Out of the Ordinary®

<sup>(+)</sup>Investec

# 20**16**

## INVESTEC BANK LIMITED (a subsidiary of Investec Limited)

Unaudited condensed consolidated financial information for the year ended 31 March 2016

IFRS – Rand



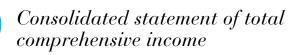




For the year to 31 March	2016	2015	% change
Total operating income before impairment losses on loans and advances (R'million)	10 388	8 946	16.1%
Operating costs (R'million)	5 537	4 818	14.9%
Profit before taxation (R'million)	4 295	3 673	16.9%
Headline earnings attributable to ordinary shareholders (R'million)	3 449	3 014	14.4%
Cost to income ratio	53.3%	53.9%	
Total capital resources (including subordinated liabilities) (R'million)	42 597	39 348	8.3%
Total shareholders equity (R'million)	31 865	28 899	10.3%
Total assets (R'million)	405 629	332 706	21.9%
Net core loans and advances (R'million)	215 239	177 528	21.2%
Customer accounts (deposits) (R'million)	279 736	221 377	26.4%
Cash and near cash balances (R'million)	124 907	88 691	40.8%
Capital adequacy ratio	14.6%	15.4%	
Tier 1 ratio	11.0%	11.4%	
Common equity tier 1 ratio	10.6%	11.0%	
Leverage ratio	7.3%	8.3%	
Defaults (net of impairments) as a % of net core loans and advances	1.06%	1.46%	
Credit loss ratio (i.e. income statement impairment charge as a % of average core			
loans and advances)	0.26%	0.29%	
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	12.6x	11.4x	
Loans and advances to customers: customer accounts (deposits)	74.1%	78.1%	

#### For the year to 31 March B'million

R'million	2016	2015
Interest income	23 515	19 587
Interest expense	(16 803)	(14 066)
Net interest income	6 712	5 521
Fee and commission income	1 945	1 661
Fee and commission expense	(207)	(207)
Investment income	1 356	1 420
Trading income arising from		
- customer flow	293	290
<ul> <li>balance sheet management and other trading activities</li> </ul>	298	260
Other operating (loss)/income	(9)	1
Total operating income before impairment losses on loans and advances	10 388	8 946
Impairment losses on loans and advances	(517)	(455)
Operating income	9 871	8 491
Operating costs	(5 537)	(4 818)
Operating profit before acquired intangibles	4 334	3 673
Amortisation of acquired intangibles	(39)	-
Profit before taxation	4 295	3 673
Taxation on operating profit before acquired intangibles	(831)	(545)
Taxation on acquired intangibles	11	-
Profit after taxation	3 475	3 128



#### For the year to 31 March R'million

R'million	2016	2015
Profit after taxation	3 475	3 128
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*	(699)	(619)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	(717)	322
Gain on realisation of available-for-sale assets recycled through the income statement*	(13)	
Foreign currency adjustments on translating foreign operations	1 040	602
Total comprehensive income	3 086	3 433
Total comprehensive income attributable to ordinary shareholders	2 966	3 319
Total comprehensive income attributable to perpetual preference shareholders	120	114
Total comprehensive income	3 086	3 433

\* These amounts are net of taxation of R515.3 million (2015: R101.6 million).



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## For the year to 31 March

R'million	2016	2015
Profit after taxation	3 475	3 128
Preference dividends paid	(120)	(114)
Earnings attributable to ordinary shareholders	3 355	3 014
Headline adjustments, net of taxation*	94	-
Gain on realisation of available-for-sale assets recycled		
through the income statement	(13)	_
Write down of non-current assets classified as held-for-sale	107	_
Headline earnings attributable to ordinary shareholders	3 449	3 014

\* These amounts are net of taxation of R19.3 million (2015: Rnil).

