



Investec Bank Limited

Liquidity coverage ratio (LCR)

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. This disclosure Template LIQ1 is in accordance with Pillar 3 of the Basel III liquidity accord, as specified by BCBS d400 (2017) and Directive D1/2018.

The values in the table are calculated as the simple average of the 91 calendar daily values over the period 1 April 2018 to 30 June 2018 for Investec Bank Limited (IBL) bank solo. 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 2018 month-end values.

The minimum LCR requirement is 90% for 2018, increasing by 10% each year to 100% on 1 January 2019. This applies to both IBL bank solo and IBL consolidated group.

The Bank of Mauritius requires banks to comply with a combined-currency LCR minimum of 70% from 1 January 2018.

Investec Bank Limited (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 both the level and the volatility 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.

The composition of HQLA:

- The HQLA comprises primarily South African sovereign and central bank Rand-denominated securities and debt instruments, all of which are eligible for SARB repo.
- On average, Level 2 assets contributed 4% of total HQLA. As of 1 December 2017, we no longer make use of the SARB's committed liquidity facility (CLF).
- Some foreign denominated government securities are included in the HQLA, subject to regulatory limitations.

Changes since March 2018 quarter-end:

The average LCR increased slightly, by 2.3%, remaining fully compliant with regulatory requirements, and within the target range set by the Board.

Investec Bank Limited consolidated group

Only banking and / or deposit-taking entities are included and the group data represents an aggregation of the relevant individual net cash outflows and the individual HQLA portfolios. Our two banks, Investec Bank Limited (IBL) and Investec Bank (Mauritius) Limited (IBM), contributed over 99% of the group's combined HQLA and stressed cash inflows and outflows. As for last quarter, the consolidated group LCR is about level with IBL solo's.

R'million	Investec Bank Limited Bank Solo		Investec Bank Limited Consolidated group	
	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High-quality liquid assets				
Total high quality liquid assets		83,858		84,969
Cash outflows				
Retail deposits and deposits from small business customers, of which:	66,435	6,643	67,900	6,790
Stable deposits	-	-	-	-
Less stable deposits	66,435	6,643	67,900	6,790
Unsecured wholesale funding, of which	101,379	74,713	108,417	77,890
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	-	-	-	-
Non-operational deposits (all counterparties)	100,826	74,160	107,864	77,337
Unsecured debt	553	553	553	553
Secured wholesale funding	-	61	-	61
Additional requirements, of which	54,491	10,826	56,544	11,028
Outflows related to derivatives exposures and other collateral requirements	8,922	5,758	8,922	5,758
Outflows related to loss of funding on debt products	2	2	2	2
(Undrawn committed) credit and liquidity facilities	45,567	5,066	47,620	5,268
Other contractual funding obligations	318	318	318	318
Other contingent funding obligations	86,447	4,545	87,831	4,608
Total cash outflows		97,107		100,696
Cash inflows				
Secured lending (eg reverse repos)	15,621	5,372	15,621	5,372
Inflows from fully performing exposures	30,263	27,212	36,771	33,251
Other cash inflows	3,435	2,847	3,444	2,856
Total cash inflows	49,319	35,431	55,836	41,479
		Total adjusted value		Total adjusted value
Total high quality liquid assets		83,858		84,969
Total net cash outflows		61,676		62,573
Liquidity coverage ratio (%)		136.2		136.1