

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Australia) Limited

ABN 55 071 292 594

Unaudited consolidated financial information for the half year ended 30 September 2011



Investec Bank (Australia) Limited



Executive summary

1. Introduction

During the six months ended 30 September 2011, Investec Bank (Australia) Limited (Investec Australia) has continued to focus on maintaining a strong balance sheet, in order to be in a position to benefit from opportunities that emerge as and when markets recover.

We have continued to closely manage risk, liquidity and capital, and maintain disciplined cost controls and operational efficiencies.

Our aspiration continues to be a specialist investment bank to both private clients and the corporate and institutional markets. Our aim is to create wealth for our clients. We lend, we provide investment opportunities and we find solutions.

During the period we have continued:

- Selectively growing our loan portfolio with high quality clients in focused sectors
- Reshaping our high net worth platform towards a more focussed offering of integrated solutions, including lending, corporate advisory, treasury and specialist investment products
- Expanding the Professional Finance business through investment in the platform and development of additional products and services
- Ongoing diversification of our deposit base
- Building a balanced business model between lending and non-lending income
- Building on our newly established Financial Markets business, to include foreign exchange interest rate and other treasury products
- Building out and integrating our Corporate Finance, Securities and Capital Markets offerings in the resources sector
- Leveraging off our expertise and track record in renewable energy and social infrastructure advisory and development
- Growing and reshaping our fund and related activities in property and aviation

As part of our year end reporting at 31 March 2011, we indicated that we were seeking to divest / exit from non-core businesses which are unlikely to present meaningful growth opportunities, and / or which may no longer fall within our much tighter credit risk appetite framework.

A consequence of this is that we decided early in the period to close our property development finance business. The residual loan portfolio from that business has been ring-fenced for collection and recovery.

As we realised loans and / or assets from that portfolio in some deteriorating markets, we have incurred losses which has resulted in an increased impairment expense during the period.

2. Financial performance

In order to reflect the results for the period in a meaningful way, we have estimated our profit numbers allocated between our core business and the property development finance portfolio being run off.

For the six months ended 30 September 2011, Investec Australia reported a consolidated profit before impairments of \$17.9m (30 September 2010: \$31.8m).

After impairments the loss for the period was \$33.0m (30 September 2010 profit: \$2.1m), split as below:

| Profit / (loss) before income tax | 6 months to 30 Sept 2011 | 6 months to 30 Sept 2010 |
|--|---|---|
| \$m | | |
| Core business | 23.6 | 22.1 |
| Property development portfolio being run off | (56.6) | (20.0) |
| | (33.0) | 2.1 |

A significant portion of the remaining property development finance portfolio should run down or be sold within the next few months. The effect of this should be a very substantial decrease in levels of default and impaired loans by year end.

At 30 September 2011 Investec Australia had a capital adequacy ratio of 16.3% (tier 1 of 13.3%) and a core liquidity ratio of 31.8%, both in excess of internal targets and minimum regulatory requirements.

At 30 September 2011, Investec Australia's loan book was \$3.3bn. In line with our previously stated strategy of diversifying our loan book, Investec Australia has focused on diversifying its loans across all sectors in which we operate. We are pleased to report that our Professional Finance business now comprises 50% of the loan book.

Total deposits and wholesale funding (excluding securitised liabilities and subordinated liabilities) at 30 September 2011 closed at \$3.8b. This includes \$1.9b of Private Client deposits, up 3% since September 2010. Wholesale funding has been actively managed to contain liquidity levels which remain high.

3. Strategy and outlook

This financial year is one where we continue to build a strong foundation for the future while we impair our historical property development finance portfolio as it is sold. Next year we expect to see the benefits of our new business initiatives and the solid platform we have been building come to fruition.

The initiatives set out in 1 above, combined with our strong balance sheet, sound risk disciplines, ongoing investment in quality people and systems allow us to look forward to the next six months and beyond with enthusiasm, and position us to capitalise on the opportunities the changing market landscape is likely to present.



Investec Bank (Australia) Limited

Overview of results

| | 6 months to 30 September 2011 | 6 months to 30 September 2010 | % Change | Year to 31 March 2011 |
|---|-------------------------------------|-------------------------------------|-------------|--------------------------|
| Net operating income before impairments (\$m) | 17.9 | 31.8 | (44%) | 61.1 |
| Total group profit / (loss) before income tax (\$m) | (33.0) | 2.1 | > (100%) | 2.1 |
| Core business (\$m) | 23.6 | 22.1 | 7% | 51.1 |
| Property development portfolio being run off (\$m) | (56.6) | (20.0) | > 100% | (48.9) |
| Total shareholders' equity (\$m) | 641.4 | 678.5 | (5%) | 683.9 |
| Total assets (\$m) | 5,377.2 | 5,498.8 | (2%) | 5,375.0 |
| Customer deposits (\$m) | 2,343.6 | 2,071.8 | 13% | 2,211.3 |
| Cash and liquid assets (\$m) | 1,496.1 | 1,865.5 | (20%) | 1,467.7 |
| Gearing ratio | 8.2 x | 8.1 x | | 7.8 x |
| Capital adequacy ratio | 16.3% | 18.5% | | 17.6% |
| Tier 1 ratio | 13.3% | 15.4% | | 14.7% |
| Liquidity ratio | 31.8% | 40.1% | | 32.4% |



Investec Bank (Australia) Limited

Income statement

| \$m | 6 months to 30 September 2011 | 6 months to 30 September 2010 | Year to 31 March 2011 |
|---|-------------------------------------|-------------------------------------|--------------------------|
| Interest income | 195.3 | 195.4 | 406.3 |
| Interest expense | (140.3) | (144.9) | (287.7) |
| Net interest income | 55.0 | 50.5 | 118.6 |
| Fee and commission income | 28.2 | 23.7 | 65.2 |
| Fee and commission expense | (3.0) | (3.1) | (6.4) |
| Principal transactions | 10.0 | 24.6 | 23.6 |
| Share of profit/(loss) of investments accounted for using the equity method | 0.1 | 0.3 | 0.5 |
| Other income | 35.3 | 45.5 | 82.9 |
| Total operating income | 90.3 | 96.0 | 201.5 |
| Impairment losses on loans and Investments | (50.9) | (29.7) | (58.9) |
| Net operating income | 39.4 | 66.3 | 142.6 |
| Operating expenses | (72.4) | (64.2) | (140.5) |
| Profit/ (loss) before income tax | (33.0) | 2.1 | 2.1 |
| Core business | 23.6 | 22.1 | 51.1 |
| Property development portfolio being run off | (56.6) | (20.0) | (48.9) |
| Income tax (expense)/benefit | 9.9 | (0.4) | (0.8) |
| Profit/(loss) attributable to members | (23.1) | 1.7 | 1.3 |



