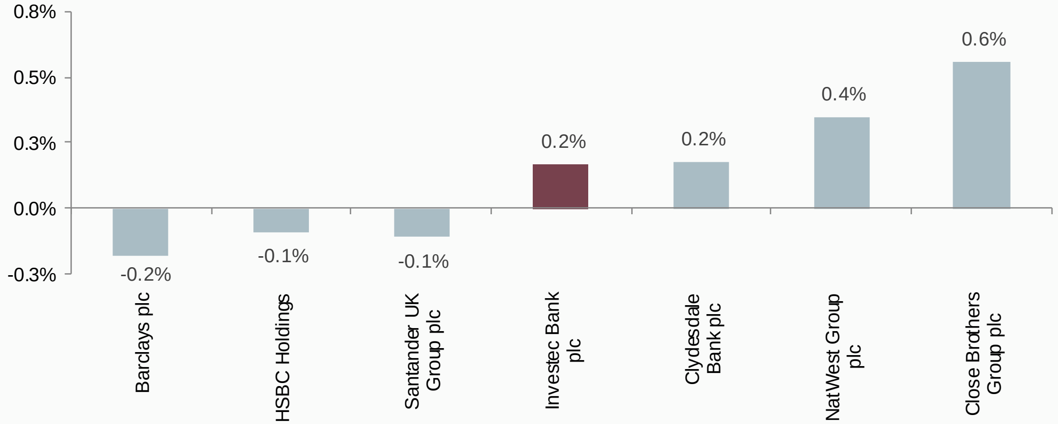


# Investec Bank plc: peer group comparisons

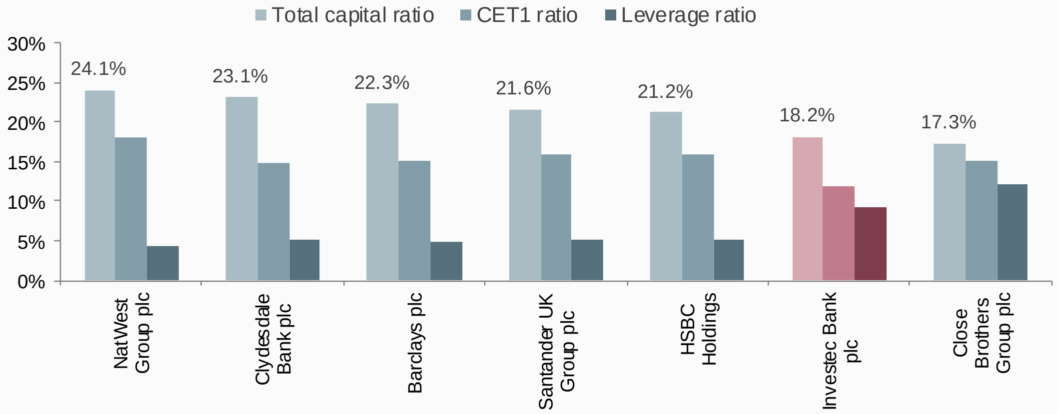
## Funding: Loans and advances to customers as a % of customer deposits (smaller number is better)



