

Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

Investec Bank plc financial information (a subsidiary of Investec plc)

Unaudited consolidated financial information for the year ended 31 March 2015

IFRS - Pounds Sterling





Investec Bank plc

Overview of results

| Unaudited | 31 March 2015 | 31 March 2014* | % change |
|---|---------------|----------------|----------|
| Total operating income before impairment losses on loans and advances (£'000) | 853,053 | 875,364 | (2.5%) |
| Operating costs (£'000) | 644,322 | 662,404 | (2.7%) |
| Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000) | 101,243 | 108,362 | (6.6%) |
| Earnings attributable to ordinary shareholders (£'000) | 105,848 | 50,667 | >100.0% |
| Cost to income ratio | 75.7% | 76.2% | (0.7%) |
| Total capital resources (including subordinated liabilities) (£'000) | 2,398,038 | 2,581,885 | (7.1%) |
| Total shareholders' equity (£'000) | 1,801,115 | 1,912,109 | (5.8%) |
| Total assets (£'000) | 17,943,469 | 20,035,483 | (10.4%) |
| Net core loans and advances (£'000) | 7,035,690 | 8,200,545 | (14.2%) |
| Customer accounts (deposits) (£'000) | 10,579,558 | 11,095,782 | (4.7%) |
| Cash and near cash balances (£'000) | 5,010,861 | 4,252,549 | 17.8% |
| Funds under management (£'mn) | 29,838 | 26,830 | 11.2% |
| Capital adequacy ratio | 17.5% | 15.8% | |
| Tier 1 ratio | 12.1% | 10.7% | |
| Common equity tier 1 ratio | 12.1% | 10.7% | |
| Leverage ratio | 7.5% | 7.2% | |
| Leverage ratio - "fully loaded" | 7.5% | 7.3% | |
| Default loans (net of impairments) as a % of net core loans and advances | 3.01% | 3.22% | |
| 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) | 1.16% | 1.00% | |
| Total gearing ratio (i.e. total assets to total equity) | 10.0x | 10.5x | |
| Loans and advances to customers: customer deposits | 66.5% | 69.9% | |

* Restated for adoption of IFRIC 21.



Investec Bank plc

Consolidated income statement

Unaudited

| For the year to 31 March £'000 | 2015 | 2014* |
|---|----------------|----------------|
| Interest income | 620,541 | 723,962 |
| Interest expense | (330,673) | (422,516) |
| Net interest income | 289,868 | 301,446 |
| Fee and commission income | 477,565 | 420,570 |
| Fee and commission expense | (15,089) | (35,041) |
| Investment income | 7,301 | 98,491 |
| Trading income arising from | | |
| - customer flow | 88,258 | 77,052 |
| - balance sheet management and other trading activities | (4,924) | 639 |
| Other operating income | 10,074 | 12,207 |
| Total operating income before impairment losses on loans and advances | 853,053 | 875,364 |
| Impairment losses on loans and advances | (102,084) | (97,491) |
| Operating income | 750,969 | 777,873 |
| Operating costs | (644,322) | (662,404) |
| Depreciation on operating leased assets | (1,535) | (6,044) |
| Operating profit before goodwill and acquired intangibles | 105,112 | 109,425 |
| Impairment of goodwill | (8,552) | (11,233) |
| Amortisation of acquired intangibles | (14,497) | (13,393) |
| Operating costs arising from integration and restructuring of subsidiaries | - | (16,911) |
| Operating profit | 82,063 | 67,888 |
| Net gain on disposal of subsidiaries | 78,529 | 9,653 |
| Profit before taxation | 160,592 | 77,541 |
| Taxation on operating profit before goodwill | (22,568) | (33,200) |
| Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries | (28,307) | 7,389 |
| Profit after taxation | 109,717 | 51,730 |
| (Profit) attributable to non-controlling interests | (3,869) | (1,063) |
| Earnings attributable to shareholders | 105,848 | 50,667 |

