

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank Limited (a subsidiary of Investec Limited)

Unaudited condensed consolidated financial information for the year ended 31 March 2014

IFRS - Rand





Overview of results

Unaudited

	31 March 2014	31 March 2013	% change
Total operating income before impairment losses on loans and advances (R'million)	7,216	6,620	9.0%
Operating costs (R'million)	4,113	3,629	13.3%
Profit before taxation (R'million)	2,465	2,123	16.1%
Headline earnings attributable to ordinary shareholders (R'million)	2,086	1,741	19.8%
Cost to income ratio	57.0%	54.8%	
Total capital resources (including subordinated liabilities) (R'million)	36,099	36,005	0.3%
Total equity (R'million)	25,601	23,509	8.9%
Total assets (R'million)	303,218	279,274	8.6%
Net core loans and advances (R'million)	151,384	138,105	9.6%
Customer accounts (deposits) (R'million)	204,903	185,311	10.6%
Cash and near cash balances (R'million)	84,476	72,974	15.8%
Capital adequacy ratio	15.3%	16.2%	
Tier 1 ratio	10.8%	10.9%	
Defaults (net of impairments) as a % of net core loans and advances	1.50%	1.93%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.44%	0.65%	
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.8x	11.4x	
Loans and advances to customers: customer deposits	72.5%	73.2%	



Investec Bank Limited Consolidated income statement

Unaudited

R'mn	Year to 31 March 2014	Year to 31 March 2013
Interest income	17,063	15,809
Interest expense	(12,147)	(10,926)
Net interest income	4,916	4,883
Fee and commission income	1,567	1,051
Fee and commission expense	(174)	(109)
Investment income	334	459
Trading income arising from		
- customer flow	343	119
- balance sheet management and other trading activities	235	220
Other operating loss	(5)	(3)
Total operating income before impairment losses on loans and advances	7,216	6,620
Impairment losses on loans and advances	(638)	(868)
Operating income	6,578	5,752
Operating costs	(4,113)	(3,629)
Profit before taxation	2,465	2,123
Taxation	(315)	(245)
Profit after taxation	2,150	1,878

Consolidated statement of total comprehensive income

R'mn	Year to 31 March 2014	Year to 31 March 2013
Profit after taxation	2,150	1,878
Other comprehensive income:		
Items that may be reclassified to the income statement:		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(75)	(194)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	(212)	86
Gain on realisation of available-for-sale assets recycled to the income statement*	(2)	(39)
Foreign currency adjustments on translating foreign operations	414	441
Total comprehensive income	2,275	2,172
Total comprehensive income attributable to ordinary shareholders	2,167	2,063
Total comprehensive income attributable to perpetual preference shareholders	108	109
Total comprehensive income	2,275	2,172

*Net of taxation of R120 million (year to 31 March 2013: R1.4 million).

Calculation of headline earnings

R'mn	Year to 31 March 2014	Year to 31 March 2013
Profit after taxation	2,150	1,878
Preference dividends paid	(108)	(109)
Earnings attributable to ordinary shareholders	2,042	1,769
Headline adjustments, net of taxation:		
Revaluation of investment properties^	46	-
Gain on realisation of available-for-sale financial assets^	(2)	(28)
Headline earnings attributable to ordinary shareholders	2,086	1,741

^Taxation on headline earnings adjustments amounted to R18.2 million (year to 31 March 2013: R10.9 million).



