

2016

**INVESTEC LIMITED
FINANCIAL INFORMATION**
(excluding the results
of Investec plc)

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

IFRS – Rand



Out of the Ordinary®





Overview of results

For the year to 31 March	2016	2015	% change
Total operating income before impairment losses on loans and advances (R'million)	16 709	14 536	14.9%
Operating costs (R'million)	8 751	7 617	14.9%
Operating profit before goodwill and acquired intangibles (R'million)	7 438	6 463	15.1%
Headline earnings attributable to ordinary shareholders (R'million)	4 515	3 874	16.5%
Cost to income ratio	52.4%	52.4%	
Total capital resources (including subordinated liabilities) (R'million)	53 208	45 975	15.7%
Total shareholders equity (R'million)	41 851	35 526	17.8%
Total assets (R'million)	568 779	473 633	20.1%
Net core loans and advances (R'million)	217 958	182 058	19.7%
Customer accounts (deposits) (R'million)	279 820	221 377	26.4%
Cash and near cash balances (R'million)	124 907	88 691	40.8%
Funds under management (R'million)	866 923	788 711	9.9%
Capital adequacy ratio	14.0%	14.7%	
Tier 1 ratio	10.7%	11.3%	
Common equity tier 1 ratio	9.6%	9.6%	
Leverage ratio	6.9%	8.1%	
Defaults (net of impairments) as a % of net core loans and advances	1.05%	1.43%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.26%	0.28%	
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.6x	10.1x	
Loans and advances to customers: customer accounts (deposits)	74.6%	78.6%	



For the year to 31 March

R'million	2016	2015
Interest income	23 977	20 099
Interest expense	(17 491)	(14 619)
Net interest income	6 486	5 480
Fee and commission income	7 749	6 825
Fee and commission expense	(463)	(425)
Investment income	2 119	2 067
Trading income arising from		
– customer flow	353	327
– balance sheet management and other trading activities	438	233
Other operating income	27	29
Total operating income before impairment losses on loans and advances	16 709	14 536
Impairment losses on loans and advances	(520)	(456)
Operating income	16 189	14 080
Operating costs	(8 751)	(7 617)
Operating profit before goodwill and acquired intangibles	7 438	6 463
Impairment of goodwill	(34)	(17)
Amortisation of acquired intangibles	(39)	–
Profit before taxation	7 365	6 446
Taxation on operating profit before goodwill and acquired intangibles	(1 456)	(1 264)
Taxation on acquired intangibles	11	–
Profit after taxation	5 920	5 182
Profit attributable to Asset Management non-controlling interests	(129)	(145)
Profit attributable to other non-controlling interests	(795)	(569)
Earnings attributable to shareholders	4 996	4 468



Consolidated statement of total comprehensive income

For the year to 31 March

R'million	2016	2015
Profit after taxation	5 920	5 182
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	(708)	(614)
Gains on realisation of available-for-sale assets recycled to the income statement	(13)	(60)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(349)	16
Foreign currency adjustments on translating foreign operations	1 116	602
Total comprehensive income	5 966	5 126
Total comprehensive income attributable to ordinary shareholders	4 631	4 046
Total comprehensive income attributable to non-controlling interests	924	714
Total comprehensive income attributable to perpetual preferred securities and other Additional Tier 1 securities	411	366
Total comprehensive income	5 966	5 126



For the year to 31 March

R'million	2016	2015
Earnings attributable to shareholders	4 996	4 468
Dividends paid to perpetual preference shareholders	(411)	(366)
Earnings attributable to ordinary shareholders	4 585	4 102
Headline adjustments:	(70)	(228)
Impairment of goodwill	34	17
Revaluation of investment properties, net of taxation*	(198)	(185)
Gain on realisation of available-for-sale assets recycled to the income statement, net of taxation*	(13)	(60)
Write down of non-current assets classified as held for sale, net of taxation*	107	–
Headline earnings attributable to ordinary shareholders	4 515	3 874

* Taxation on headline earnings adjustments amounted to R25.6 million (year to 31 March 2015: R76.9 million) with a R206.4 million (2015: R nil) on earnings attributable to non-controlling interests.