Consolidated statement of comprehensive income

| For the year to 31 March £'000 | 2015 | 2014* |
|--|---------------|--------------|
| Profit after taxation | 109,717 | 51,730 |
| Other comprehensive income/(loss): | | |
| Items that may be reclassified to the income statement: | | |
| Fair value movements on cash flow hedges taken directly to other comprehensive income | 471 | 2,799 |
| Gains/(losses) on realisation of available-for-sale assets recycled through the income statement | 1,935 | (2,898) |
| Fair value movements on available-for-sale assets taken directly to other comprehensive income | (3,686) | 1,250 |
| Foreign currency adjustments on translating foreign operations | (51,630) | (43,387) |
| Total comprehensive income | 56,807 | 9,494 |
| Total comprehensive income attributable to non-controlling interests | 3,864 | 1,597 |
| Total comprehensive income attributable to ordinary shareholders | 52,943 | 7,897 |
| Total comprehensive income | 56,807 | 9,494 |

* Restated for adoption of IFRIC 21.



Investec Bank plc

Consolidated balance sheet

Unaudited

| At 31 March £'000 | 2015 | 2014* |
|--|-------------------|-------------------|
| Assets | | |
| Cash and balances at central banks | 2,181,232 | 1,742,605 |
| Loans and advances to banks | 828,726 | 1,105,205 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 1,448,205 | 1,215,500 |
| Sovereign debt securities | 1,212,910 | 1,232,415 |
| Bank debt securities | 226,273 | 371,182 |
| Other debt securities | 222,485 | 229,228 |
| Derivative financial instruments | 805,886 | 782,947 |
| Securities arising from trading activities | 670,298 | 586,706 |
| Investment portfolio | 400,800 | 341,360 |
| Loans and advances to customers | 7,035,690 | 7,752,907 |
| Own originated loans and advances to customers securitised | - | 447,638 |
| Other loans and advances | 776,305 | 1,509,714 |
| Other securitised assets | 411,983 | 1,011,257 |
| Interests in associated undertakings | 16,297 | 16,637 |
| Deferred taxation assets | 66,249 | 97,614 |
| Other assets | 1,113,136 | 1,014,416 |
| Property and equipment | 60,316 | 63,487 |
| Investment properties | 65,736 | 61,715 |
| Goodwill | 260,900 | 296,247 |
| Intangible assets | 140,042 | 156,703 |
| | 17,943,469 | 20,035,483 |
| Liabilities | | |
| Deposits by banks | 214,138 | 834,876 |
| Derivative financial instruments | 953,205 | 669,159 |
| Other trading liabilities | 251,879 | 391,650 |
| Repurchase agreements and cash collateral on securities lent | 597,259 | 614,733 |
| Customer accounts (deposits) | 10,579,558 | 11,095,782 |
| Debt securities in issue | 1,334,236 | 1,316,102 |
| Liabilities arising on securitisation of own originated loans and advances | - | 449,083 |
| Liabilities arising on securitisation of other assets | 330,526 | 962,253 |
| Current taxation liabilities | 121,198 | 103,432 |
| Deferred taxation liabilities | 39,464 | 38,471 |
| Other liabilities | 1,123,968 | 978,057 |
| | 15,545,431 | 17,453,598 |
| Subordinated liabilities | 596,923 | 669,776 |
| | 16,142,354 | 18,123,374 |
| Equity | | |
| Ordinary share capital | 1,186,800 | 1,186,800 |
| Share premium | 143,288 | 143,288 |
| Capital reserve | 162,789 | 162,789 |
| Other reserves | (18,791) | 42,797 |
| Retained income | 326,351 | 379,660 |
| Shareholders' equity excluding non-controlling interests | 1,800,437 | 1,915,334 |
| Non-controlling interests in partially held subsidiaries | 678 | (3,225) |
| Total equity | 1,801,115 | 1,912,109 |
| Total liabilities and equity | 17,943,469 | 20,035,483 |

* Restated for adoption of IFRIC 21.