Investec Bank Limited Consolidated balance sheet

Unaudited

R'mn	31 March 2014	31 March 2013
Assets		
Cash and balances at central banks	5,927	5,677
Loans and advances to banks	32,672	23,278
Non-sovereign and non-bank cash placements	9,045	5,875
Reverse repurchase agreements and cash collateral on securities borrowed	6,442	7,668
Sovereign debt securities	34,815	33,730
Bank debt securities	21,538	20,969
Other debt securities	11,933	6,258
Derivative financial instruments	12,299	12,161
Securities arising from trading activities	1,316	1,357
Investment portfolio	8,834	9,102
Loans and advances to customers	148,562	135,726
Own originated loans and advances to customers securitised	2,822	2,379
Other loans and advances	552	672
Other securitised assets	1,503	1,168
Interest in associated undertakings	52	45
Deferred taxation assets	75	55
Other assets	1,771	1,166
Property and equipment	219	224
Investment properties	84	1
Intangible assets	102	90
Loans to group companies	1,924	11,673
Non-current assets classified as held for sale	731	-
	303,218	279,274
Liabilities		
Deposits by banks	22,407	17,861
Derivative financial instruments	9,259	9,232
Other trading liabilities	1,431	1,063
Repurchase agreements and cash collateral on securities lent	17,686	18,188
Customer accounts (deposits)	204,903	185,311
Debt securities in issue	5,366	4,091
Liabilities arising on securitisation of own originated loans and advances	1,369	2,933
Liabilities arising on securitisation of other assets	156	588
Current taxation liabilities	1,288	1,142
Deferred taxation liabilities	61	61
Other liabilities	3,193	2,799
	267,119	243,269
Subordinated liabilities	10,498	12,496
	277,617	255,765
Equity		
Ordinary share capital	32	32
Share premium	14,885	14,885
Other reserves	364	175
Retained income	10,320	8,417
	25,601	23,509
Total liabilities and equity	303,218	279,274



Investec Bank Limited

Condensed consolidated statement of changes in equity

Unaudited

R'mn	Year to 31 March 2014	Year to 31 March 2013
Balance at the beginning of the year	23,509	20,933
Total comprehensive income for the year	2,275	2,172
Issue of ordinary shares	-	1,361
Dividends paid to ordinary shareholders	(75)	(848)
Dividends paid to perpetual preference shareholders	(108)	(109)
Balance at the end of the year	25,601	23,509



Additional income statement note disclosures

Unaudited

Additional income statement note disclosures

Net interest income

Year to 31 March R'million	2014		2013	
	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	110,439	4,617	97,197	4,245
Core loans and advances	151,384	11,775	138,105	11,149
Private client	93,720	7,456	92,563	7,185
Corporate, institutional and other clients	57,664	4,319	45,542	3,964
Other debt securities and other loans and advances	12,485	504	6,930	266
Other interest earning assets	3,427	167	12,841	149
Total interest earning assets	277,735	17,063	255,073	15,809

Year to 31 March R'million	2014		2013	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	45,459	(825)	40,140	(797)
Customer accounts (deposits)	204,903	(10,313)	185,311	(8,892)
Other interest earning liabilities	1,529	(308)	3,521	(419)
Subordinated liabilities	10,498	(701)	12,496	(818)
Total interest earning liabilities	262,386	(12,147)	241,468	(10,926)

Net interest income	4,916	4,883
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Net fees and commissions

Year to 31 March R'million	2014	2013
Private client transactional fees	444	424
Corporate and institutional transactional and advisory services	1,123	627
Fee and commission income	1,567	1,051
Fee and commission expense	(174)	(109)
Net fees and commissions	1,393	942
Annuity fees (net of fees payable)	622	541
Deal fees	771	401

Investment income

Year to 31 March R'million	Investment portfolio* (listed and unlisted equities)	Other debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
2014					
Realised	216	-	-	14	230
Unrealised	(240)	(175)	63	(6)	(358)
Dividend income	646	-	-	-	646
Funding and net other related costs/income	(181)	-	-	(3)	(184)
	441	(175)	63	5	334
2013					
Realised	512	-	26	10	548
Unrealised	(103)	42	-	-	(61)
Dividend income	159	-	-	-	159
Funding and net other related costs	(180)	-	-	(7)	(187)
Investment income	388	42	26	3	459

* Including embedded derivatives (warrants and profit shares).