Consolidated balance sheet

For the year to 31 March		
R'million	2016	2015
Cash and balances at central banks	7 801	6 261
Loans and advances to banks	29 483	35 867
Non-sovereign and non-bank cash placements	9 858	10 540
Reverse repurchase agreements and cash collateral on securities borrowed	43 317	10 734
Sovereign debt securities	41 325	31 378
Bank debt securities	15 117	18 215
Other debt securities	11 753	9 037
Derivative financial instruments	15 839	15 177
Securities arising from trading activities	12 566	7 478
Investment portfolio	4 683	10 079
Loans and advances to customers	208 720	173 994
Own originated loans and advances to customers securitised	9 238	8 064
Other loans and advances	367	472
Other securitised assets	201	1 289
Interests in associated undertakings	5 145	60
Deferred taxation assets	572	462
Other assets	9 596	8 967
Property and equipment	729	706
Investment properties	18 167	9 925
Goodwill	238	101
Intangible assets	524	190
Non-current assets classified as held for sale	–	732
	445 239	359 728
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	123 540	113 905
	568 779	473 633
Liabilities		
Deposits by banks	40 063	30 562
Derivative financial instruments	13 424	12 401
Other trading liabilities	15 441	11 380
Repurchase agreements and cash collateral on securities lent	16 916	16 556
Customer accounts (deposits)	279 820	221 377
Debt securities in issue	12 779	9 426
Liabilities arising on securitisation of own originated loans and advances	1 810	1 976
Current taxation liabilities	1 084	1 747
Deferred taxation liabilities	457	531
Other liabilities	10 237	7 797
	392 031	313 753
Liabilities to customers under investment contracts	123 508	113 872
Insurance liabilities, including unit-linked liabilities	32	33
	515 571	427 658
Subordinated liabilities	11 357	10 449
	526 928	438 107
Equity		
Ordinary share capital	1	1
Share premium	10 909	10 297
Treasury shares	(1 249)	(971)
Other reserves	970	733
Retained income	20 996	18 751
Shareholders' equity excluding non-controlling interests	31 627	28 811
Other Additional Tier 1 securities in issue	550	550
Non-controlling interests	9 674	6 165
– Perpetual preferred securities issued by subsidiaries	1 534	1 534
– Non-controlling interests in partially held subsidiaries	8 140	4 631
Total equity	41 851	35 526
Total liabilities and equity	568 779	473 633

Statement of changes in equity



For the year to 31 March
R'million

	2016	2015
Balance at the beginning of the year	35 526	31 127
Total comprehensive income	5 966	5 126
Share-based payments adjustments	592	506
Dividends paid to ordinary shareholders	(1 589)	(1 263)
Dividends paid to other equity holders including other Additional Tier 1 securities	(233)	(252)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(178)	(114)
Dividends paid to non-controlling interests	(611)	(429)
Issue of ordinary shares	612	252
Issue of other Additional Tier 1 securities in issue	–	550
Movement in non-controlling interests due to share issues in subsidiary	3 213	430
Partial disposal of group operations	34	798
Movement of treasury shares	(1 481)	(1 205)
Balance at the end of the year	41 851	35 526



Segmental business analysis – income statement

For the year to 31 March 2016 R'million	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	74	66	6 346	–	6 486
Net fee and commission income	2 895	1 329	3 062	–	7 286
Investment income	1	6	2 112	–	2 119
Trading income arising from					
– customer flow	–	–	353	–	353
– balance sheet management and other trading activities	–	6	432	–	438
Other operating income	35	–	(8)	–	27
Total operating income before impairment on loans and advances	3 005	1 407	12 297	–	16 709
Impairment losses on loans and advances	–	–	(520)	–	(520)
Operating income	3 005	1 407	11 777	–	16 189
Operating costs	(1 812)	(942)	(5 776)	(221)	(8 751)
Operating profit before goodwill and non-controlling interests	1 193	465	6 001	(221)	7 438
Profit attributable to non-controlling interests	(129)	–	(795)	–	(924)
Profit before goodwill, taxation after non-controlling interests	1 064	465	5 206	(221)	6 514
Cost to income ratio	60.3%	67.0%	47.0%	n/a	52.4%
Total assets (R'million)	2 372	16 742	549 665	n/a	568 779
For the year to 31 March 2015 R'million	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	71	6	5 403	–	5 480
Net fee and commission income	2 877	1 087	2 436	–	6 400
Investment income	–	12	2 055	–	2 067
Trading income arising from					
– customer flow	–	2	325	–	327
– balance sheet management and other trading activities	–	4	229	–	233
Other operating income	28	–	1	–	29
Total operating income before impairment on loans and advances	2 976	1 111	10 449	–	14 536
Impairment losses on loans and advances	–	–	(456)	–	(456)
Operating income	2 976	1 111	9 993	–	14 080
Operating costs	(1 666)	(721)	(5 065)	(165)	(7 617)
Operating profit before goodwill and non-controlling interests	1 310	390	4 928	(165)	6 463
Profit attributable to non-controlling interests	(145)	–	(569)	–	(714)
Profit before goodwill, taxation after non-controlling interests	1 165	390	4 359	(165)	5 749
Cost to income ratio	56.0%	64.9%	48.5%	n/a	52.4%
Total assets (R'million)	2 304	12 439	458 890	n/a	473 633