Investec Bank plc

Condensed consolidated statement of changes in equity

Unaudited

| For the year to 31 March £'000 | 2015 | 2014* |
|--|------------------|------------------|
| Balance at the beginning of the period as previously presented | | 1,879,127 |
| Restatements on adoption of IFRIC 21 | | 3,738 |
| Balance at the beginning of the period as restated | 1,912,109 | 1,882,865 |
| Profit after taxation | 109,717 | 51,730 |
| Fair value movements on cash flow hedges taken directly to other comprehensive income | 471 | 2,799 |
| Gains/(losses) on realisation of available-for-sale assets recycled through the income statement | 1,935 | (2,898) |
| Fair value movements on available-for-sale assets taken directly to other comprehensive income | (3,686) | 1,250 |
| Foreign currency adjustments on translating foreign operations | (51,630) | (43,387) |
| Total comprehensive income for the year | 56,807 | 9,494 |
| Share-based payments adjustments | 4,160 | - |
| Dividends paid to ordinary shareholders | (172,000) | - |
| Issue of ordinary shares | - | 20,020 |
| Movement arising on reduction/acquisition of non-controlling interests | 39 | (270) |
| Balance at the end of the year | 1,801,115 | 1,912,109 |

* Restated for adoption of IFRIC 21.



Investec Bank plc

Segmental business analysis - income statement

Unaudited

| For the year to 31 March 2015 £'000 | Wealth & Investment | Specialist Banking | Total group |
|---|------------------------|-----------------------|----------------|
| Net interest income | 6,209 | 283,659 | 289,868 |
| Fee and commission income | 239,584 | 237,981 | 477,565 |
| Fee and commission expense | (923) | (14,166) | (15,089) |
| Investment income | 3,486 | 3,815 | 7,301 |
| Trading income arising from | - | - | - |
| - customer flow | 895 | 87,363 | 88,258 |
| - balance sheet management and other trading activities | 356 | (5,280) | (4,924) |
| Other operating income | 1,276 | 8,798 | 10,074 |
| Total operating income before impairment losses on loans and advances | 250,883 | 602,170 | 853,053 |
| Impairment losses on loans and advances | - | (102,084) | (102,084) |
| Operating income | 250,883 | 500,086 | 750,969 |
| Operating costs | (194,012) | (450,310) | (644,322) |
| Depreciation on operating leased assets | - | (1,535) | (1,535) |
| Operating profit before goodwill and acquired intangibles | 56,871 | 48,241 | 105,112 |
| Profit attributable to non-controlling interests | - | (3,869) | (3,869) |
| Operating profit before goodwill, acquired intangibles and after non-controlling interests | 56,871 | 44,372 | 101,243 |
| Cost to income ratio | 77.3% | 75.0% | 75.7% |
| Total assets (£'million) | 897 | 17,046 | 17,943 |

Unaudited

| For the year to 31 March 2014* £'000 | Wealth & Investment | Specialist Banking | Total group |
|---|------------------------|-----------------------|----------------|
| Net interest income | 7,987 | 293,459 | 301,446 |
| Fee and commission income | 219,434 | 201,136 | 420,570 |
| Fee and commission expense | (2,020) | (33,021) | (35,041) |
| Investment income | 1,875 | 96,616 | 98,491 |
| Trading income arising from | - | - | - |
| - customer flow | 389 | 76,663 | 77,052 |
| - balance sheet management and other trading activities | (72) | 711 | 639 |
| Other operating income | 1,232 | 10,975 | 12,207 |
| Total operating income before impairment losses on loans and advances | 228,825 | 646,539 | 875,364 |
| Impairment losses on loans and advances | - | (97,491) | (97,491) |
| Operating income | 228,825 | 549,048 | 777,873 |
| Operating costs | (182,759) | (479,645) | (662,404) |
| Depreciation on operating leased assets | - | (6,044) | (6,044) |
| Operating profit before goodwill and acquired intangibles | 46,066 | 63,359 | 109,425 |
| Profit attributable to non-controlling interests | - | (1,063) | (1,063) |
| Operating profit before goodwill, acquired intangibles and after non-controlling interests | 46,066 | 62,296 | 108,362 |
| Cost to income ratio | 79.9% | 74.9% | 76.2% |
| Total assets (£'million) | 927 | 19,108 | 20,035 |

* Restated for adoption of IFRIC 21.



