

Out of the Ordinary®



Specialist Bank and  
Asset Manager

## Investec Limited silo financial information (excluding the results of Investec plc)

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'mn)	12,331	10,823	13.9%
Operating costs (R'mn)	6,718	6,118	9.8%
Operating profit before taxation and headline adjustments (R'mn)	4,977	3,872	28.5%
Headline earnings attributable to ordinary shareholders (R'mn)	3,211	2,641	21.6%
Cost to income ratio	54.5%	56.5%	
Total capital resources (including subordinated liabilities) (R'mn)	41,625	39,001	6.7%
Total equity (R'mn)	31,127	24,546	26.8%
Total assets (R'mn)	430,091	385,496	11.6%
Net core loans and advances (R'mn)	156,870	141,863	10.6%
Customer accounts (deposits) (R'mn)	204,903	185,311	10.6%
Cash and near cash balances (R'mn)	84,476	72,974	15.8%
Funds under management (R'mn)	715,197	615,078	16.3%
Capital adequacy ratio	14.9%	15.5%	
Tier 1 ratio	11.0%	10.8%	
Default loans (net of impairments) as a % of net core loans and advances	1.46%	1.89%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement charge as a % of average core loans and advances)	0.42%	0.61%	
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.5x	12.2x	
Loans and advances to customers: customer deposits	72.9%	73.2%	



## Investec Limited silo financial information (excluding the results of Investec plc)

### Consolidated income statement

Unaudited

R'mn	Year to 31 March 2014	Year to 31 March 2013
Interest income	17,453	16,155
Interest expense	(12,700)	(11,564)
<b>Net interest income</b>	<b>4,753</b>	<b>4,591</b>
Fee and commission income	5,972	4,804
Fee and commission expense	(246)	(135)
Investment income	1,069	1,099
Trading income arising from		
- customer flow	432	174
- balance sheet management and other trading activities	309	213
Other operating income	42	77
<b>Total operating income before impairment on loans and advances</b>	<b>12,331</b>	<b>10,823</b>
Impairment losses on loans and advances	(636)	(833)
<b>Operating income</b>	<b>11,695</b>	<b>9,990</b>
Operating costs	(6,718)	(6,118)
<b>Operating profit before impairment of goodwill</b>	<b>4,977</b>	<b>3,872</b>
Impairment of goodwill	(27)	(24)
<b>Operating profit</b>	<b>4,950</b>	<b>3,848</b>
Operating costs arising from partial disposal of subsidiaries	(31)	-
<b>Profit before taxation</b>	<b>4,919</b>	<b>3,848</b>
Taxation	(825)	(608)
<b>Profit after taxation</b>	<b>4,094</b>	<b>3,240</b>
Earnings attributable to non-controlling interests	(367)	(3)
<b>Earnings attributable to shareholders</b>	<b>3,727</b>	<b>3,237</b>

### Consolidated statement of comprehensive income

R'mn	Year to 31 March 2014	Year to 31 March 2013
<b>Profit after taxation</b>	<b>4,094</b>	<b>3,240</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified to the income statement:</b>		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(75)	(193)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	23	78
Gain on available-for-sale assets recycled to the income statement*	(2)	(39)
Foreign currency adjustments on translating foreign operations	482	480
<b>Total comprehensive income</b>	<b>4,522</b>	<b>3,566</b>
Total comprehensive income attributable to non-controlling interests	367	3
Total comprehensive income attributable to ordinary shareholders	3,836	3,238
Total comprehensive income attributable to perpetual preference shareholders	319	325
<b>Total comprehensive income</b>	<b>4,522</b>	<b>3,566</b>

\*Net of taxation of R120 million (year to 31 March 2013: R14 million).

### Calculation of headline earnings

R'mn	Year to 31 March 2014	Year to 31 March 2013
Earnings attributable to shareholders	3,727	3,237
Dividends paid to perpetual preference shareholders	(319)	(325)
<b>Earnings attributable to ordinary shareholders</b>	<b>3,408</b>	<b>2,912</b>
Headline adjustments:		
Impairment of goodwill	27	24
Revaluation of investment properties, net of taxation^	(225)	(267)
Gain on available-for-sale assets recycled to the income statement, net of taxation^	1	(28)
<b>Headline earnings attributable to ordinary shareholders</b>	<b>3,211</b>	<b>2,641</b>

^Taxation on headline earnings adjustments amounted to R55.1 million (year to 31 March 2013: R114.8 million) with no impact on earnings attributable to non-controlling interests.