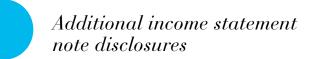
## Consolidated balance sheet

#### At 31 March **R**'million

Loans and advances to banks28 77933 422Non-severign and non-bark cash placements98810 095Severeign debt securities13 36817 322Bank dott securities13 36817 322Other dott securities12 76112 749Severeign dott securities15 84315 178Securities inancial instruments15 84315 178Securities inancial instruments6 3609 922Leans and advances to customers207 272172 933Our originated loans and advances to customers securitised7 9 674 555Other loans and advances to customers securitised3 3674 422Other securities assets3 6681 2621282Interest in associated undertakings5 14 56001618Defered taxation assets3 6681 2621922Interest in associated undertakings5 14 5600160Defered taxation assets3 6681 2621922Interglibe assets5 14 56003288100Codokil171722Interglibe assets53 456003288100Labities5 24 5100128229706Labities13 424124 01128163Deporties by banks53 42 51501633Deporties by banks53 42 229706221 377Deporties by banks7 96555 711485Customer accounts (deporties)7 6655 71163 <t< th=""><th>At 31 March R'million</th><th>2016</th><th>2015</th></t<>	At 31 March R'million	2016	2015
Non-sovereign and non-bank cash placements9 85810 540Reverse repurchase agreements and cash collateral on securities borrowed88 91210 095Sovereign data scartifies13 96817 332Bank debt securities13 96817 332Other debt securities15 84315 178Securities arising from trading activities9921299Investment portolio6 3609972Leans and advances to customers200 72717 2933Other isourises to customers200 72117 455Other isourises to customers200 72117 455Other sourities dassits11 5618Interest in associated undertakings5 145600Deferred taxation assets3 6661 262Other assats3 6661 262112Interest in associated undertakings5 1460308Deferred taxation assets3 6661 262Non-current assets classified as held for saleCustomer accounts (deposits)2 7872 29792Derivet infancibilities31 4051 656Customer accounts (deposits)7 6655 171Derivet insauch labilities16 91616 566Customer accounts (deposits)7 6655 171Derivet insauch labilities36 30229 338Non-current assets classified as held for sale1 2276Customer accounts (deposits)2 17276Derivet insauch labilities3 2022 1371Deferred taxation iabilities<	Cash and balances at central banks	7 801	6 261
Reverse repurchase agreements and cash collateral on securities borrowed         38 912         10 095           Soverigin debt securities         13 926         13 78           Bark debt securities         12 761         12 749           Derivative financial instruments         15 843         15 178           Socurities aring from tracing activities         9922         12 293           Investment portfolio         6 360         9 972           Loans and advances to customers         207 272         17 2933           Own originated loans and advances to customers securitised         367         4 4 22           Other loans and advances to customers securitised         366         1 126           Other loans and advances to customers securitised         366         1 126           Other securitised assets         11 16         88           Other securitised assets         11 16         88           Other assets         366         1 122           Inargibia assets         5 460         3 268           Other assets         5 460         3 268           Other assets         5 460         3 268           Deporting and advances         5 460         3 268           Other assets         5 460         3 268           D	Loans and advances to banks	26 779	33 422
Sovereign debt securities11 32531 378Bank debt securities13 90817 332Other debt securities12 76112 749Derivative financial instruments15 84315 178Securities arising from trading activities6 3009 922Loans and advances to customers207 272172 993Own originated lears and advances to customers securitised7 9674 535Other loans and advances to customers securitised3677 472Other securitised assets316618Interest in associated undertakings5145601Defered taxation assets31661 262Property and aquipment2361 122Instruments31 6602266Optimated lears and advances3 6661 262Property and aquipment2361 122Interstine trapporties1 1 803 266Non-current assets classified as held for sale- 7 322Decolution to group companies5 44003 268Non-current assets classified as held for sale- 7 322Derivative financial instruments13 42412 401Duher trading labilities1 4051 625Customar accounts (deposits)27 973622 1377Decivative financial instruments1 26 765 171Debet securities in issue3 6061 185Customar accounts (deposits)2 765 517Delemed taxation liabilities1 0 731 043Current taxation liabilities1 0 731 043	Non-sovereign and non-bank cash placements	9 858	10 540
Bank debt securities         13 968         17 332           Other debt securities         12 761         12 761           Dire debt securities         15 843         15 178           Securities arising from trading activities         902         1289           Lans and advances to customers         207 22         172 993           Own originated leans and advances to customers securitised         7 967         4 535           Other securitised assets         367         472           Other securitised assets         31 666         168           Other associated undertakings         5 145         608           Other associated undertakings         3 656         1 48           Other associated undertakings         3 656         1 48           Other associated undertakings         3 656         1 48           Other assets         3 656         1 48           Other assets         3 656         1 48           Other assets         5 460         3 288           Non-current assets classified as held for sale	Reverse repurchase agreements and cash collateral on securities borrowed	38 912	10 095
Other debt securities12 76112 749Derivative financial instruments15 84315 178Securities arising from trading activities99212 89Lans and advances to customers207 272172 993Own originated loans and advances to customers securitised7 9674 535Other loans and advances to customers securitised316618Other securitised assets1115618Interest in associated undertakings5 145600Other assets3 6661 262Property and equipment3 3 6661 262Property and equipment3 3 6661 262Property and equipment5 4603 2 68Insettment properties1 1800Goodwill1711-Intrage to group companies5 4603 2 68Succours assets-732Derivative financial instruments13 42412 401Other asset classified as held for sale-732Derivative financial instruments1 4051 6256Customer accourts (deposits)279 792279 792Derivative financial instruments1 4051 6256Customer accourts (deposits)279 792279 792Derivative financial instruments1 6181 6556Customer accourts (deposits)279 793221 377Det securitisation of own originated loans and advances8091 089Current taxation liabilities5 0423 741Definer dusation liabilities5 0423 741 <td>Sovereign debt securities</td> <td>41 325</td> <td>31 378</td>	Sovereign debt securities	41 325	31 378
Derivative financial instruments15 84315 178Securities arising from trading activities9921 289Jones and advances to customers207 272172 993Own originated leans and advances to customers securitised7 9674 555Other leans and advances3156618Interest in associated undertakings5 145600Defered taxation assets3 6661 262Property and equipment3 6661 262Property and equipment3 6661 262Property and equipment3 6661 262Rooter assets3 6561 262Property and equipment5 146600Labilities5 145600Labilities5 1463 268Non-current assets classified as held for sale7 9674 27 972Labilities1 3 42412 401Customer accounts (deposits)27 97 736221 377Deb securities in issue6 6171 1 66Deferred taxation labilities6 6171 1 66Customer accounts (deposits)27 97 736221 377Deb securities in issue6 6171 1 166Deferred taxation labilities6 0171 1 166Deferred taxation labilities5 0403 28 388Subordinated liabilities5 0423 24 372Customer accounts (deposits)27 97 36525 37 36Customer accounts (deposits)6 0171 1 166Deferred taxation labilities5 0423 24 372Subordinated liabilities5	Bank debt securities	13 968	17 332
Securities arising from trading activities         992         1 289           Investment portfolio         6 380         9 972           Loans and advances to customers securitised         207 272         172 993           Own originated loans and advances to customers securitised         367         4722           Other securitised assets         3167         4722           Other securitised assets         3167         4722           Defered taxation assets         3116         888           Other securitised assets         3116         888           Other asset         3666         1 262           Property and equipment         3666         1262           Investment properties         1         80           Goodwil         171         -           Intangible assets         5 460         3 288           Non-current assets classified as held for sale         -         732           Deposits by banks         37 242         29 792           Derivative financial instruments         13 424         12 2017           Debosits by banks         37 242         29 792           Derivative financial instruments         14 405         16 556           Customer accounts (deposits)         279 736         22	Other debt securities	12 761	12 749
Investment portioio         6 360         9 972           Lans and advances to customers         207 272         172 993           Own originated loans and advances to customers securitised         3 67         4 535           Other toans and advances         3 67         4 535           Other socuritised assets         1115         618           Interest in associated undertakings         5 145         600           Deferred taxation assets         3 666         1 262           Property and equipment         2 336         112           Investment properties         1 1         800           Cocodwil         1 71         -           Intangible assets         5 240         1900           Loans to group companies         5 460         3 288           Non-current assets classified as held for sale         -         732 2706           Libilities         1 405 623         332 2706           Libilities         1 405 1 623         322 706           Libilities         1 405 1 623         322 706           Libilities         1 405 1 623         322 706           Libilities         1 405 1 623         166 16 556           Dervistue financial instruments         1 405 1 623         16 322	Derivative financial instruments	15 843	15 178