Net interest income

For the year to 31 March R'million	Notes	2016		2015	
		Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	146 901	6 065	112 995	4 916
Core loans and advances	2	217 958	17 146	182 058	14 497
Private client		144 870	11 404	120 912	9 397
Corporate, institutional and other clients		73 088	5 742	61 146	5 100
Other debt securities and other loans and advances		12 121	610	9 509	425
Other interest-earning assets	3	201	156	1 289	261
Total interest-earning assets		377 181	23 977	305 851	20 099

For the year to 31 March R'million	Notes	2016		2015	
		Balance sheet value	Interest expense	Balance sheet value	Interest expense
Deposits by banks and other debt-related securities	4	69 757	(1 781)	56 544	(926)
Customer accounts (deposits)		279 820	(14 582)	221 377	(12 626)
Other interest-bearing liabilities	5	1 810	(321)	1 976	(291)
Subordinated liabilities		11 357	(807)	10 449	(776)
Total interest-bearing liabilities		362 744	(17 491)	290 346	(14 619)
Net interest income			6 486		5 480

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 cash 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.
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 balance sheet) liabilities arising on securitisation of own originated loans and advances.



Additional income statement note disclosures

(continued)

Net fee and commission income

	2016	2015
Asset management and wealth management businesses net fee and commission income	4 224	3 964
Fund management fees/fees for assets under management	3 689	3 588
Private client transactional fees	716	576
Fee and commission expense	(181)	(200)
Specialist Banking net fee and commission income	3 062	2 436
Corporate and institutional transactional and advisory services	2 704	2 076
Private client transactional fees	640	585
Fee and commission expense	(282)	(225)
Net fee and commission income	7 286	6 400
Annuity fees (net of fees payable)	5 694	4 940
Deal fees	1 592	1 460

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	5 251	63	186	20	5 520
Unrealised	(3 707)	51	263	(6)	(3 399)
Dividend income	267	–	–	–	267
Funding and other net related (costs)/income	(290)	–	–	21	(269)
	1 521	114	449	35	2 119
2015					
Realised	753	68	352	2	1 175
Unrealised	490	(81)	181	6	596
Dividend income	442	–	–	–	442
Funding and other net related (costs)/income	(236)	–	–	90	(146)
	1 449	(13)	533	98	2 067