## Investec Limited silo financial information (excluding the results of Investec plc)

### Consolidated balance sheet

Unaudited

R'mn	31 March 2014	31 March 2013
<b>Assets</b>		
Cash and balances at central banks	5,927	5,677
Loans and advances to banks	35,169	25,376
Non-sovereign and non-bank cash placements	9,045	5,875
Reverse repurchase agreements and cash collateral on securities borrowed	8,419	15,846
Sovereign debt securities	34,815	33,730
Bank debt securities	22,355	20,969
Other debt securities	10,112	7,006
Derivative financial instruments	12,299	12,159
Securities arising from trading activities	4,975	3,598
Investment portfolio	8,657	8,202
Loans and advances to customers	149,354	135,733
Own originated loans and advances to customers securitised	7,516	6,130
Other loans and advances	552	672
Other securitised assets	1,968	1,584
Interests in associated undertakings	52	45
Deferred taxation assets	457	531
Other assets	5,925	8,444
Property and equipment	752	644
Investment properties	7,857	6,147
Goodwill	118	145
Intangible assets	102	90
Non-current assets classified as held for sale	731	-
	<b>327,157</b>	<b>298,603</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	102,934	86,893
	<b>430,091</b>	<b>385,496</b>
<b>Liabilities</b>		
Deposits by banks	22,902	17,861
Derivative financial instruments	9,259	9,237
Other trading liabilities	8,247	6,687
Repurchase agreements and cash collateral on securities lent	17,686	18,188
Customer accounts (deposits)	204,903	185,311
Debt securities in issue	8,556	6,147
Liabilities arising on securitisation of own originated loans and advances	4,924	6,259
Liabilities arising on securitisation of other assets	156	588
Current taxation liabilities	1,770	1,720
Deferred taxation liabilities	463	390
Other liabilities	6,666	7,214
	<b>285,532</b>	<b>259,602</b>
Liabilities to customers under investment contracts	102,906	86,864
Insurance liabilities, including unit-linked liabilities	28	29
	<b>388,466</b>	<b>346,495</b>
Subordinated liabilities	10,498	14,455
	<b>398,964</b>	<b>360,950</b>
<b>Equity</b>		
Ordinary share capital	1	1
Share premium	10,044	9,814
Treasury shares	(951)	(954)
Other reserves	694	203
Retained income	16,702	13,938
Shareholders' equity excluding non-controlling interests	<b>26,490</b>	<b>23,002</b>
Non-controlling interests	4,637	1,544
- Perpetual preferred securities issued by subsidiaries	1,534	1,534
- Non controlling interests in partially held subsidiaries	3,103	10
Total equity	<b>31,127</b>	<b>24,546</b>
<b>Total liabilities and shareholders' equity</b>	<b>430,091</b>	<b>385,496</b>



## Investec Limited silo financial information (excluding the results of Investec plc) Condensed consolidated statement of changes in equity

Unaudited

R'mn	Year to 31 March 2014	Year to 31 March 2013
<b>Balance at the beginning of the year</b>	<b>24,546</b>	<b>22,242</b>
Profit after taxation	4,094	3,240
Fair value movements on cash flow hedges taken directly to other comprehensive income	(75)	(193)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	23	78
Gain on available-for-sale assets recycled to the income statement	(2)	(39)
Foreign currency adjustments on translating foreign operations	482	480
<b>Total comprehensive income for the year</b>	<b>4,522</b>	<b>3,566</b>
Issue of ordinary shares	230	159
Issue of perpetual preference shares	-	303
Movement of treasury shares	(770)	(401)
Share-based payments adjustments	485	388
Partial disposal of group operations	1,449	-
Movement in non-controlling interest due to capital conversion of subsidiary	2,044	-
Movement in non-controlling interests due to share issues in subsidiary	623	-
Dividends paid to ordinary shareholders	(1,578)	(1,383)
Dividends declared to perpetual preference shareholders	(211)	(216)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(108)	(109)
Dividends paid to non-controlling interests	(105)	(3)
<b>Balance at the end of the year</b>	<b>31,127</b>	<b>24,546</b>