Loans and advances to customers207 272172 993Own originated loans and advances to customers securitised7 9674 535Other loans and advances367472Other securitised assets115618Interest in associated undertakings5 145600Defered taxation assets3 6661 262Property and equipment2 3661 262Property and equipment2 361 92Interastis5 145600Goodwill1 180Loans to group companies5 4403 268Non-ourent assets classified as held for sale-7 32Deprivative financial instruments37 24229 792Derivative financial instruments37 24229 792Derivative financial instruments1 405623Outher taxation liabilities1 405623Derivative financial instruments37 24229 792Derivative financial instruments1 6 9161 6 556Customer accounts (deposits)277 736221 377Debt socuties in issue7 6655 517Liabilities1 0 4031 0 69Current taxation liabilities5 0423 741Defer datation liabilities5 0423 741Current taxation liabilities5 0423 741Defer datation liabilities5 0423 741Current taxation liabilities5 0423 741Defer datation liabilities5 0423 741Current taxation liabilities5 0423 741 </td <td>Securities arising from trading activities</td> <td>992</td> <td>1 289</td>	Securities arising from trading activities	992	1 289
Own originated loans and advances to customers securitised7 9674 535Other leans and advances367472Other securitised assets116618Interest in associated undertakings11688Other assets3 6561282Properly and equipment236118Investment properties1180Goodwill1771-Intrastifie assets52453268Non-current assets classified as held for sale-732Ibilities37 24229 792Deposits by banks37 24229 792Derivative financial instruments13 42412 401Other tracting liabilities14 0556566Repurchase agreements and cash collateral on securities lent16 36Customer accourts (deposits)7 7 6655 517Debt securities in issue7 7 6655 517Debt securities in issue5 04030 303 307Current taxation liabilities5 04237 41Ordinary share capital5 04237 41Debt securities in issue7 6655 517Debt securities in issue5 04237 41Current taxation liabilities5 04230 303 307Current taxation liabilities5 04233 21 74Deferred taxation liabilities5 0423 31 41Current taxation liabilities5 0423 31 41Current taxation liabilities5 0423 7 41Current taxation liabilities5 0423 31 41Current	Investment portfolio	6 360	9 972
Other lears and advances         367         472           Other securitised assets         115         618           Interest in associated undertakings         5145         600           Deferred taxation assets         3166         1262           Property and equipment         2366         1262           Property and equipment         2366         1262           Investment properties         1         1         80           Goodwill         171         -           Intargible assets         524         190           Loans to group companies         5460         3268           Non-current assets classified as held for sale         -         732           Deposits by banks         37 242         29 792           Derivative financial instruments         13 424         12 401           Other tracing liabilities         14 055         16 23           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Current taxation liabilities         14 095         16 23           Detoration liabilities         363 032         223 376           Current taxation liabilities         10 732         741           Defered taxation liabilities         10 649	Loans and advances to customers	207 272	172 993
Other securitised assets115618Interest in associated undertakings514560Deferred taxation assets31661282Properly and equipment2361192Investment properties1180Goodwill171-Inangible assets54603268Non-current assets classified as held for sale-732Labilities37 24229 792Deposits by banks37 24229 792Derivative financial instruments13 42412 401Other taxing liabilities11 40516 505Customer accounts (deposits)279 736221 377Debt securities in issue7 6655 5171Liabilities arising on securities lent61 61 656Current taxation liabilities67 11 186Deferred taxation liabilities5 0423 741Subordinated liabilities5 0423 741Define requires no securities and cash collateral on securities lent60 110 333 007Current taxation liabilities5 0423 74130 307Det securities in issue5 0423 74130 3007Equipher capital5 0423 30 30730 307Equipher capital14 88514 88514 885Subordinated liabilities14 88514 88514 885Deriver seves6667047665764Current taxation liabilities16 382313 21831 328Driver seves16 6667047665764 <td>Own originated loans and advances to customers securitised</td> <td>7 967</td> <td>4 535</td>	Own originated loans and advances to customers securitised	7 967	4 535
Interest in associated undertakings         5 145         60           Deferred taxation assets         1116         88           Other assets         3 656         1 262           Properly and equipment         236         192           Investment properties         1         80           Goodwill         171         -           Intangible assets         5 460         3 268           Non-current assets classified as held for sale         -         732           Deposits by banks         3 7 242         29 792           Derivative financial instruments         11 425         1423           Other tracing labilities         1 405         16 23           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Outher tracing labilities         1 405         16 23           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Curstomer accounts (deposits)         279 736         221 377           Debt securities in issue         16 916         16 856           Deferred taxation liabilities         671         1 186           Deferred taxation liabilities         3 242         3 243           Subordinated liabilities	Other loans and advances	367	472
Deferred taxation assets         116         88           Other assets         3 666         1 262           Property and equipment         236         192           Investment properties         11         80           Goodwill         171         -           Intangible assets         524         190           Loans to group companies         5460         3 268           Non-current assets classified as held for sale         -         732           Deposits by banks         37 242         29 792           Derivative financial instruments         31 3424         12 401           Other racing liabilities         116 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         16 916         16 556           Current taxation liabilities         36 302         239 328           Debt reactinities in issue         36 302         239 3352           Debt reactinities in issue         36 302         239 326           Current taxation liabilities         67 1186         16 566           Deferred taxation liabilities         36 302         239 356           Subordinated liabilities         36 302         373 764         303	Other securitised assets	115	618
Other assets3 6561 282Property and equipment236192Investment properties180Goodwill171171Inangible assets524190Laans to group companies5 4603 288Non-current assets classified as held for sale-732 <b>100100</b> 3 29932 706Deposits by banks37 24229 792Derivative financial instruments11 3 42412 401Other trading liabilities11 4051 623Repurchase agreements and cash collateral on securities lent16 91616 556Customer accounts (deposits)279 765221 377Debt securities in issue7 6655 517Liabilities arising on securitisation of own originated loans and advances8091 186Defered taxation liabilities6711 186Defered taxation liabilities5 4023 741Subordinated liabilities3 3 63 032293 358Subordinated liabilities3 3 6073 3 2Equity3 3 6073 3 2Equity14 48514 485Other reserves5 666764Retained income5 68764Retained income16 38213 218Other neavers5 666764Retained income16 38213 218Other neavers5 666764Retained income16 38213 218Other neavers5 666764Retained income16 38213 218<	Interest in associated undertakings	5 145	60
Property and equipment         236         923           Investment properties         1         80           Goodwill         171         -           Intangible assets         524         190           Loans to group companies         524         190           Non-current assets classified as held for sale         -         732           Deposits by banks         37 242         29 792           Derivative financial instruments         13 324         12 401           Other trading liabilities         14 05         16 23           Repurchase agreements and cash collateral on securities lent         16 916         16 555           Customer accounts (deposits)         279 736         221 377           Deber securities in issue         7 665         5 517           Liabilities         18 916         16 556           Current taxation liabilities         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         10 89           Other liabilities         363 032         293 358           Subordinated liabilities         5 042         3 741           Defered taxation liabilities         10 732         10 449           Current taxation liabilities	Deferred taxation assets	116	88
Investment properties Goodwill	Other assets	3 656	1 262
Goodwill         1171         -           Intangible assets         524         190           Loans to group companies         5460         3268           Non-current assets classified as held for sale         -         732           Iabilities         -         405 629         322 702           Deposits by banks         37 242         29 792           Derivative financial instruments         13 424         12 401           Other trading liabilities         14 05         16 23           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         6671         11 186           Deferred taxation liabilities         671         11 86           Deferred taxation liabilities         5 042         3741           Subordinated liabilities         5 042         3741           Other liabilities         303 807         293 358           Subordinated liabilities         303 807         303 807           Current taxation liabilities         32 32         32           Subordinated liabilities         32 374         373 364         303 807           Current taxation l	Property and equipment	236	192
Goodwill         1171         -           Intangible assets         524         190           Loans to group companies         5 460         3 268           Non-current assets classified as held for sale         -         732           Labilities         -         600 629         3322 706           Deposits by banks         37 242         29 792           Derivative financial instruments         13 424         12 401           Other trading liabilities         14 05         1 623           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         671         1 186           Deferred taxation liabilities         671         1 186           Deferred taxation liabilities         5 042         373 764           Subordinated liabilities         5 042         373 376           Other liabilities         303 807         293 358           Subordinated liabilities         30 30 30 20         303 807           Cequity         32         32         32           Ordinary share capital         32         32         32           Share premium	Investment properties	1	80