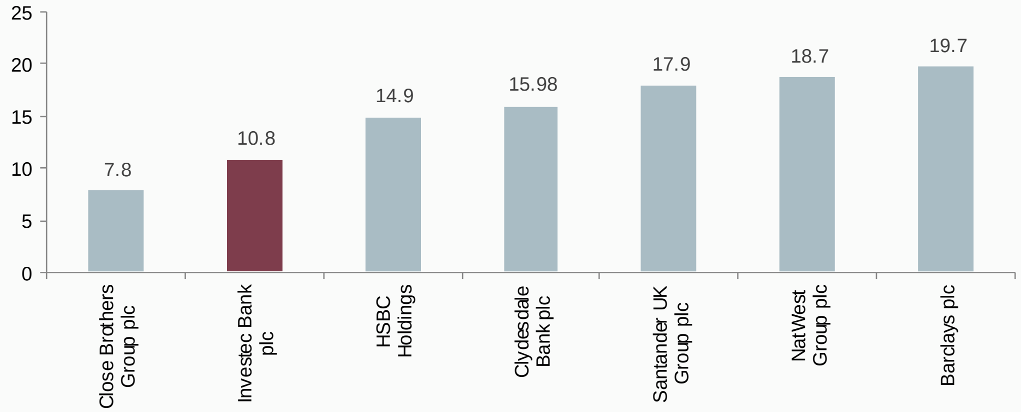

## Credit loss ratio: ECL impairment charges as a % of average core loans and advances (smaller number is better)




## Capital ratios[1] (larger number is better)




## Gearing ratio: Assets/Equity (smaller number is better)



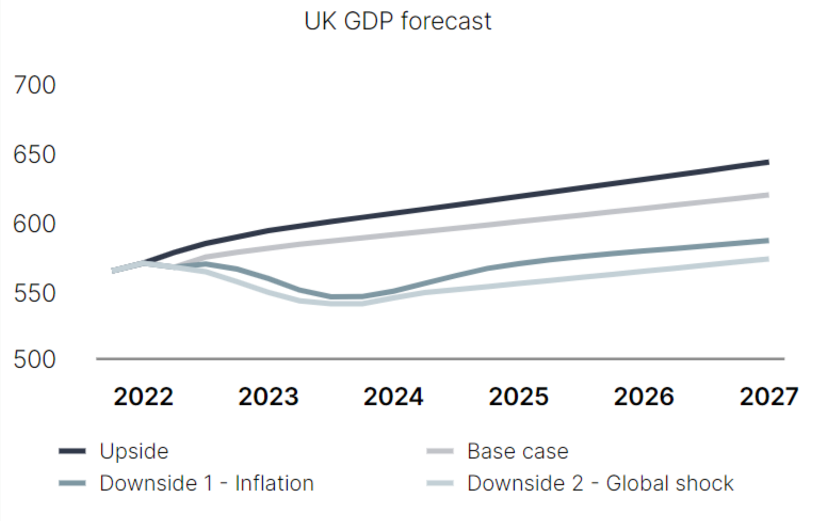

Source: Company year end/interim financial results as at 18 May 2022.[1]IBP applies the Standardised Approach in the calculation of risk-weighted assets and as a result we inherently hold more capital than our peers who are on the Advanced Internal Ratings Model Approach. IBP is in the early stages of a process to migrate from the Standardised Approach to the Internal Ratings Based (IRB) approach. IBP's total RWAs/Total assets was 60% at 31 March 2022, which is substantially higher than some other UK banks which have an average RWA density of c.30%.

# Appendix

# IFRS 9 macro-economic scenario forecasts

- For IBP, four macro-economic scenarios are used in the measurement of ECL. These scenarios incorporate a base case, an upside case and two downside cases. The table below shows the key factors that form part of the macro-economic scenarios and their relative applied weightings as at 31 March 2022.
- The scenario weightings have been calibrated to take into account the risks to the outlook as a result of developments in the Russian invasion of Ukraine, considering the potential impact on key economic variables such as inflation and growth. Taking into account the current macro-economic environment, adjustments have been made to the composition of the downside scenarios. In the first half of the financial year, an inflation scenario was introduced to capture the emergence of risks related to rising prices which anticipates UK CPI inflation peaking at 11.1% in the forth quarter of 2022. This scenario replaced the fiscal crisis scenario which was used at 31 March 2021. Additionally, since 30 September 2021 the L-shape has been replaced with a global shock scenario encapsulating a synchronised worldwide economic downturn.

**UK GDP forecast**
£'bn




| Macro-economic scenarios | Upside % | Base case % | Downside 1 Inflation % | Downside 2 Global shock % |
|---|---|---|---|---|
| **UK** | | | | |
| GDP growth | 2.6 | 1.9 | 0.8 | 0.3 |
| Unemployment rate | 3.3 | 3.7 | 5.4 | 6.4 |
| CPI inflation | 2.4 | 3.1 | 3.2 | 1.6 |
| House price growth | 3.5 | 2.9 | 1.5 | (3.6) |
| BoE – bank rate (end year) | 1.8 | 1.9 | 2.0 | (0.2) |
| **Euro area** | | | | |
| GDP growth | 2.8 | 2.1 | 1.1 | 0.1 |
| **US** | | | | |
| GDP growth | 3.1 | 2.1 | 1.4 | 0.6 |
| Scenario weightings | 10 | 45 | 30 | 15 |

