

Investec Bank Limited - liquidity coverage ratio disclosure as at 30 June 2015

The objective of the Liquidity Coverage ratio (LCR) is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high quality liquid assets to survive a significant stress scenario lasting 30 calendar days.

In accordance with the provisions of section 6(6) of the South African Banks Act 1990 (Act No. 94 of 1990), banks are directed to comply with the relevant LCR disclosure requirements, as set out in Directive 6/2014 and Directive 11/2014. This disclosure is in accordance with Pillar 3 of the Basel III liquidity accord.

The values in the table below are calculated as the simple average of daily observations over the period 1 April 2015 to 30 June 2015 for Investec Bank Limited (IBL) bank solo. 54 business day observations were used. Investec Bank Limited consolidated group values use daily values for IBL bank solo, while those for other group entities use the average of April, May and June 2015 month-end values.

The LCR was phased in at 60% on 1 January 2015, and will increase by 10% each year to 100% on 1 January 2019. This applies to both IBL bank solo and Investec Bank Limited consolidated group.

IBL bank solo:

The main drivers of the LCR results and the evolution of the contribution of inputs to the LCR's calculation over time:

- The structure and nature of deposits inside the 30 day window is the key driver of the LCR. This weighted outflow is determined by the customer type of liabilities falling into the 30 day contractual bucket. In turn these deposit characteristics determine the targeted level of high quality liquid assets (HQLA) required to be held as a counterbalance to the modelled stressed outflows.
- In order to manage the deposit mix in relation to tenor and client type, the bank establishes targets for deposits to be raised by market, channel, product, tenor band and client type designed to limit the weighted outflows falling into the 30 day window.
- The composition of HQLA:
 - The HQLA comprises primarily of South African sovereign and central bank Rand-denominated securities and debt instruments, all of which are eligible for SARB repo.
 - Some foreign denominated government securities are included in the HQLA, subject to regulatory limitations.
 - At the end of June the CLF contributed 9% to the HQLA.

Investec Bank Limited consolidated group:

The two banks, Investec Bank Limited and Investec Bank (Mauritius) Limited (IBM), contributed over 99% of the group's combined HQLA and stressed cash inflows and outflows. IBM's average stressed cash outflows of R3.6 billion are primarily to non-financial corporates, while their stressed inflows of R3.0 billion are largely from banks. IBM bank solo currently has no LCR requirement. There is no restriction on the contribution of IBM's cash inflows to the group.

R'million		IBL Bank Solo		Investec Bank Limited Consolidated Group	
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets		44,580		44,636
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which	39,520	3,952	41,806	4,181
3	Stable deposits	-	-	-	-
4	Less stable deposits	39,520	3,952	41,806	4,181
5	Unsecured wholesale funding, of which	83,427	60,919	89,388	63,342
6	Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	82,755	60,247	87,562	61,516
8	Unsecured debt	672	672	1,826	1,826
9	Secured wholesale funding		347		347
10	Additional requirements, of which	54,245	7,806	56,257	6,842
11	Outflows related to derivatives exposures and other collateral requirements	12,103	2,487	12,042	2,426
12	Outflows related to loss of funding on debt products	1,431	1,431	200	200
13	(Undrawn committed) credit and liquidity facilities	40,711	3,888	44,015	4,216
14	Other contractual funding obligations	330	330	330	330
15	Other contingent funding obligations	104,719	5,795	103,460	5,724
16	TOTAL CASH OUTFLOWS		79,149		80,766
CASH INFLOWS					
17	Secured lending (eg reverse repos)	2,202	982	2,202	982
18	Inflows from fully performing exposures	35,733	32,529	39,973	35,978
19	Other cash inflows	2,892	2,892	2,892	2,892
20	TOTAL CASH INFLOWS	40,827	36,403	45,067	39,852
			TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
21	TOTAL HQLA		44,580		44,636
22	TOTAL NET CASH OUTFLOWS		42,746		40,914
23	LIQUIDITY COVERAGE RATIO (%)		104.7		109.6