Loars to group companies         5 460         3 268           Non-current assets classified as held for sale         -         732 <b>405 629 332 706</b> Liabilities         37 242         29 792           Deposits by banks         37 742         29 792           Derivative financial instruments         11 405         16 233           Repurchase agreements and cash collateral on securities lent         16 616         16 656           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         1 089           Current taxation liabilities         6 71         1 1 86           Deferred taxation liabilities         363 032         293 358           Subordinated liabilities         10 732         10 449           Ordinary share capital         32         32           Share premium         31 865         14 885           Other reserves         5 666         764           Retained income         16 382         13 218           Chereserves         5 666         764	Goodwill	171	_
Loars to group companies         5 460         3 268           Non-current assets classified as held for sale         -         732 <b>405 629 332 706</b> Liabilities         37 242         29 792           Deposits by banks         37 742         29 792           Derivative financial instruments         11 405         16 233           Repurchase agreements and cash collateral on securities lent         16 616         16 656           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         1 089           Current taxation liabilities         6 71         1 1 86           Deferred taxation liabilities         363 032         293 358           Subordinated liabilities         10 732         10 449           Ordinary share capital         32         32           Share premium         31 865         14 885           Other reserves         5 666         764           Retained income         16 382         13 218           Chereserves         5 666         764	Intangible assets	524	190
Non-current assets classified as held for sale         732           405 629         332 706           Liabilities         732           Deposits by banks         37 242         29 792           Derivative financial instruments         11 3 424         12 401           Other tracking liabilities         11 405         1 6 23           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         8009         10 892           Current taxation liabilities         6 671         1 1 86           Deferred taxation liabilities         5 042         3 741           Subordinated liabilities         10 732         10 449           To dinary share capital         34 24         34 285           Other reserves         36 03 32         293 358           Other reserves         34 24         34 285           Other reserves         34 28         34 285           Subordinated liabilities         14 885         14 885           Other reserves         36 03 22         32 32		5 460	3 268
LiabilitiesImage: state	Non-current assets classified as held for sale	-	732
Deposits by banks         37 242         29 792           Derivative financial instruments         13 424         12 401           Other trading liabilities         1 405         1 623           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         1 089           Current taxation liabilities         671         1 1 86           Deferred taxation liabilities         5 042         3 741           Subordinated liabilities         10 732         10 449           Other liabilities         10 732         10 449           Other liabilities         3 3 2         32           Subordinated liabilities         10 732         10 449           Ordinary share capital         3 3 2         32           Share premium         3 4 2         3 2 32           Share premium         14 885         14 885           Other reserves         5 666         7 64           Retained income         5 666         7 64           Retained income         16 382		405 629	332 706
Derivative financial instruments         13 424         12 401           Other trading liabilities         1 405         1 623           Repurchase agreements and cash collateral on securities lent         16 916         16 556           Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         1 089           Current taxation liabilities         671         1 1 86           Deferred taxation liabilities         5 042         3 741           Subordinated liabilities         10 732         10 449           Ordinary share capital         32         32           Share premium         3485         14 885           Other reserves         5 666         764           Retained income         5 642         3 213	Liabilities		
Other trading liabilities       1 405       1 623         Repurchase agreements and cash collateral on securities lent       1 6 916       16 556         Customer accounts (deposits)       279 736       221 377         Debt securities in issue       7 665       5 517         Liabilities arising on securitisation of own originated loans and advances       809       1 089         Current taxation liabilities       671       1 186         Deferred taxation liabilities       5 042       3 741         Other liabilities       5 042       3 741         Subordinated liabilities       10 732       10 449         Ordinary share capital       32       32         Share premium       31 4 85       14 885         Other reserves       5 666       764         Retained income       5 662       16 48         Totage addition       16 382       13 218         Totage addition       16 382       13 218	Deposits by banks	37 242	29 792
Repurchase agreements and cash collateral on securities lent       16 916       16 56         Customer accounts (deposits)       279 736       221 377         Debt securities in issue       7 665       5 517         Liabilities arising on securitisation of own originated loans and advances       809       1 089         Current taxation liabilities       671       1 186         Deferred taxation liabilities       5 042       3 741         Other liabilities       5 042       3 741         Subordinated liabilities       10 732       10 449         Tequity       363 032       232         Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218	Derivative financial instruments	13 424	12 401
Customer accounts (deposits)         279 736         221 377           Debt securities in issue         7 665         5 517           Liabilities arising on securitisation of own originated loans and advances         809         1 089           Current taxation liabilities         671         1 186           Deferred taxation liabilities         5 042         3 741           Other liabilities         5 042         3 741           Subordinated liabilities         10 732         10 449           Total equity         373 764         303 807           Other reserves         366         764           Retained income         16 382         13 218           Total equity         31 865         28 899	Other trading liabilities	1 405	1 623
Debt securities in issue       7 665       5 517         Liabilities arising on securitisation of own originated loans and advances       809       1 089         Current taxation liabilities       671       1 1 186         Deferred taxation liabilities       122       76         Other liabilities       5 042       3 741         Subordinated liabilities       10 732       10 449         Ordinary share capital       32       303 807         Equity       3485       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Repurchase agreements and cash collateral on securities lent	16 916	16 556
Liabilities arising on securitisation of own originated loans and advances       809       1 089         Current taxation liabilities       671       1 186         Deferred taxation liabilities       122       76         Other liabilities       5 042       3 741         Subordinated liabilities       10 732       10 449         Subordinated liabilities       10 732       10 449         Subordinated liabilities       10 732       303 807         Equity       373 764       303 807         Ordinary share capital       32       32         Share premium       34       34         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Customer accounts (deposits)	279 736	221 377
Current taxation liabilities       671       1 186         Deferred taxation liabilities       122       76         Other liabilities       5 042       3 741         363 032       293 358         Subordinated liabilities       10 732       10 449         Greinery       373 764       303 807         Equity       32       32         Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Debt securities in issue	7 665	5 517
Deferred taxation liabilities       122       76         Other liabilities       5 042       3 741         363 032       293 358         Subordinated liabilities       10 732       10 449         6000000000000000000000000000000000000	Liabilities arising on securitisation of own originated loans and advances	809	1 089
Other liabilities       5 042       3 741         363 032       293 358         Subordinated liabilities       10 732       10 449         373 764       303 807         Equity       373 764       303 807         Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Current taxation liabilities	671	1 186
363 032         293 358           Subordinated liabilities         10 732         10 449           373 764         303 807           Equity         32         32           Ordinary share capital         32         32           Share premium         14 885         14 885           Other reserves         566         764           Retained income         16 382         13 218           Total equity         31 865         28 899	Deferred taxation liabilities	122	76
Subordinated liabilities       10 732       10 449         373 764       303 807         Equity       32       32         Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Other liabilities	5 042	3 741
Equity       373 764       303 807         Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899		363 032	293 358
Equity         Image: state capital         32         3	Subordinated liabilities	10 732	10 449
Ordinary share capital       32       32         Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899		373 764	303 807
Share premium       14 885       14 885         Other reserves       566       764         Retained income       16 382       13 218         Total equity       31 865       28 899	Equity		
Other reserves     566     764       Retained income     16 382     13 218       Total equity     31 865     28 899	Ordinary share capital		
Retained income         16 382         13 218           Total equity         31 865         28 899	Share premium	14 885	14 885
Total equity 31 865 28 899	Other reserves	566	
	Retained income	16 382	13 218
Total liabilities and equity405 629332 706	Total equity	31 865	28 899
	Total liabilities and equity	405 629	332 706