* 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	Insurance related linked instruments at fair value	Non-financial instruments	Total
Assets					
Cash and balances at central banks	–	7 801	–	–	7 801
Loans and advances to banks	910	28 573	–	–	29 483
Non-sovereign and non-bank cash placements	3	9 855	–	–	9 858
Reverse repurchase agreements and cash collateral on securities borrowed	27 058	16 259	–	–	43 317
Sovereign debt securities	37 607	3 718	–	–	41 325
Bank debt securities	7 253	7 864	–	–	15 117
Other debt securities	10 719	1 034	–	–	11 753
Derivative financial instruments	15 839	–	–	–	15 839
Securities arising from trading activities	12 566	–	–	–	12 566
Investment portfolio	4 683	–	–	–	4 683
Loans and advances to customers	12 241	196 479	–	–	208 720
Own originated loans and advances to customers securitised	–	9 238	–	–	9 238
Other loans and advances	–	367	–	–	367
Other securitised assets	–	201	–	–	201
Interests in associated undertakings	–	–	–	5 145	5 145
Deferred taxation assets	–	–	–	572	572
Other assets	899	5 078	–	3 619	9 596
Property and equipment	–	–	–	729	729
Investment properties	–	–	–	18 167	18 167
Goodwill	–	–	–	238	238
Intangible assets	–	–	–	524	524
	129 778	286 467	–	28 994	445 239
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	123 540	–	123 540
	129 778	286 467	123 540	28 994	568 779
Liabilities					
Deposits by banks	–	40 063	–	–	40 063
Derivative financial instruments	13 424	–	–	–	13 424
Other trading liabilities	15 441	–	–	–	15 441
Repurchase agreements and cash collateral on securities lent	2 509	14 407	–	–	16 916
Customer accounts (deposits)	12 059	267 761	–	–	279 820
Debt securities in issue	5 080	7 699	–	–	12 779
Liabilities arising on securitisation of own originated loans and advances	–	1 810	–	–	1 810
Liabilities arising on securitisation of other assets	–	–	–	–	–
Current taxation liabilities	–	–	–	1 084	1 084
Deferred taxation liabilities	–	–	–	457	457
Other liabilities	923	4 156	–	5 158	10 237
	49 436	335 896	–	6 699	392 031
Liabilities to customers under investment contracts	–	–	123 508	–	123 508
Insurance liabilities, including unit-linked liabilities	–	–	32	–	32
	49 436	335 896	123 540	6 699	515 571
Subordinated liabilities	–	11 357	–	–	11 357
	49 436	347 253	123 540	6 699	526 928



Additional IAS 34 disclosures

(continued)

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 (ie as prices) or indirectly (ie derived from prices)

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

Assets and liabilities related to the long-term assurance business attributable to policyholders are categorised as level 1 in the fair value category.

At 31 March 2016 R'million	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Assets				
Loans and advances to banks	910	910	–	–
Non-sovereign and non-bank cash placements	3	–	3	–
Reverse repurchase agreements and cash collateral on securities borrowed	27 058	2 903	24 155	–
Sovereign debt securities	37 607	37 607	–	–
Bank debt securities	7 253	4 429	2 824	–
Other debt securities	10 719	10 532	187	–
Derivative financial instruments	15 839	–	15 829	10
Securities arising from trading activities	12 566	12 566	–	–
Investment portfolio	4 683	1 527	369	2 787
Loans and advances to customers	12 241	–	12 241	–
Other assets	899	899	–	–
	129 778	71 373	55 608	2 797
Liabilities				
Derivative financial instruments	13 424	–	13 424	–
Other trading liabilities	15 441	14 612	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	923	243	680	–
	49 436	14 855	34 581	–
Net assets	80 342	56 518	21 027	2 797

TRANSFERS BETWEEN LEVEL 1 AND LEVEL 2

There were no transfers between level 1 and level 2 of the fair value category in the current year.



(continued)

LEVEL 3 INSTRUMENTS

The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy. All instruments are at fair value through profit or loss:

R'million	2016
Balance at 1 April 2015	8 358
Total gains recognised in the income statement	586
Purchases	494
Sales	(6 873)
Issues	70
Settlements	(397)
Transfers into level 3	103
Transfers out of level 3	332
Foreign exchange adjustments	124
Balance at 31 March 2016	2 797

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	564	3 445	(2 881)
Trading income arising from customer flow	22	22	-
	586	3 467	(2 881)

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:

At 31 March 2016	Balance sheet value	Valuation method	Significant unobservable input changed	Range which unobservable input has been changed	Reflected in the income statement	
					Favourable changes	Unfavourable changes
Assets						
Derivative financial instruments	10	Price multiple	Net asset value	(10%) – 10%	1	(1)
					1	(1)
Investment portfolio	2 787	Price earnings Other	Change in PE multiple Various	*	417	(439)
					108	(85)
					309	(354)
Total	2 797				418	(440)

* The price-earnings multiple has been determined 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.