Investec Bank (Australia) Limited

Consolidated balance sheet

| \$m | 30 September 2011 | 31 March 2011 |
|---|-------------------|----------------|
| Assets | | |
| Cash and liquid assets | 424.2 | 390.5 |
| Derivative financial instruments | 234.7 | 126.4 |
| Financial investments - available for sale | 1,212.7 | 1,316.6 |
| Loans and advances to customers | 3,275.8 | 3,314.8 |
| Investments accounted for using the equity method | 2.0 | 2.5 |
| Other financial assets | 21.3 | 21.4 |
| Property, plant and equipment | 12.8 | 13.9 |
| Deferred tax assets | 42.1 | 16.9 |
| Other assets | 56.4 | 78.9 |
| Goodwill | 90.0 | 90.0 |
| Assets held for sale | 1.7 | 1.6 |
| Intangible assets | 3.6 | 1.5 |
| Total assets | 5,377.2 | 5,375.0 |
| Liabilities | | |
| Customer accounts (deposits) | 2,343.6 | 2,211.3 |
| Derivative financial instruments | 115.7 | 75.3 |
| Debt issued and other borrowed funds | 2,170.7 | 2,298.8 |
| Other liabilities | 29.9 | 35.0 |
| Subordinated debt | 75.9 | 70.7 |
| Total liabilities | 4,735.8 | 4,691.1 |
| Total equity | 641.4 | 683.9 |
| Equity | | |
| Share capital | 291.7 | 291.7 |
| Retained earnings | 342.0 | 363.0 |
| Other reserves | 7.7 | 29.2 |
| Total equity | 641.4 | 683.9 |



Investec Bank (Australia) Limited

Segmental information - business analysis

| For the 6 months to 30 September 2011 \$m | Private client activities | | | Capital markets | Investment banking | Property activities | Group services and other activities | Total group |
|--|---------------------------|--|---------------|-----------------|--------------------|---------------------|-------------------------------------|---------------|
| | Core business | Property development portfolio being run off | Total | | | | | |
| Operating income before impairments | 45.6 | (7.7) | 37.9 | 26.5 | 8.9 | 4.0 | 13.0 | 90.3 |
| Operating expenses | (23.1) | (2.7) | (25.8) | (21.4) | (11.2) | (2.1) | (12.0) | (72.4) |
| Net contribution | 22.5 | (10.4) | 12.1 | 5.2 | (2.3) | 1.9 | 1.0 | 17.9 |
| Impairment losses on loans and investments | (2.2) | (46.2) | (48.4) | (2.5) | - | - | - | (50.9) |
| Profit before income tax | 20.3 | (56.6) | (36.3) | 2.7 | (2.3) | 1.9 | 1.0 | (33.0) |

| For the 6 months to 30 September 2010 \$m | Private client activities | | | Capital markets | Investment banking | Property activities | Group services and other activities | Total group |
|--|---------------------------|--|--------------|-----------------|--------------------|---------------------|-------------------------------------|-------------|
| | Core business | Property development portfolio being run off | Total | | | | | |
| Operating income before impairments | 36.2 | 2.0 | 38.2 | 19.4 | 13.4 | 6.2 | 18.9 | 96.1 |
| Operating expenses | (22.9) | (4.4) | (27.3) | (11.4) | (10.0) | (2.2) | (13.3) | (64.2) |
| Net contribution | 13.3 | (2.4) | 10.9 | 8.0 | 3.4 | 4.0 | 5.6 | 31.8 |
| Impairment losses on loans and investments | (2.6) | (17.6) | (20.2) | - | (9.5) | - | - | (29.7) |
| Profit before income tax | 10.7 | (20.0) | (9.3) | 8.0 | (6.1) | 4.0 | 5.6 | 2.1 |



Risk management

As per Basel II regulations, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our Annual Financial Statements for the year ended 31 March 2011.

Credit and counterparty risk management

Credit and counterparty risk is defined as the current and prospective risk to earnings or capital arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any obligation to us or otherwise to perform as agreed. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off-balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received; and
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).

Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.

Credit and counterparty risk can manifest as country risk as a result of the geopolitical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

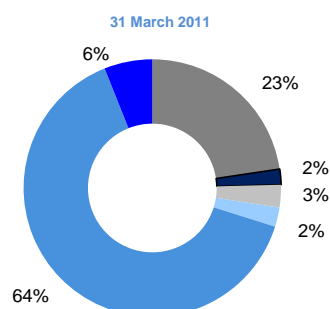
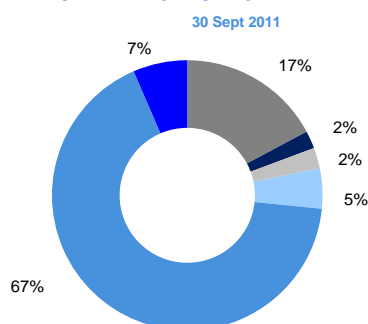
Credit and counterparty risk may also arise in other ways and it is the role of the various independent credit committees, assisted by Credit Risk Management, to identify situations falling outside these definitions where credit risk may also be present.

The tables that follow provide an analysis of our credit and counterparty risk exposures.

| \$m | 30 September 2011 | 31 March 2011 | % change since 31 March 2011 | Average* |
|--|-------------------|----------------|------------------------------|----------------|
| On-balance sheet exposures | 5,209.5 | 5,261.4 | (1.0%) | 5,235.5 |
| Securitisation exposures arising from securitisation/principal finance activities | 103.6 | 102.9 | 0.7% | 103.3 |
| Rated instruments | 103.6 | 102.9 | 0.7% | 103.3 |
| Debt instruments - non sovereign(NCDs, bonds held, debentures) | 843.3 | 1,189.7 | (29.1%) | 1,016.5 |
| Bank placements | 122.0 | 149.6 | (18.5%) | 135.8 |
| Sovereign, government placements and debt instruments | 546.1 | 240.6 | 126.9% | 393.4 |
| Trading exposures (positive fair value excluding potential future exposures) | 234.7 | 126.7 | 85.3% | 180.7 |
| Other credit exposures | 79.6 | 83.7 | (4.9%) | 81.7 |
| Gross core loans and advances to customers | 3,280.3 | 3,368.1 | (2.6%) | 3,324.2 |
| Off-balance sheet exposures | 318.1 | 317.4 | 0.2% | 317.8 |
| Guarantees | 53.9 | 61.9 | (12.9%) | 57.9 |
| Contingent liabilities ,committed facilities and other | 264.2 | 255.5 | 3.4% | 259.9 |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 5,527.7 | 5,578.8 | (0.9%) | 5,553.2 |

*Where the average is based on a straight line average for the period 1 April 2011 to 30 September 2011

Gross credit by counterparty exposures



■ Debt instruments ■ Securitisation exposures ■ Bank placements ■ Trading exposures ■ Gross core loans and advances to customers ■ Off balance sheet exposures