For the year to March		
R'million	2016	2015
Balance at the beginning of the year	28 899	25 601
Total comprehensive income	3 086	3 433
Dividends paid to ordinary shareholders	-	(21)
Dividends paid to perpetual preference shareholders	(120)	(114)
Balance at the end of the year	31 865	28 899



## Net interest income

		2016		2015	
For the year to 31 March R'million	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	138 643	5 787	109 028	4 768
Core loans and advances	2	215 239	16 860	177 528	14 091
Private client		142 151	11 118	116 382	9 071
Corporate, institutional and other clients		73 088	5 742	61 146	5 020
Other debt securities and other loans and advances		13 128	610	13 221	411
Other interest-earning assets	3	5 575	258	3 886	317
Total interest-earning assets		372 585	23 515	303 663	19 587

		2016		2015	
For the year to 31 March R'million	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense
Deposits by banks and other debt-related securities	4	61 823	(1 351)	51 865	(642)
Customer accounts (deposits)		279 736	(14 565)	221 377	(12 613)
Other interest-bearing liabilities	5	809	(98)	1 089	(35)
Subordinated liabilities		10 732	(789)	10 449	(776)
Total interest-bearing liabilities		353 100	(16 803)	284 780	(14 066)
Net interest income			6 712		5 521

Notes:

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and collateral on securities borrowed; sovereign debt securities; bank debt securities.

2. Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.

3. Comprises (as per the balance sheet) other securitised assets; loans to group companies.

4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.

5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advances.

## Additional income statement note disclosures



(continued)

## Net fee and commission income

For the year to 31 March R'million	2016	2015
Corporate and institutional transactional and advisory services	1 305	1 076
Private client transactional fees	640	585
Fee and commission income	1 945	1 661
Fee and commission expense	(207)	(207)
Net fee and commission income	1 738	1 454
Annuity fees (net of fees payable) Deal fees	986 752	

## **Investment income**

For the year to 31 March R'million	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
2016					
Realised	3 869	63	60	19	4 011
Unrealised	(2 664)	-	(60)	1	(2 723)
Dividend income	385	-	-	-	385
Funding cost and other net related costs	(316)	-	-	(1)	(317)
	1 274	63	-	19	1 356
2015					
Realised	669	68	_	34	771
Unrealised	394	(8)	-	6	392
Dividend income	511	-	-	-	511
Funding cost and other net related costs	(253)	-	-	(1)	(254)
	1 321	60	-	39	1 420

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

## Analysis of assets and liabilities by measurement basis

At 31 March 2016 R'million	Total instruments at fair value	Total instruments at amortised cost	Non-financial instruments	Total
Assets				
Cash and balances at central banks	_	7 801	_	7 801
Loans and advances to banks	_	26 779	_	26 779
Non-sovereign and non-bank cash placements	3	9 855	_	9 858
Reverse repurchase agreements and cash collateral on securities borrowed	24 155	14 757	_	38 912
Sovereign debt securities	37 607	3 718	_	41 325
Bank debt securities	6 104	7 864	_	13 968
Other debt securities	10 532	2 229	_	12 761
Derivative financial instruments	15 843	-	_	15 843
Securities arising from trading activities	992	-	_	992
Investment portfolio	6 360	-	_	6 360
Loans and advances to customers	12 241	195 031	_	207 272
Own originated loans and advances to customers securitised	-	7 967	_	7 967
Other loans and advances	-	367	_	367
Other securitised assets	-	115	_	115
Interests in associated undertakings	-	-	5 145	5 145
Deferred taxation assets	-	-	116	116
Other assets	324	2 500	832	3 656
Property and equipment	-	-	236	236
Investment properties	_	_	1	1
Goodwill	-	-	171	171
Intangible assets	-	-	524	524
Loans to group companies	-	5 460	-	5 460
	114 161	284 443	7 025	405 629
Liabilities				
Deposits by banks	-	37 242	-	37 242
Derivative financial instruments	13 424	-	-	13 424
Other trading liabilities	1 405	-	-	1 405
Repurchase agreements and cash collateral on securities lent	2 509	14 407	-	16 916
Customer accounts (deposits)	12 059	267 677	-	279 736
Debt securities in issue	5 080	2 585	-	7 665
Liabilities arising on securitisation of own originated loans and advances	-	809	-	809
Current taxation liabilities	-	-	671	671
Deferred taxation liabilities	-	-	122	122
Other liabilities	680	1 233	3 129	5 042
Subordinated liabilities	-	10 732	-	10 732
	35 157	334 685	3 922	373 764