## Investec Limited silo financial information (excluding the results of Investec plc) Segmental information - business analysis

Unaudited  
For the year to 31 March 2014

R'mn	Asset Management	Wealth & Investment	Specialist Banking	Total
<b>Net interest income</b>	58	(4)	4,699	4,753
Fee and commission income	2,643	968	2,361	5,972
Fee and commission expense	-	(35)	(211)	(246)
Investment income	-	6	1,063	1,069
Trading income arising from				
- customer flow	-	17	415	432
- balance sheet management and other trading activities	5	2	302	309
Other operating income	49	-	(7)	42
<b>Total operating income before impairment on loans and advances</b>	<b>2,755</b>	<b>954</b>	<b>8,622</b>	<b>12,331</b>
Impairment losses on loans and advances	-	-	(636)	(636)
<b>Operating income</b>	<b>2,755</b>	<b>954</b>	<b>7,986</b>	<b>11,695</b>
Operating costs	(1,528)	(631)	(4,559)	(6,718)
<b>Operating profit before impairment of goodwill</b>	<b>1,227</b>	<b>323</b>	<b>3,427</b>	<b>4,977</b>
Impairment of goodwill	(27)	-	-	(27)
<b>Operating profit</b>	<b>1,200</b>	<b>323</b>	<b>3,427</b>	<b>4,950</b>
Operating costs arising from partial disposal of subsidiaries	-	-	(31)	(31)
<b>Profit before taxation</b>	<b>1,200</b>	<b>323</b>	<b>3,396</b>	<b>4,919</b>
Cost to income ratio	55.5%	66.1%	52.9%	54.5%
Total assets (excluding assurance assets)	2,341	8,865	315,951	327,157

For the year to 31 March 2013

R'mn	Asset Management	Wealth & Investment	Specialist Banking	Total
<b>Net interest income</b>	<b>54</b>	<b>(18)</b>	<b>4,555</b>	<b>4,591</b>
Fee and commission income	2,366	742	1,696	4,804
Fee and commission expense	-	(13)	(122)	(135)
Investment income	-	-	1,099	1,099
Trading income arising from				
- customer flow	-	4	170	174
- balance sheet management and other trading activities	2	5	206	213
Other operating income	70	-	7	77
<b>Total operating income before impairment on loans and advances</b>	<b>2,492</b>	<b>720</b>	<b>7,611</b>	<b>10,823</b>
Impairment losses on loans and advances	-	-	(833)	(833)
<b>Operating income</b>	<b>2,492</b>	<b>720</b>	<b>6,778</b>	<b>9,990</b>
Operating costs	(1,402)	(495)	(4,221)	(6,118)
<b>Operating profit before impairment of goodwill</b>	<b>1,090</b>	<b>225</b>	<b>2,557</b>	<b>3,872</b>
Impairment of goodwill	(24)	-	-	(24)
<b>Profit before taxation</b>	<b>1,066</b>	<b>225</b>	<b>2,557</b>	<b>3,848</b>
Cost to income ratio	56.3%	68.8%	55.5%	56.5%
Total assets (excluding assurance assets)	2,464	7,776	288,363	298,603



## Additional income statement note disclosures

Unaudited

### Net interest income

Year to 31 March R'mn	2014		2013	
	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	115,729	4,679	107,473	4,225
Core loans and advances	156,870	12,102	141,863	11,419
Private client	105,994	7,722	96,313	7,455
Corporate, institutional and other clients	50,876	4,380	45,550	3,964
Other debt securities and other loans and advances	10,664	519	7,678	247
Other interest earning assets	1,968	153	1,584	264
<b>Total interest earning assets</b>	<b>285,231</b>	<b>17,453</b>	<b>258,598</b>	<b>16,155</b>

