# Investec Bank Limited

## salient financial information

for the six months ended
30 | 09 | 10

*Out of the Ordinary®*

Investec

Specialist Bank and
Asset Manager

# Corporate information

## Investec Bank Limited

### Secretary and Registered Office

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Sandown Sandton 2196
PO Box 785700 Sandton 2146
Telephone (27 11) 286 7000
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### Internet address

www.investec.com

### Registration number

Reg. No. 1969/004763/06

### Auditors

Ernst & Young Inc.
KPMG Inc.

### Transfer Secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107
Telephone (27 11) 370 5000

### Directorate

#### Executive directors

Stephen Koseff (Chief Executive Officer)
Bernard Kantor (Managing Director)
Glynn R Burger (Group Risk and Finance Director)
David M Lawrence (Deputy Chairman)
Bradley Tapnack

#### Non-executive directors

Fani Titi (Chairman)
Sam E Abrahams
Peter M Malungani
Kari-Bart XT Socikwa
Peter RS Thomas
C Busi Tshili

For queries regarding information in this document:

### Investor Relations

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# Contents

# Overview

# Overview of the Investec group

## Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a Dual Listed Companies (DLC) structure with linked companies listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in Australia.

## What we do

We are organised as a network comprising six business divisions: Asset Management, Wealth and Investment, Property Activities, Private Banking, Investment Banking and Capital Markets. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance business.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

## Mission statement

We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.

## Values

- Outstanding talent – empowerment, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Distinctive **Performance**

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

**Dedicated** Partnership

**Client** Focus

- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron **Integrity**

- Moral strength
- Risk consciousness
- Highest ethical standards

## Philosophies

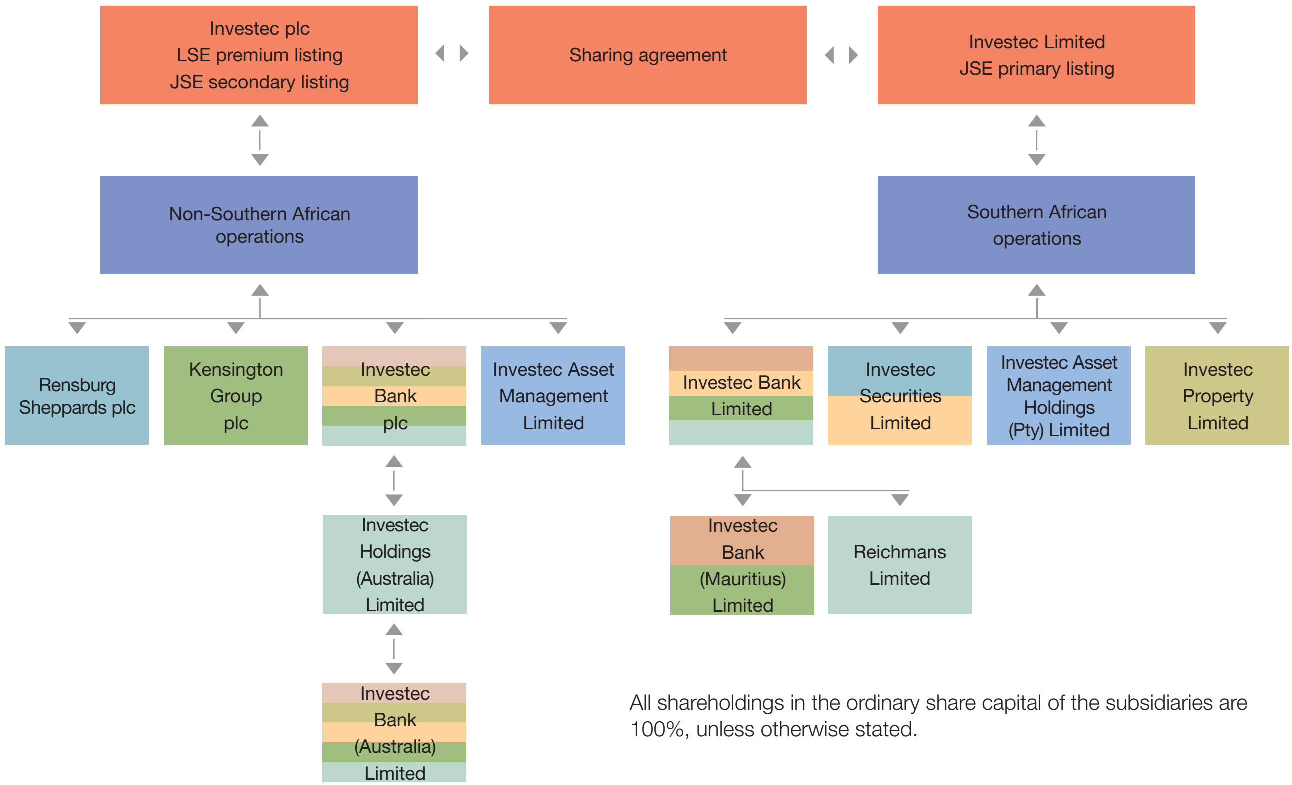
- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance

# Overview of Investec's and Investec Bank Limited's organisational structure

During July 2002 Investec Group Limited (since renamed Investec Limited), implemented a Dual Listed Companies (DLC) structure and listed its offshore business on the London Stock Exchange. A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

In terms of the DLC structure Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius and Investec plc is the controlling company of the majority of our non-Southern African businesses. Investec Limited is listed on the JSE Limited South Africa and Investec plc is listed on the London Stock Exchange. Investec Bank Limited (referred to in this report as the bank) is a subsidiary of Investec Limited.

Our DLC structure and main operating subsidiaries




All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

Key: activities conducted

- Asset Management
- Wealth and Investment
- Property Activities
- Private Banking
- Investment Banking
- Capital Markets
- Other Activities

## Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

# Overview of the activities of Investec Bank Limited

## Introduction

The bank's structure comprises three principal business units: Private Banking, Capital Markets and Investment Banking. Each division provides specialised products and services to defined target markets. Our head office also provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. The head office is also responsible for our central funding as well as other activities such as trade finance.

## Private Banking

Investec Private Bank provides a range of private banking services, targeting select high income and net worth individuals in chosen niche markets. These services include:
- Banking
- Structured property finance
- Growth and acquisition finance
- Specialised lending
- Trust and fiduciary

We are the ideal partner for those who require more than traditional banking services. The philosophy of 'out thinking' rather than 'out muscling' underpins all that we do. This means aspiring to be not only better, but more importantly different. We position ourselves as the 'investment bank for private clients', offering both credit and investment services to our select clientele.

This unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. Our principal private banking products and services are described in further detail below.

Finally, not only do we have a presence in each of the major centres of South Africa, but we are strongly integrated with the group's UK and Australian operations.

We focus on the following activities:

### Banking

This offering comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include lending, foreign exchange, daily transactional banking, mortgages and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

### Structured property finance

As a key part of our business, we provide senior debt, mezzanine and equity to industry leaders involved in the residential and commercial property markets. Our strong connections within the market and deep relationships with our clients allow us to proactively bring opportunities to them.

### Growth and acquisition finance

We work with entrepreneurs, management teams and private equity houses to implement acquisition and growth strategies for midmarket and privately owned businesses. Our practitioners work with clients on a long-term basis, creating and realising shareholder value. Using preferred equity, mezzanine debt, integrated finance and/or asset-based lending, we meet the needs of our client base.

### Specialised lending

Our Specialised lending offering provides structured finance facilities to financially sophisticated individuals and includes margin lending and financing of non-standard assets.

### Trust and fiduciary

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates uniquely within the fiduciary market, as a bank owned trust company with the independence to operate with partners best suited to our clients. Working alongside these partners, our focus is on the delivery and administration of complex and effective international financial structures tailored to each individual.

## Investment Banking

We engage in a range of investment banking activities, including corporate finance, direct investments and private equity.

We are established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of our local knowledge and expertise, we are well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which we have been involved.

# Overview of the activities of Investec Bank Limited



## Corporate finance

We focus on the development of our domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice.

## Direct investments

As a result of our in-depth market knowledge and local expertise, we are well positioned to take direct positions in predominantly JSE listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions will be carefully researched with the intent to stimulate corporate activity. We also continue to pursue opportunities to help to create and grow black owned and controlled companies.

## Private equity

We actively seek and select expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

# Capital Markets

The Capital Markets division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. We undertake the bulk of Investec's wholesale debt, structuring, proprietary trading, capital markets and derivatives business.