Risk management

A further analysis of our on-balance sheet credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) our on-balance sheet credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

| Sm | Securitisation exposures arising from securitisation/principal finance activities | | Debt instruments - non sovereign (NCDs, bonds held, debentures) | Bank placements | Sovereign, government placements and debt instruments | Trading exposures (positive fair value excluding potential future exposures) | Other credit exposures | Gross core loans and advances to customers | Total credit and counterparty exposure | Assets that we deem to have no credit exposure* | Total balance sheet |
|---|---|-------------------|---|-----------------|---|--|------------------------|--|--|---|---------------------|
| | Total | Rated instruments | | | | | | | | | |
| As at 30 Sept 2011 | | | | | | | | | | | |
| Cash and liquid assets | - | - | - | 122.0 | 302.2 | - | - | - | 424.2 | - | 424.2 |
| Derivative financial instruments | - | - | - | - | - | 234.7 | - | - | 234.7 | - | 234.7 |
| Financial investments - available for sale | 103.6 | 103.6 | 843.3 | - | 243.9 | - | - | - | 1,190.8 | 21.9 | 1,212.7 |
| Financial assets held for trading | - | - | - | - | - | - | - | - | - | - | - |
| Loans and advances to customers | - | - | - | - | - | - | 79.6 | 3,280.3 | 3,359.9 | (84.1) | 3,275.8 |
| Investments accounted for using the equity method | - | - | - | - | - | - | - | - | - | 2.0 | 2.0 |
| Other financial assets | - | - | - | - | - | - | - | - | - | 21.3 | 21.3 |
| Property, plant and equipment | - | - | - | - | - | - | - | - | - | 12.8 | 12.8 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | 42.1 | 42.1 |
| Other assets | - | - | - | - | - | - | - | - | - | 56.4 | 56.4 |
| Goodwill | - | - | - | - | - | - | - | - | - | 90.0 | 90.0 |
| Assets held for sale | - | - | - | - | - | - | - | - | - | 1.7 | 1.7 |
| Intangible assets | - | - | - | - | - | - | - | - | - | 3.6 | 3.6 |
| Total | 103.6 | 103.6 | 843.3 | 122.0 | 546.1 | 234.7 | 79.6 | 3,280.3 | 5,209.5 | 167.6 | 5,377.2 |
| As at 31 March 2011 | | | | | | | | | | | |
| Cash and liquid assets | - | - | - | 149.6 | 240.6 | 0.3 | - | - | 390.5 | - | 390.5 |
| Derivative financial instruments | - | - | - | - | - | 126.4 | - | - | 126.4 | - | 126.4 |
| Financial investments - available for sale | 103 | 102.9 | 1,189.7 | - | - | - | - | - | 1,292.6 | 24.0 | 1,316.6 |
| Financial assets held for trading | - | - | - | - | - | - | - | - | - | - | - |
| Loans and advances to customers | - | - | - | - | - | - | - | 3,368.1 | 3,368.1 | (53.3) | 3,314.8 |
| Investments accounted for using the equity method | - | - | - | - | - | - | - | - | - | 2.5 | 2.5 |
| Other financial assets | - | - | - | - | - | - | - | - | - | 21.4 | 21.4 |
| Property, plant and equipment | - | - | - | - | - | - | - | - | - | 13.9 | 13.9 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | 16.9 | 16.9 |
| Other assets | - | - | - | - | - | - | - | - | - | 78.9 | 78.9 |
| Goodwill | - | - | - | - | - | - | - | - | - | 90.0 | 90.0 |
| Assets held for sale | - | - | - | - | - | - | - | - | - | 1.6 | 1.6 |
| Intangible assets | - | - | - | - | - | - | - | - | - | 1.5 | 1.5 |
| Total | 102.9 | 102.9 | 1,189.7 | 149.6 | 240.6 | 126.7 | - | 3,368.1 | 5,177.7 | 197.3 | 5,375.0 |

*Assets that are non-interest bearing are deemed to have no credit exposure for the purpose of above disclosure.



Risk management

An analysis of gross credit and counterparty exposure by industry

| Sm | Gross core loans and advances | | Other credit and counterparty exposures | | Total | |
|---|-------------------------------|----------------|---|----------------|----------------|----------------|
| | 30 Sept 2011 | 31 March 2011 | 30 Sept 2011 | 31 March 2011 | 30 Sept 2011 | 31 March 2011 |
| Private client activities | 2,883.8 | 2,907.1 | 191.1 | 218.4 | 3,074.8 | 3,125.5 |
| Agriculture | 0.3 | 1.2 | - | - | 0.3 | 1.2 |
| Electricity, gas and water (utility services) | 68.1 | 84.1 | 28.8 | 13.1 | 97.0 | 97.2 |
| Public and non-business services | 54.8 | 37.6 | 569.0 | 255.9 | 623.8 | 293.6 |
| Finance and insurance (including central banks) | 20.3 | 20.6 | 1,164.2 | 1,428.5 | 1,184.5 | 1,449.1 |
| Retailers and wholesalers | 35.9 | 35.3 | 11.4 | 11.5 | 47.3 | 46.8 |
| Manufacturing and commerce | 32.0 | 32.3 | 9.7 | 6.4 | 41.7 | 38.7 |
| Business service | 9.7 | - | - | - | 9.7 | - |
| Real estate | - | 83.7 | 186.2 | 108.4 | 186.2 | 192.1 |
| Construction | 12.0 | - | 29.3 | - | 41.3 | - |
| Mining and resources | 131.5 | 130.4 | 43.8 | 61.6 | 175.3 | 192.1 |
| Leisure, entertainment and tourism | 16.1 | 19.6 | - | - | 16.1 | 19.6 |
| Transport and communication | 15.9 | 16.0 | 13.8 | 23.3 | 29.6 | 39.4 |
| Total | 3,280.3 | 3,368.1 | 2,247.3 | 2,127.1 | 5,527.6 | 5,495.2 |