Year to 31 March R'mn	2014		2013	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	49,144	(981)	42,196	(947)
Customer accounts (deposits)	204,903	(10,305)	185,311	(8,941)
Other interest bearing liabilities	5,080	(653)	6,847	(741)
Subordinated liabilities	10,498	(761)	14,455	(935)
<b>Total interest bearing liabilities</b>	<b>269,625</b>	<b>(12,700)</b>	<b>248,809</b>	<b>(11,564)</b>

**Net interest income** **4,753** **4,591**

### Net fees and commissions

R'mn	31 March 2014	31 March 2013	Variance	% change
Asset Management	2,643	2,366	277	12%
Wealth & Investment	933	729	204	28%
Specialist Banking	2,150	1,574	576	37%
<b>Net fees and commissions</b>	<b>5,726</b>	<b>4,669</b>	<b>1,057</b>	<b>23%</b>

Year to 31 March R'mn	2014	2013
<b>Asset management and wealth management businesses net fee and commission income</b>	<b>3,576</b>	<b>3,095</b>
Funds management fees/fees for assets under management	3,086	2,711
Private client transactional fees	525	397
Fee and commission expense	(35)	(13)
<b>Specialist Banking net fee and commission income</b>	<b>2,150</b>	<b>1,574</b>
Corporate and institutional transactional and advisory services	1,913	1,249
Private client transactional fees	448	447
Fee and commission expense	(211)	(122)
<b>Net fees and commissions</b>	<b>5,726</b>	<b>4,669</b>
Annuity fees (net of fees payable)	4,158	3,466
Deal fees	1,568	1,203

### Investment income

Year to 31 March R'mn	Investment portfolio* (listed and unlisted equities)	Other debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
<b>2014</b>					
Realised	275	-	147	(29)	393
Unrealised	22	(194)	280	(6)	102
Dividend income	663	-	-	-	663
Funding and net other related costs/income	(168)	-	(26)	105	(89)
	<b>792</b>	<b>(194)</b>	<b>401</b>	<b>70</b>	<b>1,069</b>
<b>2013</b>					
Realised	727	-	843	(36)	1534
Unrealised	(288)	66	(132)	(1)	(355)
Dividend income	163	-	-	-	163
Funding and net other related costs/income	(169)	-	(98)	24	(243)
<b>Investment income</b>	<b>433</b>	<b>66</b>	<b>613</b>	<b>(13)</b>	<b>1,099</b>

\*Including embedded derivatives (warrants and profit shares).



## Investec Limited silo financial information (excluding the results of Investec plc)

### 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	149,354	135,733
Add: own originated loans and advances securitised as per the balance sheet	7,516	6,130
<b>Net core loans and advances to customers</b>	<b>156 870</b>	<b>141 863</b>

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
<b>Gross core loans and advances to customers</b>	<b>158,121</b>	<b>143,217</b>
<b>Total impairments</b>	<b>(1,251)</b>	<b>(1,354)</b>
Portfolio impairments	(174)	(123)
Specific impairments	(1,077)	(1,231)
<b>Net core loans and advances to customers</b>	<b>156,870</b>	<b>141,863</b>
<b>Average gross core loans and advances to customers</b>	<b>150,669</b>	<b>136,638</b>
Current loans and advances to customers	153,166	137,646
Past due loans and advances to customers (1-60 days)	746	669
Special mention loans and advances to customers	668	862
Default loans and advances to customers	3,541	4,040
<b>Gross core loans and advances to customers</b>	<b>158,121</b>	<b>143,217</b>
Current loans and advances to customers	153,166	137,646
Default loans that are current and not impaired	162	61
Gross core loans and advances to customers that are past due but not impaired	2,211	2,559
Gross core loans and advances to customers that are impaired	2,582	2,951
<b>Gross core loans and advances to customers</b>	<b>158,121</b>	<b>143,217</b>
<b>Total income statement charge for impairments on core loans and advances</b>	<b>(636)</b>	<b>(833)</b>
Gross default loans and advances to customers	3,541	4,040
Specific impairments	(1,077)	(1,231)
Portfolio impairments	(174)	(123)
<b>Defaults net of impairments</b>	<b>2,290</b>	<b>2,686</b>
Collateral and other credit enhancements	3,549	3,880
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>		
Total impairments as a % of gross core loans and advances to customers	0.79%	0.95%
Total impairments as a % of gross default loans	35.33%	33.51%
Gross defaults as a % of gross core loans and advances to customers	2.24%	2.82%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.46%	1.89%
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)	0.42%	0.61%