Capital Markets focuses on the following activities:

## Asset and liability management

Central Treasury provides South African Rand, Sterling, Euro, Australian Dollar and US Dollar funding to the group and manages liquidity and interest rate risk for the group.

## Treasury products and distribution

A broad range of treasury products and services is offered to the corporate and public sector markets. We offer corporate entities deposit product, spot, forward exchange, currency swaps and currency options, principally in G7 currencies.

## Interest rates

This unit is involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

## Foreign exchange

We are participants in the spot, forward exchange, currency swaps and currency derivatives markets, principally in rand and G7 currencies and certain emerging market currencies.

## Structured equity

The desks undertake structuring, finance, product issuance, market making, arbitrage and principal trading in equities and equity derivatives. We manufacture and deliver a comprehensive suite of solutions to the retail and wholesale markets. Business focus is to develop close relationships with clients, creating product synergies wherever possible.

## Financial products

We are involved in financial engineering, preference share investments and structures, equities scrip lending, credit derivatives and the development of investment products.

## Principal finance

We are involved in the origination and securitisation structuring and trading of residential mortgages, commercial mortgages, collateralised debt obligations and leveraged loans.

# Overview of the activities of Investec Bank Limited



## Structured and asset finance

This area focuses on structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

## Project finance

We provide advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, telecoms, defence projects, transport and power.

## Commodities and resource finance

We offer advisory services, debt arranging and underwriting, equity raising in the mining resources industry together with structured hedging solutions.

# Group Services and Other Activities

## Central Services

Central Services is made up of functional areas that provide services centrally across all our business operations. Consistent with our philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations.

While these services do not form part of the operating divisions, we have a policy in place whereby a portion of these costs are allocated to the divisions.

Our principal Central Services, relating to the operations and control of our business, are group Risk Management, group Information Technology, group Finance, Investor Relations, group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information and Business Intelligence Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

## Central Funding

Our business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. We use various sources of funding, depending on the specific financial and strategic requirements we face at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to our principal operating divisions.

## Other Activities

Other Activities include those operations that are better managed separately due to the specific expertise which would be diluted if incorporated and split across the business operations. Also included are those operations that do not yet fall into one of our principal business divisions and that we have grown organically or retained following acquisition due to their profitability and diversifying effect on our income streams.

### International Trade Finance

We acquired our International Trade Finance business, ReichmansCapital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. We offer trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

# Commentary on results and salient information



Unless the context indicates otherwise, all comparatives referred to in the commentary below relate to the six months ended 30 September 2009. Operating profit is before taxation and headline adjustments.

## Overall performance

Investec Bank Limited posted a decrease in headline earnings attributable to ordinary shareholders of 5.4% to R859 million (2009: R908 million). Over the past year the bank has concentrated on improving the quality of its balance sheet whilst at the same time moving the business onto the front foot.

| | 30 Sept 2010 | 30 Sept 2009 | % change | 31 March 2010 |
|---|---|---|---|---|
| Operating income (R'million) | 2 591 | 2 695 | (3.9%) | 5 527 |
| Operating expenses (R'million) | 1 504 | 1 485 | 1.3% | 3 001 |
| Operating profit before taxation and headline adjustments (R'million) | 1 087 | 1 210 | (10.2%) | 2 526 |
| Headline earnings attributable to ordinary shareholders (R'million) | 859 | 908 | (5.4%) | 1 845 |
| Cost to income ratio | 50.7% | 47.7% | - | 47.0% |
| Total capital resources (including subordinated liabilities) (R'million) | 24 601 | 20 495 | 20.0% | 21 795 |
| Total equity (R'million) | 17 735 | 15 404 | 15.1% | 16 454 |
| Total assets (R'million) | 213 154 | 189 598 | 12.4% | 197 879 |
| Net core loans and advances (R'million) | 113 866 | 112 992 | 0.8% | 112 263 |
| Customer accounts (deposits) (R'million) | 151 222 | 136 766 | 10.6% | 143 390 |
| Cash and near cash balances (R'million) | 56 332 | 41 485 | 35.8% | 47 986 |
| Capital adequacy ratio | 16.2% | 15.1% | - | 15.5% |
| Tier 1 ratio | 11.7% | 11.3% | - | 11.7% |
| Default loans (net of impairments) as a % of core loans and advances | 3.88% | 3.02% | - | 3.42% |
| Net defaults (after collateral and impairments) as a % of net core loans and advances | - | - | - | - |
| Annualised credit loss ratio (i.e. income statement charge as a % of average loans and advances) | 0.65% | 0.73% | - | 0.75% |
| Total gearing/leverage ratio (i.e. total assets excluding intergroup loans to equity) | 11.7x | 11.6x | - | 11.7x |
| Core loans (excluding own originated securitised assets) as a % of customer deposits | 74.4% | 81.6% | - | 77.3% |