| Sm | Private client activities | Agriculture | Electricity, gas and water (utility services) | Public and non-business services | Finance and insurance (including central banks) | Retailers and wholesalers | Manufacturing and commerce | Business service | Real estate | Construction | Mining and resources | Leisure, entertainment and tourism | Transport and communication | Total |
|--|---------------------------|-------------|---|----------------------------------|---|---------------------------|----------------------------|------------------|--------------|--------------|----------------------|------------------------------------|-----------------------------|----------------|
| As at 30 Sept 2011 | | | | | | | | | | | | | | |
| On-balance sheet exposures | 2,883.9 | 0.3 | 69.6 | 600.9 | 1,184.5 | 37.0 | 36.4 | 9.7 | 183.2 | 21.4 | 137.0 | 16.1 | 29.6 | 5,209.5 |
| Securitisation exposures arising from securitisation/principal finance activities | - | - | - | - | - | - | - | - | 103.6 | - | - | - | - | 103.6 |
| Rated instruments | - | - | - | - | - | - | - | - | 103.6 | - | - | - | - | 103.6 |
| Debt instruments - non sovereign(NCDs, bonds held, debentures) | - | - | - | - | 830.4 | - | - | - | - | - | - | - | 12.9 | 843.3 |
| Bank placements | - | - | - | - | 122.0 | - | - | - | - | - | - | - | - | 122.0 |
| Sovereign, government placements and debt instruments | - | - | - | 546.1 | - | - | - | - | - | - | - | - | - | 546.1 |
| Trading exposures (positive fair value excluding potential future exposures) | 0.1 | - | 1.4 | - | 211.9 | 1.2 | 4.4 | - | - | 9.4 | 5.5 | - | 0.9 | 234.7 |
| Other credit exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | 79.6 |
| Gross core loans and advances to customers | 2,883.8 | 0.3 | 68.1 | 54.8 | 20.3 | 35.9 | 32.0 | 9.7 | 79.6 | 12.0 | 131.5 | 16.1 | 15.9 | 3,280.3 |
| Off-balance sheet exposures | 190.9 | - | 27.4 | 22.9 | - | 10.2 | 5.3 | - | 3.0 | 19.9 | 38.3 | - | - | 318.0 |
| Guarantees | 17.4 | - | 6.8 | - | - | 4.2 | - | - | 3.0 | 19.9 | 25.6 | - | - | 53.9 |
| Contingent liabilities, committed facilities and other | 173.5 | - | 20.6 | 22.9 | - | 6.1 | 5.3 | - | - | - | 12.8 | - | - | 264.1 |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 3,074.8 | 0.3 | 97.0 | 623.8 | 1,184.5 | 47.3 | 41.7 | 9.7 | 186.2 | 41.3 | 175.3 | 16.1 | 29.6 | 5,527.6 |
| As at 31 March 2011 | | | | | | | | | | | | | | |
| On-balance sheet exposures | 2,907.1 | 1.2 | 85.6 | 278.3 | 1,449.1 | 35.8 | 32.5 | - | 186.6 | - | 142.5 | 19.6 | 39.4 | 5,177.6 |
| Securitisation exposures arising from securitisation/principal finance activities | - | - | - | - | - | - | - | - | 102.9 | - | - | - | - | 102.9 |
| Rated instruments | - | - | - | - | - | - | - | - | 102.9 | - | - | - | - | 102.9 |
| Debt instruments (NCDs, bonds held, debentures) | - | - | - | - | 1,169.4 | - | - | - | - | - | - | - | 20.3 | 1,189.7 |
| Bank placements | - | - | - | - | 149.6 | - | - | - | - | - | - | - | - | 149.6 |
| Sovereign, government placements and debt instruments | - | - | - | 240.6 | - | - | - | - | - | - | - | - | - | 240.6 |
| Trading exposures (positive fair value excluding potential future exposures) | - | - | 1.5 | - | 109.4 | 0.5 | 0.1 | - | - | - | 12.1 | - | 3.0 | 126.7 |
| Other credit exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross core loans and advances to customers | 2,907.1 | 1.2 | 84.1 | 37.6 | 20.6 | 35.3 | 32.3 | - | 83.7 | - | 130.4 | 19.6 | 16.0 | 3,368.1 |
| Off-balance sheet exposures | 218.4 | - | 11.6 | 15.3 | - | 11.0 | 6.2 | - | 5.5 | - | 49.6 | - | - | 317.6 |
| Guarantees | 25.4 | - | 2.3 | - | - | 5.0 | 0.2 | - | - | - | 29.1 | - | - | 61.9 |
| Contingent liabilities, committed facilities and other | 193.0 | - | 9.3 | 15.3 | - | 6.0 | 6.1 | - | 5.5 | - | 20.5 | - | - | 255.6 |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 3,125.5 | 1.2 | 97.2 | 293.6 | 1,449.1 | 46.8 | 38.7 | - | 192.1 | - | 192.1 | 19.6 | 39.4 | 5,495.2 |



Investec Bank (Australia) Limited

Asset quality

| \$m | 30 September 2011 | 31 March 2011 |
|--|-------------------|----------------|
| Gross core loans and advances to customers | 3,280.3 | 3,368.1 |
| Total impairments | (90.6) | (53.3) |
| Portfolio impairments | (2.4) | (2.4) |
| Specific impairments | (88.2) | (50.9) |
| Net core loans and advances to customers | 3,189.7 | 3,314.8 |
| Average gross core loans and advances | 3,324.2 | 3,228.1 |
| Current loans and advances to customers | 2,822.0 | 2,937.0 |
| Past due and default core loans and advances to customers | 458.2 | 431.1 |
| Past due loans and advances to customers (1-60 days) | 23.1 | 37.5 |
| Special mention loans and advances to customers | 16.1 | 21.5 |
| Default loans and advances to customers ⁽¹⁾ | 419.0 | 372.1 |
| Gross core loans and advances to customers | 3,280.3 | 3,368.1 |
| Past due and default core loans and advances to customers | 458.2 | 431.1 |
| Gross core loans and advances to customers that are past due but not impaired | 104.8 | 217.6 |
| Gross core loans and advances to customers that are impaired** | 353.4 | 213.5 |
| Total income statement charge for impairments on core loans and advances | (50.9) | (58.8) |
| Gross core loans and advances to customers that are impaired | 353.4 | 213.5 |
| Specific impairments | (88.2) | (50.9) |
| Impaired loans net of specific impairments | 265.2 | 162.6 |
| Collateral and other credit enhancements | 336.6 | 162.6 |
| Net default loans and advances to customers (limited to zero) | - | - |
| Total impairments as a % of gross core loans and advances to customers | 2.8% | 1.6% |
| Total impairments as a % of gross default loans | 21.6% | 14.3% |
| Gross defaults as a % of gross core loans and advances to customers | 12.8% | 11.0% |
| Defaults (net of impairments) as a % of net core loans and advances to customers | 8.3% | 4.9% |
| Net defaults as a % of gross core loans and advances to customers | - | - |
| Annualised credit loss ratio (i.e. income statement charge as a % of average gross loans and advances) | 3.1% | 1.8% |

**As set out in the Executive Summary, the development finance portfolio is currently being run off or sold. The effect of this should be a very substantial decrease in levels of default and impaired loans by 31 March 2012.



Risk management

An age analysis of past due and default core loans and advances to customers

| \$m | 30 Sept 2011 | 31 March 2011 |
|---|--------------|---------------|
| Default loans that are current | 19.5 | 21.9 |
| 1 - 60 days | 33.0 | 40.1 |
| 61 - 90 days | 6.3 | 19.4 |
| 91 - 180 days | 50.4 | 61.1 |
| 181 - 365 days | 69.3 | 68.1 |
| >365 days | 279.7 | 220.5 |
| Past due and default core loans and advances to customers (actual capital exposure) | 458.2 | 431.1 |
| 1 - 60 days | 5.4 | 1.3 |
| 61 - 90 days | 5.6 | 15.8 |
| 91 - 180 days | 41.9 | 52.0 |
| 181 - 365 days | 66.9 | 60.2 |
| >365 days | 276.0 | 217.4 |
| Past due and default core loans and advances to customers (actual amount in arrears) | 395.8 | 346.7 |