Investec Bank plc
Net interest income

Unaudited

| For the year to 31 March £'000 | 2015 | | 2014* | |
|---|------------------------|--------------------|------------------------|--------------------|
| | Balance sheet value | Interest income | Balance sheet value | Interest income |
| Cash, near cash and bank debt and sovereign debt securities | 5,897,346 | 49,660 | 5,666,907 | 62,889 |
| Core loans and advances | 7,035,690 | 419,311 | 8,200,545 | 542,688 |
| Private Client | 3,341,869 | 169,247 | 5,146,582 | 267,386 |
| Corporate, institutional and other clients | 3,693,821 | 250,064 | 3,053,963 | 275,302 |
| Other debt securities and other loans and advances | 998,790 | 122,620 | 1,738,942 | 75,269 |
| Other interest-earning assets | 411,983 | 28,950 | 1,011,257 | 43,116 |
| Total interest-earning assets | 14,343,809 | 620,541 | 16,617,651 | 723,962 |

| For the year to 31 March £'000 | 2015 | | 2014* | |
|---|------------------------|---------------------|------------------------|---------------------|
| | Balance sheet value | Interest expense | Balance sheet value | Interest expense |
| Deposits by banks and other debt-related securities | 2,145,633 | 46,910 | 2,765,711 | 61,369 |
| Customer accounts | 10,579,558 | 180,370 | 11,095,782 | 238,919 |
| Other interest-bearing liabilities | 330,526 | 43,522 | 1,411,336 | 59,914 |
| Subordinated liabilities | 596,923 | 59,871 | 669,776 | 62,314 |
| Total interest-bearing liabilities | 13,652,640 | 330,673 | 15,942,605 | 422,516 |

| | | |
|----------------------------|----------------|----------------|
| Net interest income | 289,868 | 301,446 |
|----------------------------|----------------|----------------|

* Restated for adoption of IFRIC 21.



Investec Bank plc
Net fee and commission income
Unaudited

| For the year to 31 March £'000 | 2015 | 2014* | Variance | % change |
|--------------------------------------|----------------|----------------|---------------|--------------|
| Wealth & Investment | 238,661 | 217,414 | 21,247 | 9.8% |
| Specialist Banking | 223,815 | 168,115 | 55,700 | 33.1% |
| Net fee and commission income | 462,476 | 385,529 | 76,947 | 20.0% |

| For the year to 31 March £'000 | 2015 | 2014* |
|---|----------------|----------------|
| Wealth management businesses net fee and commission income | 238,661 | 217,414 |
| Funds management fees/fees for assets under management | 180,018 | 157,565 |
| Private client transactional fees | 59,566 | 61,869 |
| Fee and commission expense | (923) | (2,020) |
| Specialist Banking net fee and commission income | 223,815 | 168,115 |
| Corporate and institutional transactional and advisory services | 212,967 | 171,281 |
| Private client transactional fees | 25,014 | 29,855 |
| Fee and commission expense | (14,166) | (33,021) |
| Net fees and commission income | 462,476 | 385,529 |
| Annuity fees (net of fees payable) | 280,640 | 221,670 |
| Deal fees | 181,836 | 163,859 |

* Restated for adoption of IFRIC 21.



Investec Bank plc

Investment income

Unaudited

| For the year to 31 March £'000 | 2015 | 2014 |
|--|--------------|---------------|
| Realised | 80,377 | 53,960 |
| Unrealised | (81,131) | 34,464 |
| Dividend income | 5,861 | 10,848 |
| Funding and other net related income/(costs) | 2,194 | (781) |
| Investment income | 7,301 | 98,491 |

| For the year to 31 March £'000 | Investment portfolio (listed and unlisted equities)* | Debt securities (sovereign, bank and other) | Other asset categories | Total |
|--------------------------------------|--|---|---------------------------|---------------|
| 2015 | | | | |
| Realised | 63,395 | 8,857 | 8,125 | 80,377 |
| Unrealised | (76,853) | (14,007) | 9,729 | (81,131) |
| Dividend income | 5,861 | - | - | 5,861 |
| Funding and other net related income | - | - | 2,194 | 2,194 |
| | (7,597) | (5,150) | 20,048 | 7,301 |
| 2014 | | | | |
| Realised | 37,826 | 11,452 | 4,682 | 53,960 |
| Unrealised | 52,058 | (13,363) | (4,231) | 34,464 |
| Dividend income | 10,655 | - | 193 | 10,848 |
| Funding and other net related costs | - | - | (781) | (781) |
| | 100,539 | (1,911) | (137) | 98,491 |

* Including embedded derivatives (warrants and profit shares).