## Business unit review

### Salient operational features of the period under review include:

- The Private Banking division posted an increase in operating profit of 76.6% to R166 million (2009: R94 million) largely as a result of margins normalising. Since 31 March 2010 the private client core lending book grew by 2.3% from R79.6 billion to R81.4 billion and the deposit book grew by 5.3% from R51.2 billion to R53.9 billion
- Operating profit of the Investment Banking division increased by 28.0% to R421 million (2009: R329 million). The investments held within the Principal Investment portfolio generated a solid performance. The Corporate Finance division has benefitted from a steady deal pipeline with fees and commissions earned in line with the prior year
- The Capital Markets division posted an increase in operating profit of 35.0% to R436 million (2009: R323 million) benefiting from lower impairments. Corporate activity levels, however, remain depressed and the division's lending book decreased marginally to R28.6 billion (31 March 2010: R28.8 billion).The bank continued to hold significant surplus liquidity and remains a net provider of liquidity to the South African interbank market
- Operating profit from the Group Services and Other Activities division decreased by 86.2% from R464 million to R64 million largely as a result of a lower return generated on cash balances held within the Central Funding portfolio and lower foreign currency gains.

# Condensed consolidated interim financial statements for the six months to 30 September 2010

# Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, comprising the consolidated balance sheet at 30 September 2010, and the related consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period then ended, and selected notes to the condensed consolidated interim financial statements, in accordance with International Financial Reporting Standards applicable to interim financial reporting and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

## Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the board of directors on 18 November 2010 and are signed on its behalf by

Fani Titi
Chairman

Stephen Koseff
Chief Executive Officer

# Independent Auditors' review report to the members of Investec Bank Limited

## Introduction

We have reviewed the accompanying interim condensed consolidated financial results of Investec Bank Limited which comprise the consolidated balance sheet at 30 September 2010, and the related consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period then ended. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards, which includes IAS 34 Interim Financial Reporting, and in the manner required by the Companies Act of South Africa. Our responsibility is to express a conclusion on this interim information based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial results are not prepared, in all material respects, in accordance with International Financial Reporting Standards, which includes IAS 34 Interim Financial Reporting, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc
Registered Auditor

Ernst & Young Inc.

Per JP Grist
Chartered Accountant (SA)
Registered Auditor
Director
18 November 2010

KPMG Inc
Registered Auditor

KPMG Inc.

Per GL de Lange
Chartered Accountant (SA)
Registered Auditor
Director
18 November 2010

# Consolidated income statement

| R'million | 6 months to 30 Sept 2010 | 6 months to 30 Sept 2009 | Year to 31 March 2010* |
|---|---|---|---|
| Interest income | 7 878 | 7 581 | 15 530 |
| Interest expense | (5 953) | (5 796) | (11 599) |
| Net interest income | 1 925 | 1 785 | 3 931 |
| | | | |
| Fee and commission income | 374 | 413 | 921 |
| Fee and commission expense | (47) | (21) | (49) |
| Principal transactions | 729 | 974 | 1 629 |
| Operating loss from associates | (17) | (41) | (47) |
| Other income | 1 039 | 1 325 | 2 454 |
| | | | |
| Total operating income before impairment losses on loans and advances | 2 964 | 3 110 | 6 385 |
| | | | |
| Impairment losses on loans and advances | (373) | (415) | (858) |
| Operating income | 2 591 | 2 695 | 5 527 |
| | | | |
| Administrative expenses | (1 455) | (1 432) | (2 879) |
| Depreciation, amortisation and impairment of property, equipment and intangibles | (49) | (53) | (122) |
| Profit before taxation | 1 087 | 1 210 | 2 526 |
| | | | |
| Taxation | (192) | (209) | (520) |
| Profit after taxation | 895 | 1 001 | 2 006 |
| | | | |
| Loss attributable to minority interests | - | 2 | 1 |
| Earnings attributable to shareholders | 895 | 1 003 | 2 007 |