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:

Assets	Valuation basis/techniques	Main assumptions
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 Black-Scholes	Yield curve Volatilities
Bank debt securities	Discounted cash flow model	Yield curves
Derivative financial instruments	Discounted cash flow model	Yield curve
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Swap curves and discount rates
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve 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

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	28 573	28 573
Non-sovereign and non-bank cash placements	9 855	9 855
Reverse repurchase agreements and cash collateral on securities borrowed	16 259	16 259
Sovereign debt securities	3 718	3 798
Bank debt securities	7 864	8 778
Other debt securities	1 034	1 053
Loans and advances to customers	196 479	196 606
Own originated loans and advances to customers securitised	9 238	9 238
Other loans and advances	367	367
Other securitised assets	201	201
Other assets	5 078	5 078
	286 467	287 607
Liabilities		
Deposits by banks	40 063	40 219
Repurchase agreements and cash collateral on securities lent	14 407	14 452
Customer accounts (deposits)	267 761	268 275
Debt securities in issue	7 699	7 699
Liabilities arising on securitisation of own originated loans and advances	1 810	1 810
Liabilities arising on securitisation of other assets	–	–
Other liabilities	4 156	4 156
Subordinated liabilities	11 357	12 317
	347 253	348 928



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.

31 March R'million	2016	2015
Loans and advances to customers as per the balance sheet	208 720	173 994
Add: own originated loans and advances securitised as per the balance sheet	9 238	8 064
Net core loans and advances to customers	217 958	182 058

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	218 874	183 202
Total impairments	(916)	(1 144)
Specific impairments	(681)	(972)
Portfolio impairments	(235)	(172)
Net core loans and advances to customers	217 958	182 058
Average gross core loans and advances to customers	201 038	170 662
Current loans and advances to customers	214 511	178 265
Past due loans and advances to customers (1 – 60 days)	734	528
Special mention loans and advances to customers	415	666
Default loans and advances to customers	3 214	3 743
Gross core loans and advances to customers	218 874	183 202
Current loans and advances to customers	214 511	178 265
Default loans that are current and not impaired	867	787
Gross core loans and advances to customers that are past due but not impaired	1 664	1 756
Gross core loans and advances to customers that are impaired	1 832	2 394
Gross core loans and advances to customers	218 874	183 202
Total income statement charge for impairments on core loans and advances	(526)	(483)
Gross default loans and advances to customers	3 214	3 743
Specific impairments	(681)	(972)
Portfolio impairments	(235)	(172)
Defaults net of impairments	2 298	2 599
Aggregate collateral and other credit enhancements on defaults	3 700	3 732
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%	0.62%
Total impairments as a % of gross default loans	28.50%	30.56%
Gross defaults as a % of gross core loans and advances to customers	1.47%	2.04%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.05%	1.43%
Net defaults as a % of net core loans and advances to customers	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.26%	0.28%



Risk management

(continued)

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

R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements 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	104 288	1 507	2 177	(290)	(286)
Mortgages	55 763	502	849	(80)	(48)
High net worth and specialised lending	48 525	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	218 874	3 214	3 700	(916)	(526)

[^] Where a positive number represents a recovery.



(continued)

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

R'million	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments [^]
Lending collateralised by property	38 031	1 311	1 303	(430)	(179)
Commercial real estate	34 921	651	741	(251)	(144)
Commercial real estate – investment	31 027	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	3 110	660	562	(179)	(35)
Residential real estate – development	1 590	346	333	(52)	(1)
Residential vacant land and planning	1 520	314	229	(127)	(34)
High net worth and other private client lending	83 536	1 498	1 912	(225)	(30)
Mortgages	49 687	462	754	(74)	(7)
High net worth and specialised lending	33 849	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	183 202	3 743	3 732	(1 144)	(483)

[^] Where a positive number represents a recovery.



CAPITAL STRUCTURE AND CAPITAL ADEQUACY

R'million	31 March 2016	31 March 2015
Tier 1 capital		
Shareholders' equity	28 444	24 988
Shareholders' equity per balance sheet	31 627	28 811
Perpetual preference share capital and share premium	(3 183)	(3 183)
Equity holding in deconsolidated entities	–	(640)
Non-controlling interests	–	–
Non-controlling interests per balance sheet	8 140	4 631
Non-controlling interests excluded for regulatory purposes	(8 140)	(4 631)
Regulatory adjustments to the accounting basis	1 842	1 134
Cash flow hedging reserve	1 842	1 134
Deductions	(762)	(291)
Goodwill and intangible assets net of deferred tax	(762)	(291)
Common equity tier 1 capital	29 524	25 831
Additional tier 1 capital	3 418	4 584
Additional tier 1 instruments	5 267	5 267
Phase out of non-qualifying additional tier 1 instruments	(1 887)	(1 415)
Non-qualifying surplus capital attributable to non-controlling interests	(36)	(61)
Non-controlling interest in non-banking entities	74	793
Tier 1 capital	32 942	30 415
Tier 2 capital	10 253	9 213
Collective impairment allowances	229	169
Tier 2 instruments	11 357	10 449
Phase out of non-qualifying tier 2 instruments	(235)	(299)
Non-qualifying surplus capital attributable to non-controlling interests	(1 098)	(1 106)
Total regulatory capital	43 195	39 628
Risk-weighted assets	309 052	269 466
Capital ratios		
Common equity tier 1 ratio	9.6%	9.6%
Tier 1 ratio	10.7%	11.3%
Total capital adequacy ratio	14.0%	14.7%
Leverage ratio	6.9%	8.1%