A further age analysis of past due and default core loans and advances to customers

| \$m | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365days | Total |
|--|-------------------------|-------------|------------|-------------|--------------|----------|-------|
| As at 30 Sept 2011 | | | | | | | |
| Gross core loans and advances to customers that are past due but not impaired | | | | | | | |
| Total capital exposure | - | 32.9 | 6.3 | 25.0 | 15.3 | 25.3 | 104.8 |
| Amount in arrears | - | 5.4 | 5.6 | 16.9 | 12.8 | 22.0 | 62.7 |
| Gross core loans and advances to customers that are impaired | | | | | | | |
| Total capital exposure | 19.5 | 0.1 | - | 25.4 | 54.1 | 254.3 | 353.4 |
| Amount in arrears | - | - | - | 25.0 | 54.1 | 254.0 | 333.1 |
| As at 31 March 2011 | | | | | | | |
| Gross core loans and advances to customers that are past due but not impaired | | | | | | | |
| Total capital exposure | - | 40.1 | 18.9 | 20.7 | 59.9 | 78.0 | 217.7 |
| Amount in arrears | - | 1.3 | 15.8 | 12.8 | 52.0 | 75.2 | 157.0 |
| Gross core loans and advances to customers that are impaired | | | | | | | |
| Total capital exposure | 21.9 | - | 0.5 | 40.4 | 8.2 | 142.5 | 213.5 |
| Amount in arrears | - | - | - | 39.2 | 8.2 | 142.2 | 189.6 |



An age analysis of pst due and default core loans and advances to customers as at 30 September 2011 (based on total capital exposure)

| \$m | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365days | Total |
|--|-------------------------|-------------|------------|-------------|--------------|--------------|--------------|
| Past due (1-60 days) | - | 23.1 | - | - | - | - | 23.1 |
| Special mention | - | 9.8 | 6.3 | - | - | - | 16.1 |
| Special mention (1 - 90 days) | - | 9.8 | 5.8 | - | - | - | 15.6 |
| Special mention (61 - 90 days and item well secured) | - | - | 0.5 | - | - | - | 0.5 |
| Default | 19.5 | 0.1 | - | 50.4 | 69.3 | 279.7 | 419.0 |
| Sub-standard | - | - | - | 25.0 | 15.3 | 25.3 | 65.6 |
| Doubtful | 19.5 | 0.1 | - | 25.4 | 54.1 | 254.3 | 353.4 |
| Total | 19.5 | 33.0 | 6.3 | 50.4 | 69.3 | 279.7 | 458.2 |

An age analysis of past due and default core loans and advances to customers as at 30 September 2011 (based on actual amount in arrears)

| \$m | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365days | Total |
|--|-------------------------|-------------|------------|-------------|--------------|----------|------------|
| Past due (1-60 days) | - | - | - | - | - | - | - |
| Special mention | - | 5.0 | - | - | - | - | 5.0 |
| Special mention (1 - 90 days) | - | 0.3 | 5.6 | - | - | - | 5.9 |
| Special mention (61 - 90 days and item well secured) | - | 0.3 | 5.3 | - | - | - | 5.6 |
| Default | - | - | 0.3 | - | - | - | 0.3 |
| Sub-standard | - | - | - | 41.9 | 66.9 | 276.0 | 384.8 |
| Doubtful | - | - | - | 16.9 | 12.8 | 22.0 | 51.8 |
| | - | - | - | 25.0 | 54.1 | 254.0 | 333.1 |
| Total | - | 5.0 | 0.3 | - | - | - | 5.4 |



An age analysis of past due and default core loans and advances to customers as at 31 March 2011 (based on total capital exposure)

| \$m | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365days | Total |
|--|-------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Past due (1-60 days) | - | 37.5 | - | - | - | - | 37.5 |
| Special mention | - | 2.6 | 18.9 | - | - | - | 21.5 |
| Special mention (1 - 90 days) | - | 2.6 | 15.7 | - | - | - | 18.3 |
| Special mention (61 - 90 days and item well secured) | - | - | 3.2 | - | - | - | 3.2 |
| Default | 21.9 | - | 0.5 | 61.1 | 68.1 | 220.5 | 372.2 |
| Sub-standard | - | - | - | 20.7 | 59.9 | 78.0 | 158.7 |
| Doubtful | 21.9 | - | 0.5 | 40.4 | 8.2 | 142.5 | 213.5 |
| Total | 21.9 | 40.0 | 19.4 | 61.1 | 68.1 | 220.5 | 431.1 |

An age analysis past due and default core loans and advances to customers as at 31 March 2011 (based on actual amount in arrears)

| \$m | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365days | Total |
|--|-------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Past due (1-60 days) | - | 1.2 | - | - | - | - | 1.2 |
| Special mention | - | 0.1 | 15.8 | - | - | - | 16.0 |
| Special mention (1 - 90 days) | - | 0.1 | 15.7 | - | - | - | 15.9 |
| Special mention (61 - 90 days and item well secured) | - | - | 0.1 | - | - | - | 0.1 |
| Default | - | - | - | 52.0 | 60.2 | 217.4 | 329.5 |
| Sub-standard | - | - | - | 12.8 | 52.0 | 75.2 | 139.9 |
| Doubtful | - | - | - | 39.2 | 8.2 | 142.2 | 189.6 |
| Total | - | 1.3 | 15.8 | 52.0 | 60.2 | 217.4 | 346.7 |



Risk management

An analysis of core loans and advances to customers

| | Gross core loans and advances that are neither past due nor impaired | Gross core loans and advances that are past due but not impaired | Gross core loans and advances that are impaired | Total gross core loans and advances (actual capital exposure) | Specific impairments | Portfolio impairments | Total net core loans and advances (actual capital exposure) | Actual amount in arrears |
|---------------------------------|--|--|---|---|----------------------|-----------------------|---|--------------------------|
| \$m | | | | | | | | |
| As at 30 Sept 2011 | | | | | | | | |
| Current core loans and advances | 2,822.0 | - | - | 2,822.0 | - | (2.4) | 2,819.7 | - |
| Past due (1-60 days) | - | 23.1 | - | 23.1 | - | - | 23.1 | 5.0 |
| Special mention | - | 16.1 | - | 16.1 | - | - | 16.1 | 5.9 |
| Special mention (1 - 90 days) | - | 15.6 | - | 15.6 | - | - | 15.6 | 5.6 |
| Special mention (61 - 90 days) | - | 0.5 | - | 0.5 | - | - | 0.5 | 0.3 |
| Default | - | 65.6 | 353.4 | 419.0 | (88.2) | - | 330.7 | 384.8 |
| Sub-standard | - | 65.6 | - | 65.6 | - | - | 65.6 | 51.8 |
| Doubtful | - | - | 353.4 | 353.4 | (88.2) | - | 265.2 | 333.1 |
| Total | 2,822.0 | 104.8 | 353.4 | 3,280.3 | (88.2) | (2.4) | 3,189.6 | 395.8 |
| As at 31 March 2011 | | | | | | | | |
| Current core loans and advances | 2,937.0 | - | - | 2,937.0 | - | (2.4) | 2,934.7 | - |
| Past due (1-60 days) | - | 37.5 | - | 37.5 | - | - | 37.5 | 1.2 |
| Special mention | - | 21.5 | - | 21.5 | - | - | 21.5 | 16.0 |
| Special mention (1 - 90 days) | - | 18.3 | - | 18.3 | - | - | 18.3 | 15.9 |
| Special mention (61 - 90 days) | - | 3.2 | - | 3.2 | - | - | 3.2 | 0.1 |
| Default | - | 158.7 | 213.5 | 372.2 | (50.9) | - | 321.3 | 329.5 |
| Sub-standard | - | 158.7 | - | 158.7 | - | - | 158.7 | 139.9 |
| Doubtful | - | - | 213.5 | 213.5 | (50.9) | - | 162.6 | 189.6 |
| Total | 2,937.0 | 217.6 | 213.5 | 3,368.1 | (50.9) | (2.4) | 3,314.8 | 346.7 |