* *As restated for reclassifications detailed in the notes to the interim financial statements.*

# Condensed consolidated statement of comprehensive income

| R'million | 6 months to 30 Sept 2010 | 6 months to 30 Sept 2009 | Year to 31 March 2010 |
|---|---|---|---|
| Profit after taxation | 895 | 1 001 | 2 006 |
| Fair value movements on cash flow hedges** | (4) | (7) | 18 |
| Gain on realisation of available for sale assets recycled to the income statement** | - | - | (13) |
| Fair value movements on available for sale assets** | - | 14 | 29 |
| Foreign currency adjustments on translating foreign operations | (85) | (326) | (359) |
| Total comprehensive income | 806 | 682 | 1 681 |
| | | | |
| Total comprehensive income attributable to minority shareholders | - | (2) | (1) |
| Total comprehensive income attributable to ordinary shareholders | 806 | 684 | 1 682 |
| Total comprehensive income | 806 | 682 | 1 681 |

** *Net of taxation of (R1 million) [Six months to 30 Sept 2009: R2 million, year to 31 March 2010: R10 million].*

# Consolidated balance sheet

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Assets | | | |
| Cash and balances at central banks | 3 770 | 3 660 | 3 493 |
| Loans and advances to banks | 9 514 | 13 245 | 6 595 |
| Cash equivalent advances to customers | 5 805 | 6 455 | 5 830 |
| Reverse repurchase agreements and cash collateral on securities borrowed | 3 761 | 3 776 | 2 478 |
| Trading securities | 47 948 | 36 375 | 32 026 |
| Derivative financial instruments | 11 279 | 7 829 | 8 818 |
| Investment securities | 7 339 | 3 605 | 1 372 |
| Loans and advances to customers | 113 719 | 111 919 | 112 597 |
| Securitised assets | 3 287 | 3 531 | 3 783 |
| Interests in associated undertakings | 128 | 180 | 145 |
| Deferred taxation assets | 21 | 22 | 315 |
| Other assets | 808 | 924 | 1 005 |
| Property and equipment | 170 | 164 | 159 |
| Investment properties | 5 | 5 | 5 |
| Intangible assets | 100 | 96 | 78 |
| Loans to group companies | 5 500 | 6 093 | 10 899 |
| | 213 154 | 197 879 | 189 598 |
| Liabilities | | | |
| Deposits by banks | 11 845 | 9 554 | 10 177 |
| Derivative financial instruments | 10 383 | 7 144 | 8 294 |
| Other trading liabilities | 303 | 454 | 442 |
| Repurchase agreements and cash collateral on securities lent | 6 202 | 6 281 | 3 856 |
| Customer accounts (deposits) | 151 222 | 143 390 | 136 766 |
| Debt securities in issue | 1 574 | 1 559 | 1 122 |
| Liabilities arising on securitisation | 2 336 | 2 707 | 3 216 |
| Current taxation liabilities | 787 | 857 | 920 |
| Deferred taxation liabilities | 654 | 444 | 580 |
| Other liabilities | 3 247 | 3 694 | 3 730 |
| | 188 553 | 176 084 | 169 103 |
| Subordinated liabilities | 6 866 | 5 341 | 5 091 |
| | 195 419 | 181 425 | 174 194 |
| Equity | | | |
| Ordinary share capital | 26 | 25 | 24 |
| Share premium | 11 645 | 10 530 | 10 054 |
| Other reserves | (152) | (156) | (218) |
| Retained income | 6 212 | 6 051 | 5 541 |
| Shareholders' equity excluding minority interest | 17 731 | 16 450 | 15 401 |
| Minority interests | 4 | 4 | 3 |
| Total equity | 17 735 | 16 454 | 15 404 |
| Total liabilities and equity | 213 154 | 197 879 | 189 598 |