Investec Bank Plc

Restatements

The group has adopted the following new or revised standards from 1 April 2014:

IFRIC 21 'Levies'

The group has adopted IFRIC 21 'Levies' from 1 April 2014. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy and an entity does not have a constructive obligation to pay a levy that will be triggered in a future period as a result of being economically compelled to continue to operate in that future period. The new interpretation has been applied retrospectively and its application has caused the recognition date for the Financial Services Compensation Scheme levy in the UK to be changed from 31 December prior to the beginning of the relevant levy year to the following 1 April. The group has accordingly re-stated the prior periods to reflect this change.

The impact in the year to 31 March 2013 is a decrease in operating costs and other liabilities of £4.7 million and an increase in taxation on operating profit before goodwill and deferred taxation liabilities of £1.0 million. The net impact on retained income at 31 March 2014 is an increase of £2.8 million.



Investec Bank plc

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

Risk management

Unaudited

| £'000 | 31 March 2015 | 31 March 2014 |
|---|------------------|------------------|
| Loans and advances to customers as per the balance sheet | 7,035,690 | 7,752,907 |
| Add: own originated loans and advances securitised as per the balance sheet | - | 447,638 |
| Net core loans and advances to customers | 7 035 690 | 8 200 545 |

The tables below provides information with respect to the asset quality of our core loans and advances

| £'000 | 31 March 2015 | 31 March 2014 |
|--|------------------|------------------------|
| Gross core loans and advances to customers | 7,224,134 | 8,393,848 |
| Total impairments | (188,444) | (193,303) |
| Portfolio impairments | (34,182) | (16,437) |
| Specific impairments | (154,262) | (176,866) |
| Net core loans and advances to customers | 7,035,690 | 8,200,545 |
| Average gross core loans and advances to customers | 7,808,991 | 8,411,907 |
| Current loans and advances to customers | 6,707,975 | 7,659,353 [^] |
| Past due loans and advances to customers (1 - 60 days) | 73,489 | 124,033 |
| Special mention loans and advances to customers | 42,556 | 153,485 [^] |
| Default loans and advances to customers | 400,114 | 456,977 |
| Gross core loans and advances to customers | 7,224,134 | 8,393,848 |
| Current loans and advances to customers | 6,707,975 | 7,659,353 |
| Default loans that are current and not impaired | 26,785 | 21,254 [^] |
| Gross core loans and advances to customers that are past due but not impaired | 146,428 | 308,014 [^] |
| Gross core loans and advances to customers that are impaired | 342,946 | 405,227 |
| Gross core loans and advances to customers | 7,224,134 | 8,393,848 |
| Total income statement charge for core loans and advances | (90,709) | (84,327) |
| Gross default loans and advances to customers | 400,114 | 456,977 |
| Portfolio impairments | (34,182) | (16,437) |
| Specific impairments | (154,262) | (176,866) |
| Defaults net of impairments | 211,670 | 263,674 |
| Aggregate collateral and other credit enhancements | 280,697 | 297,114 |
| Net default loans and advances to customers (limited to zero) | - | - |
| Ratios: | | |
| Total impairments as a % of gross core loans and advances to customers | 2.61% | 2.30% |
| Total impairments as a % of gross default loans | 47.10% | 42.30% |
| Gross defaults as a % of gross core loans and advances to customers | 5.54% | 5.44% |
| Defaults (net of impairments) as a % of net core loans and advances to customers | 3.01% | 3.22% |
| Net defaults as a % of gross core loans and advances to customers | - | - |
| Credit loss ratio (i.e. income statement impairments charge as a % of average gross core loans and advances) | 1.16% | 1.00% |

[^] Restated.