# IBP: salient financial features

| Key financial statistics | 31 March 2022 | 31 March 2021 | % Change |
|---|---|---|---|
| Total operating income before expected credit loss impairment charges (£'000) | 1 073 332 | 936 332 | 14.6% |
| Operating costs (£'000) | 760 286 | 757 758 | 0.3% |
| Adjusted operating profit (£'000) | 287 683 | 108 301 | >100% |
| Earnings attributable to ordinary shareholder (£'000) | 232 881 | 63 809 | >100% |
| Cost to income ratio (%) | 70.8% | 80.9% | |
| Total capital resources (including subordinated liabilities) (£'000) | 3 305 924 | 3 136 401 | 5.4% |
| Total equity (£'000) | 2 547 185 | 2 364 920 | 7.7% |
| Total assets (£'000)[1] | 27 588 676 | 24 395 538 | 13.1% |
| Net core loans (£'000) | 14 423 199 | 12 311 104 | 17.1% |
| Customer accounts (deposits) (£'000) | 18 616 233 | 16 240 634 | 14.6% |
| Loans and advances to customers as a % of customer deposits | 77.5% | 75.8% | |
| Cash and near cash balances (£‘mn) | 8 871 | 6 857 | 29.4% |
| Funds under management (£'mn) | 44 419 | 41 708 | 6.5% |
| Total gearing ratio (i.e. total assets to equity) | 10.8x | 10.3x | |
| Total capital ratio | 18.2% | 16.4% | |
| Tier 1 ratio | 13.6% | 13.4% | |
| CET 1 ratio | 12.0% | 11.8% | |
| Leverage ratio | 9.3% | 8.0% | |
| Leverage ratio – ‘fully loaded’ | 9.1% | 7.7% | |
| Stage 3 exposure as a % of gross core loans subject to ECL | 2.1% | 2.8% | |
| Stage 3 exposure net of ECL as a % of net core loans subject to ECL | 1.6% | 2.0% | |
| Credit loss ratio | 0.17% | 0.56% | |

[1] Restated as detailed in the IBP interim website booklet available on our website.

# IBP: income statement

| £'000 | 31 March 2022 | 31 March 2021 | % Change |
|---|---|---|---|
| Interest income | 719,538 | 702 126 | 2.5% |
| Interest expense | (223,230) | (288 035) | (22.5%) |
| **Net interest income** | **496,308** | **414 091** | 19.9% |
| Fee and commission income | 508,929 | 499 671 | 1.9% |
| Fee and commission expense | (14,697) | (13 201) | 11.3% |
| Investment income | 10,579 | 23 820 | (55.6%) |
| Share of post taxation profit of associates and joint venture holdings | 1,988 | 1 768 | 12.4% |
| Trading income arising from | | | |
| - customer flow | 60,372 | (11 025) | >100% |
| - balance sheet management and other trading activities | (1,305) | 11 206 | (>100%) |
| Other operating income | 11,158 | 10 002 | 11.6% |
| **Total operating income before expected credit loss impairment charges** | **1,073,332** | **936 332** | 14.6% |
| Expected credit loss impairment charges | (25,363) | (71 134) | (64.3%) |
| **Operating income** | **1,047,969** | **865 198** | 21.1% |
| Operating costs | (760,286) | (757 758) | (0.3%) |
| **Operating profit before acquired intangibles and strategic actions** | **287,683** | **107 440** | >100% |
| Impairment of goodwill | 0 | (8 787) | (100%) |
| Amortisation of acquired intangibles | (12,936) | (12 851) | 0.7% |
| Closure and rundown of the Hong Kong direct investments business | (1,203) | 7 387 | (>100%) |
| **Operating profit** | **273,544** | **93 189** | >100% |
| **Profit before taxation** | **273,544** | **93 189** | >100% |
| Taxation on operating profit before acquired intangibles and strategic actions | (42,174) | (31 270) | 34.9% |
| Taxation on acquired intangibles and strategic actions | 1,511 | 1 029 | 46.9% |
| **Profit after taxation** | **232,881** | **62 948** | >100% |
| Profit / Loss attributable to non-controlling interests | 0 | 861 | (100%) |
| **Earnings attributable to shareholder** | **232 881** | **63 809** | >100% |

# IBP: balance sheet

| £'000 | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Assets** | | |
| Cash and balances at central banks | 5 379 994 | 3 043 034 |
| Loans and advances to banks | 1 467 039 | 1 383 602 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 1 447 473 | 2 065 232 |
| Sovereign debt securities | 1 165 777 | 1 108 253 |
| Bank debt securities | 61 714 | 48 044 |
| Other debt securities | 437 649 | 708 845 |
| Derivative financial instruments | 717 457 | 773 334 |
| Securities arising from trading activities | 163 165 | 281 645 |
| Investment portfolio | 333 221 | 350 941 |
| Loans and advances to customers | 14 426 475 | 12 316 313 |
| Other loans and advances | 147 025 | 162 456 |
| Other securitised assets | 93 087 | 107 259 |
| Interests in associated undertakings and joint venture holdings | 11 444 | 4 213 |
| Deferred taxation assets | 109 542 | 109 849 |
| Current taxation assets | 15 727 | 42 620 |
| Other assets | 1 161 549 | 1 395 915 |
| Property and equipment | 155 055 | 185 502 |
| Goodwill | 244 072 | 244 072 |
| Software | 7 066 | 7 791 |
| Other acquired intangible assets | 44 145 | 56 618 |
| **Total assets** | **27 588 676** | **24 395 538** |