## Investec Limited silo financial information (excluding the results of Investec plc)

### Capital management and allocation

Unaudited

#### Capital structure and capital adequacy

R'million	31 March 2014	31 March 2013
<b>Tier 1 capital</b>		
Shareholders' equity	22,641	19,819
Shareholders' equity per balance sheet	26,490	23,002
Perpetual preference share capital and share premium	(3,183)	(3,183)
Equity holding in deconsolidated entities	(666)	
<b>Non-controlling interests</b>	470	-
Non-controlling interests per balance sheet	3,102	10
Non-controlling interests excluded for regulatory purposes	(2,632)	(10)
<b>Regulatory adjustments to the accounting basis</b>	521	446
Cash flow hedging reserve	521	446
<b>Deductions</b>	(221)	(235)
Goodwill and intangible assets net of deferred tax	(221)	(235)
<b>Common equity tier 1 capital/core tier 1 capital</b>	23,411	20,030
<b>Additional tier 1 capital before deductions</b>	3,764	4,222
Additional tier 1 instruments	4,717	4,717
Phase out of non-qualifying additional tier 1 instruments	(943)	(472)
Non qualifying surplus capital attributable to minorities	(10)	(23)
<b>Tier 1 capital</b>	27,175	24,252
<b>Total qualifying tier 2 capital before deductions</b>	9,846	10,526
Collective impairment allowances	172	122
Tier 2 instruments	10,498	12,496
Phase out of non-qualifying tier 2 instruments	-	(1,125)
Non qualifying surplus capital attributable to non-controlling interests	(824)	(532)
<b>Deductions</b>	-	(435)
Investments that are not material or qualifying holdings	-	(435)
<b>Total tier 2 capital</b>	9,846	10,526
<b>Total regulatory capital</b>	37,021	34,778
<b>Risk-weighted assets</b>	248,040	223,865
<b>Capital ratios</b>		
Common equity tier 1 ratio	9.4%	8.9%
Tier 1 ratio	11.0%	10.8%
Total capital ratio	14.9%	15.5%
<b>Capital requirements</b>	24,804	21,268
<b>Credit risk - prescribed standardised exposure classes</b>	18,308	15,360
Corporates	11,082	9,498
Secured on real estate property	1,601	1,513
Short term claims on institutions and corporates	2,732	2,223
Retail	544	326
Institutions	1,064	1,058
Other exposure classes	199	91
Securitisation exposures	1,086	651
<b>Equity risk - standardised approach</b>	3,325	2,845
Listed equities	217	145
Unlisted equities	3,108	2,700
<b>Counterparty credit risk</b>	648	716
<b>Market risk</b>	473	449
Interest rate	117	117
Foreign exchange	98	74
Commodities	5	2
Equities	253	256
<b>Operational risk - standardised approach</b>	2,050	1,898
<b>Capital adequacy</b>		
<b>Risk-weighted assets (banking and trading)</b>	248,040	223,865
<b>Credit risk - prescribed standardised exposure classes</b>	183,080	161,678
Corporates	110,817	99,975
Secured on real estate property	16,011	15,925
Short term claims on institutions and corporates	27,319	23,397
Retail	5,441	3,428
Institutions	10,644	11,141
Other exposure classes	1,987	959
Securitisation exposures	10,861	6,853
<b>Equity risk - standardised approach</b>	33,250	29,948
Listed equities	2,167	1,531
Unlisted equities	31,083	28,417
<b>Counterparty credit risk</b>	6,479	7,537
<b>Market risk</b>	4,731	4,728
Interest rate	1,174	1,229
Foreign exchange	978	783
Commodities	50	20
Equities	2,529	2,696
<b>Operational risk - standardised approach</b>	20,500	19,974

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