(continued)

CAPITAL REQUIREMENTS

R'million	31 March 2016	31 March 2015
Capital requirements	32 064	26 946
Credit risk – prescribed standardised exposure classes	23 978	19 826
Corporates	13 402	12 167
Secured on real estate property	2 943	1 923
Short-term claims on institutions and corporates	4 905	3 308
Retail	483	549
Institutions	813	872
Other exposure classes	1 028	302
Securitisation exposures	404	705
Equity risk	4 104	3 834
Listed equities	334	332
Unlisted equities	3 770	3 502
Counterparty credit risk	569	576
Credit valuation adjustment risk	185	32
Market risk	501	342
Interest rate	66	88
Foreign exchange	212	113
Commodities	5	10
Equities	218	131
Operational risk – standardised approach	2 727	2 336
Risk-weighted assets	309 052	269 466
Credit risk – prescribed standardised exposure classes	231 113	198 255
Corporates	129 178	121 671
Secured on real estate property	28 361	19 230
Short-term claims on institutions and corporates	47 273	33 084
Retail	4 660	5 488
Institutions	7 838	8 717
Other exposure classes	9 910	3 020
Securitisation exposures	3 893	7 045
Equity risk	39 560	38 346
Listed equities	3 219	3 324
Unlisted equities	36 341	35 022
Counterparty credit risk	5 486	5 762
Credit valuation adjustment risk	1 783	324
Market risk	4 825	3 424
Interest rate	636	878
Foreign exchange	2 039	1 134
Commodities	46	96
Equities	2 104	1 316
Operational risk – standardised approach	26 285	23 355



Capital adequacy

(continued)

A SUMMARY OF CAPITAL ADEQUACY AND LEVERAGE RATIOS

	31 March [^] 2016	31 March 2015
Common equity tier 1 (as reported)	9.6%	9.6%
Common equity tier 1 ("fully loaded") ^{^^}	9.6%	9.5%
Tier 1 (as reported)	10.7%	11.3%
Total capital adequacy ratio (as reported)	14.0%	14.7%
Leverage ratio ^{**} – permanent capital	7.4% [#]	8.5% [#]
Leverage ratio ^{**} – current	6.9% [#]	8.1% [#]
Leverage ratio ^{**} – ("fully loaded") ^{^^}	6.3% [#]	7.2% [#]

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

[^] Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's common equity tier 1 ratio would be 16bps lower.

^{**} 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	568 779	473 633
	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	(123 540)	(113 905)
4	Derivative financial instruments	(3 690)	(2 761)
5	Securities financing transactions (i.e. repos and similar secured lending)	389	(3 420)
6	Off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	37 594	24 253
7	Other adjustments	(1 510)	(931)
8	Leverage ratio exposure	478 022	376 869



(continued)

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)	390 488	333 817
2	Asset amounts deducted in determining Basel III tier 1 capital	(1 510)	(931)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	388 978	332 886
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9 075	7 574
5	Add-on amounts for PFE associated with all derivatives transactions	3 073	4 842
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)	12 148	12 416
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	34 936	6 648
13	Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	Counterparty Credit Risk (CCR) exposures for SFT assets	4 366	666
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures (sum of lines 12 to 15)	39 302	7 314
17	Off-balance sheet exposure at gross notional amount	88 745	79 412
18	Adjustments for conversion to credit equivalent amounts	(51 151)	(55 159)
19	Off-balance sheet items (sum of lines 17 and 18)	37 594	24 253
20	Tier 1 capital	32 942	30 415
21	Total exposures (sum of lines 3, 11, 16 and 19)	478 022	376 869
22	Basel III leverage ratio	6.9%	8.1%

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