# Condensed consolidated statement of changes in equity

| R'million | 6 months to 30 Sept 2010 | 6 months to 30 Sept 2009 | Year to 31 March 2010 |
|---|---|---|---|
| Balance at the beginning of the period | 16 454 | 14 195 | 14 195 |
| Total comprehensive income for the period | 806 | 682 | 1 681 |
| Issue of ordinary shares | 1 099 | 1 000 | 1 450 |
| Issue of perpetual preference shares | 17 | - | 27 |
| Dividends paid to ordinary shareholders | (580) | (390) | (750) |
| Dividends paid to perpetual preference shareholders | (61) | (83) | (149) |
| Balance at the end of the period | 17 735 | 15 404 | 16 454 |

# Condensed consolidated cash flow statement

| R'million | 6 months to 30 Sept 2010 | Year to 31 March 2010 | 6 months to 30 Sept 2009 |
|---|---|---|---|
| Net cash inflow from operating activities | 553 | 1 368 | 757 |
| Net cash outflow from investing activities | (59) | (127) | (54) |
| Net cash inflow from financing activities | 2 000 | 828 | 527 |
| Effects of exchange rates on cash and cash equivalents | (32) | (47) | - |
| Net increase in cash and cash equivalents | 2 462 | 2 022 | 1 230 |
| Cash and cash equivalents at the beginning of the period | 10 574 | 8 552 | 8 552 |
| Cash and cash equivalents at the end of the period | 13 036 | 10 574 | 9 782 |

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

# Notes to the interim financial statements

## 1.1 Accounting policies and disclosures

The interim condensed consolidated financial results of Investec Bank Limited ("the Bank") for the six month period ended 30 September 2010 comprises the bank and its subsidiaries ("the Group").

These reviewed interim condensed consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting.

The accounting policies applied in the preparation of the results for the period ended 30 September 2010 are consistent with those adopted in the financial results for the year ended 31 March 2010.

## 1.2 Restatements

On review, it was detected that the gross interest income and expense, as reported at 31 March 2010, had not appropriately netted certain intergroup interest income and expense between the two line items. Whilst net interest income was correctly reported, the restatement to interest income and expense is noted below:

| R'million | 31 March 2010 |
|---|---|
| **Restated** | |
| Interest income | 15 530 |
| Interest expense | (11 599) |
| Net interest income | 3 931 |
| | |
| **As previously reported** | |
| Interest income | 23 494 |
| Interest expense | (19 563) |
| Net interest income | 3 931 |
| | |
| **Changes to previously reported** | |
| Interest income | (7 964) |
| Interest expense | 7 964 |
| Net interest income | - |

The above change has no impact to the income statement (other than as noted above), balance sheet or cash flow statement.

## 2.1 Segmental information - business analysis

| For the six months to 30 September 2010<br>R'million | Private Banking | Investment Banking | Capital Markets | Group Services and Other Activities | Total group |
|---|---|---|---|---|---|
| Net interest income | 960 | 7 | 531 | 427 | 1 925 |
| | | | | | |
| Fee and commission income | 159 | 52 | 174 | (11) | 374 |
| Fee and commission expense | (6) | (8) | (33) | - | (47) |
| Principal transactions | 53 | 466 | 277 | (67) | 729 |
| Operating loss from associates | - | - | - | (17) | (17) |
| Other income | 206 | 510 | 418 | (95) | 1 039 |
| | | | | | |
| Total operating income before impairment losses on loans and advances | 1 166 | 517 | 949 | 332 | 2 964 |
| | | | | | |
| Impairment losses on loans and advances | (312) | 2 | (5) | (58) | (373) |
| Operating income | 854 | 519 | 944 | 274 | 2 591 |
| | | | | | |
| Administrative expenses | (672) | (98) | (499) | (186) | (1 455) |
| Depreciation, amortisation and impairment of property, equipment and intangibles | (16) | - | (9) | (24) | (49) |
| Profit before taxation | 166 | 421 | 436 | 64 | 1 087 |
| | | | | | |
| Cost to income ratio | 59.0% | 19.0% | 53.5% | 63.3% | 50.7% |
| Total assets (excluding intergroup) | 82 913 | 4 719 | 114 571 | 5 451 | 207 654 |