Risk management

An analysis of core loans and advances to customers and impairments by counterparty type

| | Current core loans and advances | Past due (1-60 days) | Special mention (1 - 90 days) | Special mention (61 - 90 days and item well secured) | Sub-standard | Doubtful | Total gross core loans and advances to customers | Portfolio impairments | Specific impairments | Total impairments |
|--|---------------------------------|----------------------|-------------------------------|--|--------------|--------------|--|-----------------------|----------------------|-------------------|
| \$m | | | | | | | | | | |
| As at 30 Sept 2011 | | | | | | | | | | |
| Private Banking professional and HNW individuals | 2,425.5 | 23.1 | 15.6 | 0.5 | 65.6 | 353.4 | 2,883.8 | (2.4) | (88.2) | (90.6) |
| Corporate sector | 321.5 | - | - | - | - | - | 321.5 | - | - | - |
| Banking, insurance, financial services (excluding sovereign) | 20.3 | - | - | - | - | - | 20.3 | - | - | - |
| Public and government sector (including central banks) | 54.8 | - | - | - | - | - | 54.8 | - | - | - |
| Total gross core loans and advances to customers | 2,822.0 | 23.1 | 15.6 | 0.5 | 65.6 | 353.4 | 3,280.3 | (2.4) | (88.2) | (90.6) |
| As at 31 March 2011 | | | | | | | | | | |
| Private Banking professional and HNW individuals | 2,583.4 | 37.5 | 18.3 | 3.2 | 158.6 | 192.1 | 2,993.1 | (2.4) | (41.4) | (43.8) |
| Corporate sector | 295.4 | - | - | - | - | 21.4 | 316.8 | - | (9.5) | (9.5) |
| Banking, insurance, financial services (excluding sovereign) | 20.6 | - | - | - | - | - | 20.6 | - | - | - |
| Public and government sector (including central banks) | 37.6 | - | - | - | - | - | 37.6 | - | - | - |
| Total gross core loans and advances to customers | 2,937.0 | 37.5 | 18.3 | 3.2 | 158.6 | 213.5 | 3,368.1 | (2.4) | (50.9) | (53.3) |

Summary analysis of gross core loans and advances to customers by counterparty type

| \$m | 30 Sept 2011 | 31 March 2011 |
|--|--------------|---------------|
| Private client activities | 2,883.8 | 2,993.1 |
| Corporate sector | 321.5 | 316.8 |
| Banking, insurance, financial services (excluding sovereign) | 20.3 | 20.6 |
| Public and government sector (including central banks) | 54.8 | 37.6 |
| Total gross core loans and advances to customers | #REF! | #REF! |



Risk management

Collateral

| \$m | Collateral held against | | Total |
|---|-------------------------------|---|----------------|
| | Gross core loans and advances | Other credit and counterparty exposures * | |
| As at 30 Sept 2011 | | | |
| Eligible financial collateral | 28.1 | 12.3 | 40.4 |
| Cash | 28.1 | 12.3 | 40.4 |
| Mortgages | 2,089.5 | 211.0 | 2,300.5 |
| Residential mortgages | 89.3 | - | 89.3 |
| Residential development | 743.8 | - | 743.8 |
| Commercial property developments | 756.1 | - | 756.1 |
| Commercial property investments | 500.4 | 211.0 | 711.4 |
| Other collateral | 1,905.8 | - | 1,905.8 |
| Unlisted shares | 384.9 | - | 384.9 |
| Debtors, stock and other corporate assets | 659.0 | - | 659.0 |
| Guarantees | 2.3 | - | 2.3 |
| Other | 859.5 | - | 859.5 |
| Total collateral | 4,023.3 | 223.3 | 4,246.7 |
| As at 31 March 2011 | | | |
| Eligible financial collateral | 31.7 | 12.1 | 43.8 |
| Cash | 31.7 | 12.1 | 43.8 |
| Mortgages | 2,463.1 | - | 2,463.1 |
| Residential mortgages | 100.1 | - | 100.1 |
| Residential development | 863.2 | - | 863.2 |
| Commercial property developments | 821.2 | - | 821.2 |
| Commercial property investments | 678.6 | - | 678.6 |
| Other collateral | 1,915.0 | - | 1,915.0 |
| Unlisted shares | 394.7 | - | 394.7 |
| Debtors, stock and other corporate assets | 641.7 | - | 641.7 |
| Guarantees | 7.6 | - | 7.6 |
| Other | 871.0 | - | 871.0 |
| Total collateral | 4,409.8 | 12.1 | 4,421.9 |

* A large percentage of these exposures (for example bank placements) are to highly rated financial institutions where limited collateral would be required due to the nature of the exposure.



Risk management

Traded market risk management

Traded market risk is a measure of potential change in the value of a portfolio of instruments as a result of changes in the financial environment (resulting in changes in underlying market risk factors such as interest rates, equity markets, bond markets, commodity markets, exchange rates and volatilities) between now and a future point in time. The Market Risk Management team identifies, quantifies and manages the effects of these potential changes in accordance with Basel II and policies determined by the board.

Within our trading activities, we act as principal with clients or the market. Market risk therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The focus of these businesses is primarily on supporting client activity. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution.

Measurement techniques used to quantify the market risk arising from our trading activities include sensitivity analysis and Value at Risk (VaR). Stress testing is also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 95% confidence interval. All VaR models, while forward-looking, are based on past events and depend on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored through back testing. This involves comparing the actual trading revenues arising from the previous day's closing positions with the one-day VaR calculated for the previous day on these same positions. If the revenue exceeds the one-day VaR, a "back testing breach" is considered to have occurred.

VaR 95% (one-day)

| \$'000 | 30 Sept 2011 | 31 March 2011 |
|-----------------------|--------------|---------------|
| Position | 25.3 | 6.7 |
| Option | - | - |
| Interest rates | 75.7 | 16.8 |
| Consolidated * | 66.9 | 0.0 |
| High | 125.3 | 201.7 |
| Low | 19.1 | 12.5 |
| Average | 71.9 | 89.4 |

* The consolidated VaR for each exposure for the period is lower than the sum of the individual VaR's. This arises from consolidation offset between various asset classes.