## Financial instruments carried at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

		Fair value category		
At 31 March 2016 R'million	Total instruments at fair value	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	3	_	3	-
Reverse repurchase agreements and cash collateral on securities borrowed	24 155	_	24 155	_
Sovereign debt securities	37 607	37 607	-	-
Bank debt securities	6 104	4 429	1 675	-
Other debt securities	10 532	10 532	-	-
Derivative financial instruments	15 843	-	15 833	10
Securities arising from trading activities	992	992	_	-
Investment portfolio	6 360	3 287	503	2 570
Loans and advances to customers	12 241	-	12 241	-
Other assets	324	324	-	-
	114 161	57 171	54 410	2 580
Liabilities				
Derivative financial instruments	13 424	-	13 424	-
Other trading liabilities	1 405	576	829	-
Repurchase agreements and cash collateral on securities lent	2 509	-	2 509	-
Customer accounts (deposits)	12 059	-	12 059	-
Debt securities in issue	5 080		5 080	-
Other liabilities	680	-	680	-
	35 157	576	34 581	-
Net assets	79 004	56 595	19 829	2 580

#### TRANSFERS BETWEEN LEVEL 1 AND LEVEL 2

There were no transfers between level 1 and level 2 in the current year.



## **LEVEL 3 INSTRUMENTS**

The following table shows a reconciliation of the opening balances to the closing balances for level 3 financial instruments. All instruments are at fair value through profit or loss.

R'million	2016
Balance at 1 April 2015	6 509
Total gains included in the income statement	761
Purchases	483
Sales	(5 379)
Issues	70
Settlements	(397)
Transfers into level 3	103
Transfers out of level 3	332
Foreign exchange adjustments	98
Balance at 31 March 2016	2 580

For the year ended 31 March 2016, R103.3 million has been transferred into level 3 from level 2 as a result of the inputs to the valuation methods becoming unobservable in the market. R331.9 million related to instruments transferred from level 3 to level 2 as a result of inputs to the valuation method becoming more observable.

The following table quantifies the gains or (losses) included in the income statement recognised on level 3 financial instruments:

#### For the year to 31 March 2016

R'million	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the year			
Investment income	739	3 450	(2 711)
Trading income arising from customer flow	22	22	-
	761	3 472	(2 711)

# SENSITIVITY OF FAIR VALUES TO REASONABLY POSSIBLE ALTERNATIVE ASSUMPTIONS BY LEVEL 3 INSTRUMENT TYPE

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

						n the income ement
At 31 March 2016	Level 3 balance sheet value	Valuation method	Significant unobservable input changed	Range which unobservable input has been changed	Favourable changes R'million	Unfavourable changes R'million
Assets						
Derivative financial instruments	10				1	(1)
		Price multiple	Net asset value	(10%) – 10%	1	(1)
Investment portfolio	2 570				399	(327)
		Price earnings	Change in PE multiple	*	102	(79)
		Other	Various	**	297	(248)
Total	2 580				400	(328)

\* The price-earnings multiple has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

\*\* These valuation sensitivities have been determined individually using varying scenario-based techniques to obtain the favourable and unfavourable valuations.

In determining the value of level 3 financial instruments, the following is a principal input that can require judgement:

#### PRICE-EARNINGS MULTIPLE

The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

## Additional IAS 34 disclosures



(continued)

### MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT LEVEL 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main assumptions
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curve
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Yield curve
	Black-Scholes	Volatilities
Bank debt securities		Yield curve
	Discounted cash flow model	
Derivative financial instruments	Discounted cash flow model	Yield curve
	Black-Scholes	Volatilities
Securities arising from trading activities	Discounted cash flow model	Yield curve
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Yield curve
Liabilities		
Derivative financial instruments	Discounted cash flow model	Yield curve
	Black-Scholes	Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Debt securities in issue	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve

## Fair value of financial assets and liabilities at amortised cost

At 31 March 2016 R'million	Carrying amount	Fair value
Assets		
Cash and balances at central banks	7 801	7 801
Loans and advances to banks	26 779	26 779
Non-sovereign and non-bank cash placements	9 855	9 855
Reverse repurchase agreements and cash collateral on securities borrowed	14 757	14 757
Sovereign debt securities	3 718	3 798
Bank debt securities	7 864	8 778
Other debt securities	2 229	2 247
Loans and advances to customers	195 031	195 157
Own originated loans and advances to customers securitised	7 967	7 967
Other loans and advances	367	367
Other securitised assets	115	115
Other assets	2 500	2 500
Loans to group companies	5 460	5 460
	284 443	285 581
Liabilities		
Deposits by banks	37 242	37 399
Repurchase agreements and cash collateral on securities lent	14 407	14 452
Customer accounts (deposits)	267 677	268 191
Debt securities in issue	2 585	2 587
Liabilities arising on securitisation of own originated loans and advances	809	809
Other liabilities	1 233	1 233
Subordinated liabilities	10 732	11 692
	334 685	336 363

#### AN ANALYSIS OF OUR CORE LOANS AND ADVANCES, ASSET QUALITY AND IMPAIRMENTS

#### Core loans and advances comprise:

- Loans and advances to customers as per the balance sheet
- Own originated loans and advances to customers securitised as per the balance sheet.