# IBP: balance sheet (continued)

| £'000 | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Liabilities** | | |
| Deposits by banks | 2,026,573 | 1 352 279 |
| Derivative financial instruments | 863,295 | 916 352 |
| Other trading liabilities | 42,944 | 49 055 |
| Repurchase agreements and cash collateral on securities lent | 154,828 | 157 357 |
| Customer accounts (deposits) | 18,616,233 | 16 240 634 |
| Debt securities in issue | 1,120,841 | 1 193 378 |
| Liabilities arising on securitisation of other assets | 95,885 | 108 281 |
| Current taxation liabilities | 2,082 | 37 287 |
| Deferred taxation liabilities | 0 | 20 652 |
| Other liabilities | 1,360,071 | 1 183 862 |
| | **24,282,752** | **21 259 137** |
| Subordinated liabilities | 758,739 | 771 481 |
| | **25,041,491** | **22 030 618** |
| **Equity** | | |
| Ordinary share capital | 1,280,550 | 1 280 550 |
| Share premium | 199,538 | 199 538 |
| Capital reserve | 153,177 | 153 177 |
| Other reserves | 1,667 | (12 827) |
| Retained income | 661,420 | 494 092 |
| **Shareholder's equity excluding non-controlling interests** | **2,296,352** | **2 114 530** |
| Additional Tier 1 securities in issue | 250,000 | 250 000 |
| Non-controlling interests in partially held subsidiaries | 833 | 390 |
| **Total equity** | **2,547,185** | **2 364 920** |
| **Total liabilities and equity** | **27,588,676** | **24 395 538** |

# IBP: segmental analysis of operating profit

| For the financial year ended 31 March 2022<br>£'000 | Wealth & Investment | Specialist Banking<br>Private Banking | <br>Corporate, Investment Banking & Other | Total Group |
|---|---|---|---|---|
| Net interest income | 2 268 | 70 692 | 423 348 | 496 308 |
| Fee and commission income | 344 685 | 1 579 | 162 665 | 508 929 |
| Fee and commission expense | (656) | (23) | (14 018) | (14 697) |
| Investment income | (2) | 86 | 9 765 | 10 579 |
| Share of post taxation profit of associates and joint venture holdings | - | - | 1 988 | 1 988 |
| Trading income arising from | | | | |
| - customer flow | 1 194 | 2 228 | 56 950 | 60 372 |
| - balance sheet management and other trading activities | (307) | 2 | (1 000) | (1 305) |
| Other operating income | - | - | 11 158 | 11 158 |
| **Total operating income before expected credit loss impairment charges** | **347 182** | **75 294** | **650 856** | **1 073 332** |
| Expected credit loss impairment releases/(charges) | (5) | (2 432) | (22 926) | (25 363) |
| **Operating income** | **347 177** | **72 862** | **627 930** | **1 047 969** |
| Operating costs | (259 496) | (42 034) | (458 756) | (760 286) |
| **Operating profit before acquired intangibles and strategic actions** | **87 681** | **30 828** | **169 174** | **287 683** |
| Profit attributable to non-controlling interests | - | - | - | - |
| **Adjusted operating profit** | **87 681** | **30 828** | **169 174** | **287 683** |
| | | | | |
| **Selected returns and key statistics** | | | | |
| Cost to income ratio | 74.7% | 55.8% | 70.5% | 70.8% |
| Total assets (£'million) | 1 137 | 4 528 | 21 924 | 27 589 |