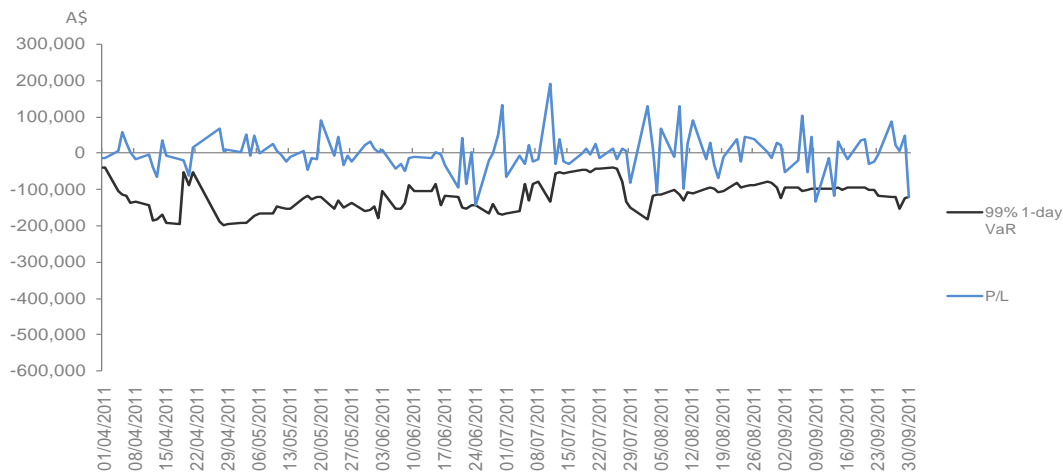


Risk management

Traded market risk management

The graph below show total daily VaR and profit and loss figures for our trading activities over the reporting period. The values shown are for the 99% one-day VaR i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge the accuracy of the VaR figures.

For the six months to 30 September 2011



Trading activity was relatively muted during the first half of the year, with average VaR utilisation lower than the already moderate levels experienced in the financial year 2011. There have been three exceptions i.e. where the loss is greater than the greater than the VaR. This is more than the expected number of exceptions at the 99% level and is a result of unusually high levels of market volatility.



Risk management

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from Investec Australia's investment portfolio.

| | Change in equity price % Sep-11 | Effect on equity \$m Sep-11 | Change in equity price % Mar-11 | Effect on equity \$m Mar-11 |
|----------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| Market Indices | | | | |
| ASX small cap | + / - 47.9 | 4.7 / (3.1) | + / - 40.9 | 10.2 / (7.1) |

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. These numbers do not assume normality but rather relies on fitting a distribution to the tails of the distribution. This method is known as extreme value theory (EVT), the reported stress scenario below calculates the 99% EVT which is a 1-in-8 year possible loss event.

| \$'000 | 30 Sept 2011 | 31 March 2011 |
|---------------------|--------------|---------------|
| Position | 52.9 | 51.5 |
| Option | - | - |
| Interest rates | 453.6 | 128.6 |
| Consolidated | 343.4 | 150.5 |

Profit and loss histograms

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The graph shows that positive trading revenue was realised on 62 days out of a total of 126 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2011 was A\$3 247 (March 2011: loss of A\$1 393).





Risk management

Balance sheet risk management

Balance sheet risk management encompasses the financial risks relating to our asset and liability portfolios, comprising market liquidity, funding, concentration and non-trading interest rate risks on balance sheet.

Non-trading interest rate risk description

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of increases or decreases in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of interest rate risk include volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios.

The table that follows show our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.



Risk management

Interest rate sensitivity gap

The tables below show our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.

| As at 30 Sept 2011 \$m | Not > 3 months | > 3 months but < 6 months | > 6 months but < 1 year | > 1 year but < 5 years | > 5 years | Non rate | Total non- trading |
|---|-------------------|------------------------------|----------------------------|---------------------------|--------------|----------------|-----------------------|
| Cash and liquid assets | 424.2 | - | - | - | - | - | 424.2 |
| Financial investments - available for sale | 1,031.4 | - | 19.4 | 183.8 | - | (22.0) | 1,212.7 |
| Trading securities | - | - | - | - | - | 46.5 | 46.5 |
| Loans and advances to customers | 2,273.6 | 80.7 | 261.3 | 635.2 | 17.9 | 7.4 | 3,276.2 |
| Investments accounted for using the equity method | - | - | - | - | - | 2.0 | 2.0 |
| Non-rate assets | - | - | - | - | - | 421.7 | 421.7 |
| Assets | 3,729.2 | 80.7 | 280.8 | 819.0 | 17.9 | 455.5 | 5,383.2 |
| Customer accounts | 1,547.7 | 460.0 | 136.6 | 136.7 | 10.0 | 26.0 | 2,317.1 |
| Debt issued and other borrowed funds | 1,366.3 | 101.4 | 30.8 | 650.0 | - | 54.6 | 2,203.2 |
| Subordinated debt | 76.9 | - | - | - | - | (1.0) | 75.9 |
| Non-rate liabilities | - | - | - | - | - | 145.2 | 145.2 |
| Liabilities | 2,990.9 | 561.5 | 167.4 | 786.7 | 10.0 | 224.8 | 4,741.3 |
| Shareholders' funds | - | - | - | - | - | 641.9 | 641.9 |
| Balance sheet | 738.3 | (480.7) | 113.3 | 32.3 | 7.9 | (411.1) | - |
| Hedges | 199.7 | (62.7) | (74.1) | (46.2) | (6.6) | (10.0) | - |
| Repricing gap | 938.0 | (543.4) | 39.2 | (14.0) | 1.4 | (421.2) | - |
| Cumulative repricing gap | 938.0 | 394.6 | 433.8 | 419.8 | 421.2 | - | - |

Economic value sensitivity

Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. The numbers represented the change to mainly net interest income should such a hypothetical scenario arise. This sensitivity effect does not have a significant direct impact to equity.

| ' million | AUD |
|------------|-------|
| 200bp Down | -6.05 |
| 200bp Up | 6.05 |



Risk management

Balance sheet risk management

Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund contracted increases in assets, or are unable to meet our payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans in the absence of corresponding funding in-flows of appropriate maturity.

Liquidity mismatch

The tables following show our undiscounted contractual liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the “behavioural mismatch”.
- To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity.



Contractual liquidity

| As at 30 Sept 2011 \$m | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months to 1 year | 1 to 5 years | > 5 years | Not specified | Total |
|--|---------------|----------------|------------------|-----------------------|----------------|--------------|----------------|----------------|
| Cash and liquid assets | 424.2 | - | - | - | - | - | - | 424.2 |
| Derivative financial instruments | 1.8 | 29.1 | 10.4 | 30.2 | 92.2 | 24.4 | - | 188.2 |
| Trading securities | - | - | - | - | 46.5 | - | - | 46.5 |
| Financial investments - available for sale | 134.1 | 127.3 | 23.5 | 23.9 | 805.6 | 98.3 | - | 1,212.7 |
| Loans and advances to customers | 188.4 | 196.9 | 345.4 | 565.8 | 1,863.5 | 115.8 | 0.4 | 3,276.2 |
| Investments accounted for using the equity | - | - | - | - | - | - | 2.0 | 2.0 |
| Other assets | - | - | - | - | - | - | 233.5 | 233.5 |
| Assets | 748.4 | 353.4 | 379.3 | 619.9 | 2,807.9 | 238.4 | 235.9 | 5,383.2 |
| Customer accounts (1) | 773.2 | 765.5 | 454.0 | 138.1 | 176.2 | 10.1 | - | 2,317.1 |
| Derivative financial instruments | 0.2 | 14.4 | 10.1 | 15.7 | 48.8 | 26.5 | - | 115.7 |
| Debt issued and other borrowed funds | 60.0 | 141.1 | 805.6 | 201.9 | 994.1 | 0.5 | - | 2,203.2 |
| Other liabilities | - | - | - | - | - | - | 29.5 | 29.5 |
| Subordinated debt | - | - | - | - | 75.9 | - | - | 75.9 |
| Liabilities | 833.4 | 920.9 | 1,269.7 | 355.7 | 1,295.0 | 37.1 | 29.5 | 4,741.3 |
| Shareholders' funds | - | - | - | - | - | - | 641.9 | 641.9 |
| Liquidity gap | (84.9) | (567.5) | (890.4) | 264.2 | 1,512.8 | 201.3 | (435.5) | - |
| Cumulative liquidity gap | (84.9) | (652.5) | (1,542.9) | (1,278.7) | 234.2 | 435.5 | - | - |

(1) Includes substantial "core" deposits that are contractually at call and are represented as such in this disclosure, but history demonstrates such accounts provide a stable source of long term funding.