At 31 March R'million	2016	2015
Loans and advances to customers as per the balance sheet	207 272	172 993
Add: own originated loans and advances securitised as per the balance sheet	7 967	4 535
Net core loans and advances to customers	215 239	177 528

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

At 31 March R'million	2016	2015
Gross core loans and advances to customers	216 155	178 669
Total impairments	(916)	(1 141)
Specific impairments	(681)	(971)
Portfolio impairments	(235)	(170)
Net core loans and advances to customers	215 239	177 528
Average gross core loans and advances to customers	197 412	165 652
Current loans and advances to customers	211 807	173 775
Past due loans and advances to customers (1 – 60 days)	726	505
Special mention loans and advances to customers	415	660
Default loans and advances to customers	3 207	3 729
Gross core loans and advances to customers	216 155	178 669
Current loans and advances to customers	211 807	173 775
Default loans that are current and not impaired	867	787
Gross core loans and advances to customers that are past due but not impaired	1 653	1 720
Gross core loans and advances to customers that are impaired	1 828	2 387
Gross core loans and advances to customers	216 155	178 669
Total income statement charge for impairments on core loans and advances	(523)	(482)
Gross default loans and advances to customers	3 207	3 729
Specific impairments	(681)	(971)
Portfolio impairments	(235)	(170)
Defaults net of impairments	2 291	2 588
Aggregate collateral and other credit enhancements on defaults	3 690	3 717
Net default loans and advances to customers (limited to zero)	-	-
Ratios		
Total impairments as a % of gross core loans and advances to customers	0.42%	0.64%
Total impairments as a % of gross default loans	28.56%	30.60%
Gross defaults as a % of gross core loans and advances to customers	1.48%	2.09%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.06%	1.46%
Net defaults as a % of net core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairment charge as a % of average gross loans		
and advances)	0.26%	0.29%



R'million	Gross core Ioans	Gross defaults	Aggregate collateral and other credit enhance- ments on defaults	Balance sheet impairments	Income statement impairments^
Lending collateralised by property	41 077	971	1 156	(205)	(80)
Commercial real estate	37 677	501	666	(140)	(70)
Commercial real estate – investment	34 179	366	482	(97)	(40)
Commercial real estate – development	2 385	31	24	(19)	(8)
Commercial vacant land and planning	1 113	104	160	(24)	(22)
Residential real estate	3 400	470	490	(65)	(10)
Residential real estate – development	1 668	194	217	(14)	(71)
Residential vacant land and planning	1 732	276	273	(51)	61
High net worth and other private client lending	101 569	1 500	2 167	(290)	(283)
Mortgages	54 493	495	839	(80)	(45)
High net worth and specialised lending	47 076	1 005	1 328	(210)	(238)
Corporate and other lending	73 509	736	367	(421)	(160)
Acquisition finance	14 664	329	286	(70)	(98)
Asset-based lending	5 211	165	56	(143)	(51)
Other corporate and financial institutions					
and governments	42 622	106	25	(60)	(19)
Asset finance	4 081	-	-	(12)	21
Small ticket asset finance	1 421	-	-	-	13
Large ticket asset finance	2 660	-	-	(12)	8
Project finance	6 424	-	-	-	123
Resource finance	507	136	-	(136)	(136)
Total	216 155	3 207	3 690	(916)	(523)

## AN ANALYSIS OF CORE LOANS AND ADVANCES BY RISK CATEGORY AT 31 MARCH 2016

^ Where a positive number represents a recovery.

Risk management

(continued)

## AN ANALYSIS OF CORE LOANS AND ADVANCES BY RISK CATEGORY AT 31 MARCH 2015

			Aggregate collateral and other credit enhance-	Balance	Income
R'million	Gross core Ioans	Gross defaults	ments on defaults	sheet impairments	statement impairments^
Lending collateralised by property	38 031	1 311	1 303	(430)	(179)
Commercial real estate	34 924	651	741	(251)	(144)
Commercial real estate – investment	31 030	276	443	(93)	(38)
Commercial real estate – development	2 372	72	76	(7)	(4)
Commercial vacant land and planning	1 522	303	222	(151)	(102)
Residential real estate	3 107	660	562	(179)	(35)
Residential real estate – development	1 590	346	333	(52)	(1)
Residential vacant land and planning	1 517	314	229	(127)	(34)
High net worth and other private client lending	79 003	1 484	1 897	(222)	(29)
Mortgages	46 155	448	739	(71)	(6)
High net worth and specialised lending	32 848	1 036	1 158	(151)	(23)
Corporate and other lending	61 635	934	517	(489)	(274)
Acquisition finance	16 303	481	313	(198)	(186)
Asset-based lending	3 717	170	117	(115)	(36)
Other corporate and financial institutions					
and governments	31 067	265	86	(127)	(56)
Asset finance	4 434	-	1	(31)	(21)
Small ticket asset finance	1 228	-	1	1	(16)
Large ticket asset finance	3 206	-	_	(32)	(5)
Project finance	5 597	18	_	(18)	25
Resource finance	517	-	-	-	-
Total	178 669	3 729	3 717	(1 141)	(482)

^ Where a positive number represents a recovery.

#### Liquidity coverage ratio (LCR)

The objective of the Liquidity coverage ratio (LCR) is to promote the shortterm 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 are calculated as the simple average of calendar daily values over the period 1 January 2016 to 31 March 2016 for Investec Bank Limited bank solo. All 60 business day observations were used. Investec Bank Limited consolidated group values use daily values for Investec Bank Limited bank solo, while those for other group entities use the average of January, February and March 2016 month-end values.

The minimum LCR requirement is 70% throughout 2016 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.

#### Investec Bank Limited 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, we establish targets for deposits to be raised by market, channel, product, tenor band and client type designed to restrict the weighted outflows falling into the 30-day window.

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 made up 3% of total HQLA and the SARB's committed liquidity facility (CLF) contributed 7% to total HQLA
- Some foreign denominated government securities are included in the HQLA, subject to regulatory limitations.

Changes since December 2015 quarter year-end:

The average LCR remains well in surplus of regulatory requirements, decreasing by 1.5%, with both the average HQLA and average stressed net cash outflows increasing by R7 billion.

# Investec Bank Limited consolidated group:

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. IBM's average stressed cash outflows of R6 billion are primarily to non-financial corporates, while their average stressed inflows of R9 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. Consolidated group LCR is better than IBL solo's, mainly due to IBM'S surplus cash inflows.