Investec Bank Limited

An analysis of our core loans and advances, asset quality and impairments

Risk management

Unaudited

R'mn	31 March 2014	31 March 2013
Loans and advances to customers as per the balance sheet	148,562	135,726
Add: own originated loans and advances securitised as per the balance sheet	2,822	2,379
Net core loans and advances to customers	151,384	138,105

The tables that follow provide information with respect to the asset quality of our core loans and advances to customers

R'mn	31 March 2014	31 March 2013
Gross core loans and advances to customers	152,634	139,456
Total impairments	(1,250)	(1,351)
Portfolio impairments	(173)	(123)
Specific impairments	(1,077)	(1,228)
Net core loans and advances to customers	151,384	138,105
Average gross core loans and advances to customers	146,045	132,841
Current loans and advances to customers	147,724	133,943
Past due loans and advances to customers (1-60 days)	729	649
Special mention loans and advances to customers	658	852
Default loans and advances to customers	3,523	4,012
Gross core loans and advances to customers	152,634	139,456
Current loans and advances to customers	147,724	133,943
Default loans that are current and not impaired	162	60
Gross core loans and advances to customers that are past due but not impaired	2,171	2,513
Gross core loans and advances to customers that are impaired	2,577	2,940
Gross core loans and advances to customers	152,634	139,456
Total income statement charge for impairments on core loans and advances	(638)	(868)
Gross default loans and advances to customers	3,523	4,012
Specific impairments	(1,077)	(1,228)
Portfolio impairments	(173)	(123)
Defaults net of impairments	2,273	2,661
Collateral and other credit enhancements	3,520	3,841
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.82%	0.97%
Total impairments as a % of gross default loans	35.48%	33.67%
Gross defaults as a % of gross core loans and advances to customers	2.31%	2.88%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.50%	1.93%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e income statement impairment charge as a % of average gross core loans and advances)	0.44%	0.65%



Investec Bank Limited

Capital management and allocation

Unaudited

Capital structure and capital adequacy

R'million	31 March 2014	31 March 2013
Tier 1 capital		
Shareholders' equity	24,067	21,975
Shareholders' equity per balance sheet	25,601	23,509
Perpetual preference share capital and share premium	(1,534)	(1,534)
Regulatory adjustments to the accounting basis	522	446
Cash flow hedging reserve	522	446
Deductions	(102)	(90)
Goodwill and intangible assets net of deferred tax	(102)	(90)
Common equity tier 1 capital/core tier 1 capital	24,487	22,331
Additional tier 1 capital before deductions	1,227	1,381
Additional tier 1 instruments	1,534	1,534
Phase out of non-qualifying additional tier 1 instruments	(307)	(153)
Tier 1 capital	25,714	23,712
Total qualifying tier 2 capital before deductions	10,670	11,493
Collective impairment allowances	172	122
Tier 2 instruments	10,498	12,496
Phase out of non-qualifying tier 2 instruments	-	(1,125)
Total tier 2 capital	10,670	11,493
Total regulatory capital	36,384	35,205
Risk-weighted assets	238,396	217,715
Capital ratios		
Common equity tier 1 ratio	10.3%	10.3%
Tier 1 ratio	10.8%	10.9%
Total capital ratio	15.3%	16.2%
Capital requirements	23,840	20,681
Credit risk - prescribed standardised exposure classes	17,611	14,798
Corporates	10,418	9,023
Secured on real estate property	1,601	1,513
Short term claims on institutions and corporates	2,722	2,155
Retail	544	325
Institutions	1,064	1,058
Other exposure classes	176	73
Securitisation exposures	1,086	651
Equity risk - standardised approach	3,865	3,472
Listed equities	757	789
Unlisted equities	3,108	2,683
Counterparty credit risk	648	716
Market risk	395	426
Interest rate	117	117
Foreign exchange	98	74
Commodities	5	2
Equities	175	233
Operational risk - standardised approach	1,321	1,269
Capital adequacy		
Risk-weighted assets (banking and trading)	238,396	217,715
Credit risk - prescribed standardised exposure classes	176,112	155,781
Corporates	104,181	94,983
Secured on real estate property	16,011	15,925
Short term claims on institutions and corporates	27,215	22,685
Retail	5,441	3,426
Institutions	10,644	11,141
Other exposure classes	1,759	768
Securitisation exposures	10,861	6,853
Equity risk - standardised approach	38,653	36,548
Listed equities	7,570	8,306
Unlisted equities	31,083	28,242
Counterparty credit risk	6,479	7,537
Market risk	3,947	4,488
Interest rate	1,174	1,229
Foreign exchange	978	783
Commodities	50	20
Equities	1,745	2,456
Operational risk - standardised approach	13,205	13,361

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The full set of annual financial statements will be available on 30 June 2014