# IBP: segmental analysis of operating profit

| For the financial year ended 31 March 2021[1]<br>£'000 | Wealth & Investment | Specialist Banking<br>Private Banking | Specialist Banking<br>Corporate, Investment Banking & Other | Total Group |
|---|---|---|---|---|
| Net interest income | 2 296 | 34 664 | 377 131 | 414 091 |
| Fee and commission income | 316 813 | 705 | 182 153 | 499 671 |
| Fee and commission expense | (773) | (61) | (23 367) | (13 201) |
| Investment income | 272 | 19 | 23 529 | 23 820 |
| Share of post taxation profit of associates and joint venture holdings | - | - | 1 768 | 1 768 |
| Trading income arising from | | | | |
| - customer flow | 920 | 1 196 | (13 141) | (11 025) |
| - balance sheet management and other trading activities | (9) | 13 | 11 202 | 11 206 |
| Other operating income | - | - | 10 002 | 10 002) |
| **Total operating income before expected credit loss impairment charges** | **319 519** | **36 536** | **580 277** | **936 332** |
| Expected credit loss impairment releases/(charges) | (4) | (1 515) | (69 615) | (71 134) |
| **Operating income** | **319 515** | **35 021** | **510 662** | **865 198** |
| Operating costs | (245 175) | (38 033) | (474 550) | -(57 758) |
| **Operating profit before acquired intangibles and strategic actions** | **74 340** | **(3 012)** | **36 112** | **107 440** |
| Profit attributable to non-controlling interests | - | - | 861 | 861 |
| **Adjusted operating profit** | **74 340** | **(3 012)** | **36 973** | **108 301** |
| | | | | |
| **Selected returns and key statistics** | | | | |
| Cost to income ratio | 76.7% | 104.1% | 81.7% | 80.9% |
| Total assets (£'million) | 1 016 | 3 338 | 20 042 | 24 396 |



[1] Restated as detailed in the IBP interim website booklet available on our website.

# IBP: asset quality

| £'million | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Gross core loans** | **14 557** | **12 480** |
| Gross core loans at FVPL | 609 | 512 |
| **Gross core loans subject to ECL**[1] | **13 948** | **11 968** |
| Stage 1 | 12 665 | 10 398 |
| Stage 2 | 992 | 1 238 |
| *of which past due greater than 30 days* | 28 | 90 |
| Stage 3 | 291 | 332 |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | 240 | 231 |
| **ECL** | **(134)** | **(169)** |
| Stage 1 | (32) | (27) |
| Stage 2 | (35) | (41) |
| Stage 3 | (67) | (101) |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | (40) | (62) |
| **Coverage ratio** | | |
| Stage 1 | 0.25% | 0.3% |
| Stage 2 | 3.5% | 3.3% |
| Stage 3 | 23.0% | 30.4% |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | 16.7% | 26.8% |
| **Credit loss ratio** | **0.17%** | **0.6%** |
| ECL impairment charges on core loans | (22) | (65) |
| Average gross core loans subject to ECL | 12 958 | 11 662 |
| **An analysis of Stage 3 gross core loans subject to ECL** | | |
| Stage 3 net of ECL | 224 | 231 |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | 200 | 169 |
| Aggregate collateral and other credit enhancements on Stage 3 | 230 | 235 |
| Stage 3 as a % of gross core loans subject to ECL | 2.1% | 2.8% |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | 1.7% | 1.9% |
| Stage 3 net of ECL as a % of net core loans subject to ECL | 1.6% | 2.0% |
| *of which Ongoing (excluding Legacy) Stage 3*[1] | 1.4% | 1.4% |



[1] Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £84 million at 31 March 2021 to £43 million at 31 March 2022. These assets are predominately reported in Stage 3 and make up 17.5% of Stage 3 gross core loans. These assets have been significantly provided for and coverage remains high at 52.9%.

# IBP: capital adequacy

| £'million | 31 March 2022[1] | 31 March 2021[1] |
|---|---|---|
| **Tier 1 capital** | | |
| Shareholders' equity | 2 215 | 2 081 |
| Non-controlling interests | - | - |
| Regulatory adjustments to the accounting basis | 71 | 99 |
| Deductions | (304) | (312) |
| **Common equity tier 1 capital** | **1 982** | **1 868** |
| Additional Tier 1 instruments | 250 | 250 |
| **Tier 1 capital[2]** | **2 232** | **2 118** |
| | | |
| **Tier 2 capital** | **766** | **473** |
| | | |
| **Total regulatory capital** | **2 998** | **2 591** |
| | | |
| **Risk-weighted assets[2]** | **16 462** | **15 789** |
| | | |
| **Capital ratios** | | |
| Common equity tier 1 ratio[2] | 12.0% | 11.8% |
| Tier 1 ratio[2] | 13.6% | 13.4% |
| Total capital ratio[2] | 18.2% | 16.4% |



[1] The capital adequacy disclosures for IBP include the deduction of foreseeable charges and dividends when calculating Common Equity Tier (CET)1 capital. These disclosures differ from the capital adequacy disclosures included in the Investec Group's 2022 integrated and strategic annual report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. IBP's CET1 ratios would be 37bps higher, on this basis. [2] The CET1, Tier 1, total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the changes introduced by the 'quick fix' regulation adopted in June 2020).