# Liquidity coverage ratio (LCR)

(continued)

		ank Limited Solo		ank Limited ted Group
R'million	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High-quality liquid assets				
Total high-quality liquid assets		62 049		62 095
Cash outflows				
Retail deposits and deposits from small business customers, of which:	47 471	4 747	50 827	5 083
Stable deposits	-	-	-	-
Less stable deposits	47 471	4 747	50 827	5 083
Unsecured wholesale funding, of which:	108 933	81 511	119 905	86 840
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	-	_	_	-
Non-operational deposits (all counterparties)	108 119	80 697	119 065	86 000
Unsecured debt	814	814	840	840
Secured wholesale funding	-	480	-	480
Additional requirements, of which:	60 560	9 434	62 257	9 600
Outflows related to derivatives exposures and other collateral requirements	18 502	4 377	18 502	4 377
Outflows related to loss of funding on debt products	1 149	1 149	1 149	1 149
(Undrawn committed) credit and liquidity facilities	40 909	3 908	42 606	4 074
Other contractual funding obligations	393	393	393	393
Other contingent funding obligations	119 369	6 701	118 838	6 669
Total cash outflows		103 265		108 748
Cash inflows				
Secured lending (e.g. reverse repos)	9 788	5 840	9 788	5 840
Inflows from fully performing exposures	41 718	38 742	52 201	48 817
Other cash inflows	5 089	5 089	5 409	5 409
Total cash inflows	56 595	49 671	67 398	60 066
		Total adjusted value		Total adjusted value
Total high-quality liquid assets		62 049		62 095

53 594

117.3

48 682

130.1

Total net cash outflows Liquidity coverage ratio (%)

## CAPITAL STRUCTURE AND CAPITAL ADEQUACY

R'million	31 March 2016	31 March 2015
Tier 1 capital		
Shareholders' equity	30 331	27 365
Shareholders' equity per balance sheet	31 865	28 899
Perpetual preference share capital and share premium	(1 534)	(1 534)
Regulatory adjustments to the accounting basis	1 839	1 140
Cash flow hedging reserve	1 839	1 140
Deductions	(695)	(190)
Goodwill and intangible assets net of deferred tax	(695)	(190)
Common equity tier 1 capital	31 475	28 315
Additional tier 1 capital	920	1 073
Additional tier 1 instruments	1 534	1 534
Phase out of non-qualifying additional tier 1 instruments	(614)	(461)
Tier 1 capital	32 395	29 388
Tier 2 capital	10 726	10 319
Collective impairments allowances	229	169
Tier 2 instruments	10 732	10 449
Phase out of non-qualifying tier 2 instruments	(235)	(299)
Total regulatory capital	43 121	39 707
Risk-weighted assets	295 752	257 931
Capital ratios		
Common equity tier 1 ratio	10.6%	11.0%
Tier 1 ratio	11.0%	11.4%
Total capital adequacy ratio	14.6%	15.4%
Leverage ratio	7.3%	8.3%



## CAPITAL REQUIREMENTS

_R'million	31 March 2016	31 March 2015
Capital requirements	30 684	25 794
Credit risk – prescribed standardised exposure classes	23 603	19 073
Corporates	13 278	11 505
Secured on real estate property	2 943	1 923
Short-term claims on institutions and corporates	4 876	3 242
Retail	483	549
Institutions	813	872
Other exposure classes	806	277
Securitisation exposures	404	705
Equity risk	4 005	4 297
Listed equities	305	847
Unlisted equities	3 700	3 450
Counterparty credit risk	569	576
Credit valuation adjustment risk	185	32
Market risk	475	324
Interest rate	66	88
Foreign exchange	212	113
Commodities	4	10
Equities	193	113
Operational risk – standardised approach	1 847	1 492
Risk-weighted assets	295 752	257 931
Credit risk – prescribed standardised exposure classes	227 504	190 717
Corporates	127 985	115 047
Secured on real estate property	28 361	19 230
Short-term claims on institutions and corporates	47 001	32 420
Retail	4 660	5 488
Institutions	7 838	8 717
Other exposure classes	7 766	2 770
Securitisation exposures	3 893	7 045
Equity risk	38 603	42 967
Listed equities	2 937	8 472
Unlisted equities	35 666	34 495
Counterparty credit risk	5 486	5 762
Credit valuation adjustment risk	1 783	324
Market risk	4 578	3 240
Interest rate	636	878
Foreign Exchange	2 039	1 134
Commodities	46	96
Equities	1 857	1 132
Operational risk – standardised approach	17 798	14 921



## A SUMMARY OF CAPITAL ADEQUACY AND LEVERAGE RATIOS

	31 March 2016	31 March 2015
Common equity tier 1 (as reported)	10.6%	11.0%
Common equity tier 1 ("fully loaded")^^	10.6%	10.9%
Tier 1 (as reported)	11.0%	11.4%
Total capital adequacy ratio (as reported)	14.6%	15.4%
Leverage ratio** – permanent capital	7.5%#	8.5%#
Leverage ratio** – current	7.3%#	8.3%#
Leverage ratio** – ("fully loaded")^^	7.1%#	8.0%#

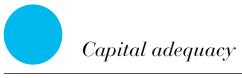
^^ Based on the group's understanding of current regulations, "fully loaded" is based on Basel III capital requirements as fully phased in by 2022.

\*\* The leverage ratios are calculated on an end-quarter basis.

# Based on revised BIS rules.

## SUMMARY COMPARISON OF ACCOUNTING ASSETS VERSUS LEVERAGE RATIO EXPOSURE MEASURE

Line #	R'million	31 March 2016	31 March 2015
1	Total consolidated assets as per published financial statements	405 629	332 706
	Adjustments for:	-	
2	Investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	_
3	Fiduciary assets recognised on the balance sheet pursuant to the operative accounting		
	framework but excluded from the leverage ratio exposure measure	-	-
4	Derivative financial instruments	(2 973)	(1 989)
5	Securities financing transactions (i.e. repos and similar secured lending)	389	(2 756)
6	Off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet		
	exposures)	38 519	24 960
7	Other adjustments	(693)	(190)
8	Leverage ratio exposure	440 871	352 731



## LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

Line #	R'million	31 March 2016	31 March 2015
	Leverage ratio framework		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	350 873	307 433
2	Asset amounts deducted in determining Basel III tier 1 capital	(693)	(190)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	350 180	307 243
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9 673	8 081
5	Add-on amounts for PFE associated with all derivatives transactions	3 197	5 108
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	_
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	-	_
8	Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	-	-
11	Total derivative exposures (sum of lines 4 to 10)	12 870	13 189
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	34 936	6 672
13	Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	Counterparty Credit Risk (CCR) exposures for SFT assets	4 366	667
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum line 12 to 15)	39 302	7 339
17	Off-balance sheet exposure at gross notional amount	90 589	80 821
18	Adjustments for conversion to credit equivalent amounts	(52 070)	(55 861)
19	Off-balance sheet items (sum line 17 and 18)	38 519	24 960
20	Tier 1 capital	32 395	29 388
21	Total exposures (sum of lines 3, 11, 16 and 19)	440 871	352 731
22	Basel III leverage ratio	7.3%	8.3%

The full set of annual financial statements will be available on 30 June 2016.