Behavioural liquidity

| \$m | Next day | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months to 1 year | 1 to 3 years | > 5 years | Total |
|----------------------------------|----------|---------------|--------------|--------------|-----------------------|--------------|-----------|-------|
| Behavioural liquidity gap | 1,390.0 | (173.4) | (868.5) | (1,001.5) | 177.6 | 749.2 | (273.5) | - |
| Cumulative | 1,390.0 | 1,216.6 | 348.1 | (653.4) | (475.8) | 273.5 | - | - |



Investec Bank (Australia) Limited

Capital adequacy

| \$m | 30 September 2011 | 31 March 2011 |
|--|-------------------|----------------|
| Regulatory capital | | |
| Tier 1 | | |
| Called up share capital | 291.7 | 291.7 |
| Retained income | 342.7 | 364.4 |
| Other reserves | (6.1) | (5.0) |
| Total tier 1 | 628.3 | 651.1 |
| Less: deductions | (182.0) | (153.0) |
| Net tier 1 | 446.2 | 498.1 |
| Capital (net of deductions) | 100.5 | 98.0 |
| Tier 2 | 100.5 | 98.0 |
| Total capital | 546.8 | 596.1 |
| Risk-weighted assets (banking and trading) | 3,349.2 | 3,387.0 |
| Credit risk - prescribed standardised exposure classes | 2,877.0 | 2,956.6 |
| Corporates | 2,331.9 | 2,265.8 |
| Secured on real estate property | 43.0 | 44.5 |
| Counterparty risk on trading positions | 52.5 | 66.1 |
| Short term claims on institutions and corporates | 14.2 | 22.9 |
| Retail | 97.6 | 87.5 |
| Institutions | 96.1 | 94.7 |
| Other exposure classes | 241.6 | 375.1 |
| Equity risk - standardised approach | 59.0 | 57.4 |
| Listed equities | 16.1 | 19.7 |
| Unlisted equities | 42.9 | 37.7 |
| Market risk - portfolios subject to internal models approach | 33.7 | 14.4 |
| Interest rate | 25.4 | 8.5 |
| Foreign exchange | 3.1 | 0.6 |
| Commodities | 5.2 | 5.3 |
| Operational risk - standardised approach | 379.5 | 358.5 |
| Capital adequacy ratio | 16.3% | 17.6% |
| Tier 1 ratio | 13.3% | 14.7% |
| Capital adequacy ratio - pre operational risk | 18.4% | 19.7% |
| Tier 1 ratio - pre operational risk | 15.0% | 16.4% |



Australian Prudential Regulation Authority (APRA) Prudential Standard 330 disclosure

The disclosure is on a consolidated basis being Investec Bank (Australia) Limited and the entities it controls.

The information provided below is as at 30 September 2011.

\$m

Capital structure

| | |
|--|--------------|
| Tier 1 capital | |
| Paid up ordinary shares | 291.7 |
| Retained earnings, including current year earnings | 342.7 |
| | |
| Other reserves | (6.1) |
| Less: impairments (goodwill and other deductions) | (182.0) |
| | 446.3 |
| Tier 2 capital (net of deductions) | 100.5 |
| Capital base | 546.9 |

| Capital adequacy | Risk-weighted assets |
|--|----------------------|
| Credit risk: | |
| - claims secured by residential mortgage | 43.0 |
| - other retail | 97.6 |
| - corporate | 2,331.9 |
| - bank | 176.8 |
| - all other | 286.7 |
| | 2,936.0 |
| Market risk | 33.7 |
| Operational risk | 379.5 |
| Total | 3,349.2 |
| Total capital adequacy ratio | 16.3% |
| Tier 1 ratio | 13.3% |
| Capital adequacy ratio - pre operational risk | 18.4% |
| Tier 1 ratio - pre operational risk | 15.0% |

| Credit and counterparty risk exposure by type ** | Gross exposure | * Average gross exposure |
|---|----------------|--------------------------|
| - debt instruments (NCDs, bank bills, bonds held) | 946.9 | 1,078.8 |
| - bank placements | 76.9 | 181.3 |
| - sovereign, government placements | 546.2 | 282.0 |
| - trading exposures (positive fair value excluding potential future exposures) | 73.8 | 135.5 |
| - gross core loans and advances to customers | 2,578.0 | 2,583.9 |
| - all other | 4.5 | 37.9 |
| Total on-balance sheet exposures | 4,226.3 | 4,299.4 |
| Guarantees entered into in the normal course of business | 53.9 | 52.8 |
| Commitments to provide credit | 264.1 | 262.4 |
| Total off-balance sheet exposures | 318.0 | 315.2 |
| Total credit and counterparty exposures pre collateral and other credit enhancements | 4,544.3 | 4,614.6 |

| Credit and counterparty risk exposure by portfolio** | Gross exposure | * Average gross exposure |
|---|----------------|--------------------------|
| - claim secured by residential mortgage | 49.2 | 48.6 |
| - other retail | 110.7 | 111.2 |
| - corporate | 2,440.5 | 2,456.9 |
| - bank | 638.6 | 861.9 |
| - government | 1,075.5 | 811.1 |
| - all other | 229.8 | 324.9 |
| Total credit and counterparty exposures by portfolio | 4,544.3 | 4,614.6 |
| General reserve for credit losses | 29.7 | |

| Asset quality of credit and counterparty risk exposures** | TOTAL | Claims secured by residential mortgage | Other retail | Corporate | Bank | Government | And all other |
|---|-------|--|--------------|-----------|------|------------|---------------|
| Impaired facilities | 374.8 | - | 32.6 | 342.2 | - | - | - |
| Past due facilities < 90 days | 39.2 | 0.7 | 21.3 | 17.2 | - | - | - |
| Past due facilities > 90 days | 65.6 | - | 13.1 | 52.5 | - | - | - |
| Total | 479.6 | 0.7 | 67.0 | 411.9 | - | - | - |
| Specific provision | 97.7 | - | 15.1 | 82.6 | - | - | - |
| Charges for specific provisions for the quarter | 37.9 | - | 2.0 | 35.9 | - | - | - |
| Write-offs during the quarter | 3.8 | - | 2.1 | 1.7 | - | - | - |

*Where the average is based on month-end balances for the period 1 July 2011 to 30 September 2011

**Excluding securitisation exposures