Investec Bank plc
Capital structure and capital adequacy

Unaudited

| At 31 March | | |
|--|---------------|---------------|
| £'million** | 2015 | 2014* |
| Tier 1 capital | | |
| Shareholders' equity | 1,734 | 1,854 |
| Shareholders' equity per balance sheet | 1,800 | 1,915 |
| Foreseeable dividends | (15) | (32) |
| Deconsolidation of special purpose entities | (51) | (29) |
| Non-controlling interests | - | (3) |
| Non-controlling interests per balance sheet | 1 | (3) |
| Non-controlling interests in deconsolidated entities | (1) | |
| Regulatory adjustments to the accounting basis | (15) | (11) |
| Unrealised gains on available-for-sale equities | - | (7) |
| Additional value adjustments | (15) | (11) |
| Cash flow hedging reserve | - | 7 |
| Deductions | (394) | (480) |
| Goodwill and intangible assets net of deferred tax | (382) | (431) |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences | (8) | (38) |
| Securitisation positions | (4) | (3) |
| Connected funding of a capital nature | - | (8) |
| Common equity tier 1 capital | 1,325 | 1,360 |
| Tier 1 capital | 1,325 | 1,360 |
| Tier 2 capital | 590 | 637 |
| Tier 2 instruments | 590 | 642 |
| Phase out of non-qualifying tier 2 instruments | - | (3) |
| Non-qualifying surplus capital attributable to non-controlling interests | - | (2) |
| Total regulatory capital | 1,915 | 1,997 |
| Risk-weighted assets | 10,967 | 12,668 |
| Capital ratios | | |
| Common equity tier 1 ratio | 12.1% | 10.7% |
| Tier 1 ratio | 12.1% | 10.7% |
| Total capital ratio | 17.5% | 15.8% |
| Capital requirements | 878 | 1,014 |
| Credit risk - prescribed standardised exposure classes | 634 | 787 |
| Corporates | 285 | 294 |
| Secured on real estate property | 133 | 154 |
| Retail | 36 | 102 |
| Institutions | 33 | 38 |
| Other exposure classes | 136 | 189 |
| Securitisation exposures | 11 | 10 |
| Equity risk - standardised approach | 11 | 21 |
| Listed equities | 4 | 5 |
| Unlisted equities | 7 | 16 |
| Counterparty credit risk | 35 | 22 |
| Credit valuation adjustment risk | 4 | 16 |
| Market risk | 71 | 52 |
| Interest rate | 26 | 21 |
| Foreign exchange | 17 | 5 |
| Securities underwriting | - | 1 |
| Equities | 23 | 22 |
| Options | 5 | 3 |
| Operational risk - standardised approach | 123 | 116 |
| Risk-weighted assets (banking and trading) | 10,967 | 12,668 |
| Credit risk - prescribed standardised exposure classes | 7,923 | 9,844 |
| Corporates | 3,561 | 3,683 |
| Secured on real estate property | 1,657 | 1,923 |
| Retail | 450 | 1,278 |
| Institutions | 410 | 473 |
| Other exposure classes | 1,704 | 2,364 |
| Securitisation exposures | 141 | 123 |
| Equity risk - standardised approach | 140 | 267 |
| Listed equities | 52 | 62 |
| Unlisted equities | 88 | 205 |
| Counterparty credit risk | 436 | 271 |
| Credit valuation adjustment risk | 47 | 194 |
| Market risk | 888 | 648 |
| Interest rate | 328 | 262 |
| Foreign exchange | 212 | 57 |
| Securities underwriting | - | 13 |
| Equities | 291 | 276 |
| Options | 57 | 40 |
| Operational risk - standardised approach | 1,533 | 1,444 |

*The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.

**The capital adequacy disclosures for Investec Bank plc include the deduction of foreseeable dividends when calculating common equity tier 1 (CET1) capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. These disclosures are different to the capital adequacy disclosures included in the 2015 integrated annual report of the Investec group, which follows our normal basis of calculation and do not include deduction of foreseeable dividends when calculating CET1 capital. Investec Bank plc's CET1 ratio would be 10bps (31 March 2014: 30bps) higher on this basis.

Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

The full set of annual financial statements will be available on 30 June 2015