# Notes to the interim financial statements

| For the six months to 30 September 2009<br>R'million | Private Banking | Investment Banking | Capital Markets | Group Services and Other Activities | Total group |
|---|---|---|---|---|---|
| Net interest income | 757 | 30 | 529 | 469 | 1 785 |
| Fee and commission income | 176 | 55 | 176 | 6 | 413 |
| Fee and commission expense | (1) | (1) | (18) | (1) | (21) |
| Principal transactions | 2 | 397 | 191 | 384 | 974 |
| Operating loss from associates | - | - | - | (41) | (41) |
| Other income | 177 | 451 | 349 | 348 | 1 325 |
| Total operating income before impairment losses on loans and advances | 934 | 481 | 878 | 817 | 3 110 |
| Impairment losses on loans and advances | (225) | - | (83) | (107) | (415) |
| Operating income | 709 | 481 | 795 | 710 | 2 695 |
| Administrative expenses | (599) | (152) | (457) | (224) | (1 432) |
| Depreciation, amortisation and impairment of property, equipment and intangibles | (16) | - | (15) | (22) | (53) |
| Profit before taxation | 94 | 329 | 323 | 464 | 1 210 |
| Cost to income ratio | 65.8% | 31.6% | 53.8% | 30.1% | 47.7% |
| Total assets (excluding intergroup) | 79 071 | 4 102 | 91 049 | 4 477 | 178 699 |

## 2.2 Segmental analysis of operating profit before goodwill, non-operating items and taxation

| R'million | 6 months to 30 Sept 2010 | 6 months to 30 Sept 2009 | % change |
|---|---|---|---|
| Private Banking | 166 | 94 | 76.6% |
| Investment Banking | | | |
| Corporate Finance | 21 | 27 | (22.2%) |
| Principal Investments | 400 | 302 | 32.5% |
| | 421 | 329 | 28.0% |
| Capital Markets | 436 | 323 | 35.0% |
| Group Services and Other Activities | | | |
| International Trade Finance | 34 | 26 | 30.8% |
| Central Funding | 205 | 640 | (68.0%) |
| Central Services Costs | (175) | (202) | (13.4%) |
| | 64 | 464 | (86.2%) |
| Total group | 1 087 | 1 210 | (10.2%) |

## 2.3 Calculation of headline earnings

| R'million | 6 months to 30 Sept 2010 | 6 months to 30 Sept 2009 | Year to 31 March 2010 |
|---|---|---|---|
| Earnings attributable to shareholders | 895 | 1 003 | 2 007 |
| Preference dividends paid | (61) | (83) | (149) |
| Earnings attributable to ordinary shareholders | 834 | 920 | 1 858 |
| Headline adjustments, net of taxation: | | | |
| Gain on realisation of available for sale financial assets | - | (12) | (13) |
| Impairment of associates | 25 | - | - |
| Headline earnings attributable to ordinary shareholders | 859 | 908 | 1 845 |

# Risk management

# 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 2010.

## Philosophy and approach

The bank recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, our comprehensive risk management process involves identifying, understanding and managing the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in our day-to-day activities.

Group Risk Management (part of Group Services) independently monitors, manages and reports on our risk to ensure it is within the stated appetite as mandated by the board of directors through the Board Risk and Capital Committee. Business units are ultimately responsible for managing risks that arise.

We monitor and control risk exposure through credit, market, liquidity, operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue growth across our business.

Group Risk Management's objectives are to:

- Be the custodian of our risk management culture
- To ensure the business operates within the board stated appetite
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently
- Aggregate and monitor our exposure across risk classes
- Co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the boards reasonable assurance that the risks we are exposed to are identified and, to the best extent possible, managed and controlled
- Run appropriate risk committees, as mandated by the board.

## Executive summary of the period in review from a risk perspective

Investec has continued to maintain a sound balance sheet with low leverage and a diversified business model. This has been supported by the following key operating fundamentals:

- Intimate involvement of senior management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined in the main by realised Economic Value Added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied for in excess of ten years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying a profile of good character, sound financial strength and integrity, a core competency and a sound track record in the activity funded. We have, however continued to, experienced an increase in defaults as a result of weak economic conditions. The credit loss ratio decreased to 0.65% of loans and advances (31 March 2010: 0.75%)
- Limited exposure to rated and unrated structured credit investments; representing less than 1.1% of total assets
- A low leverage ratio of approximately 12 times
- Potential losses that could arise in our trading book portfolio stress tested under extreme market conditions (15 standard deviations) amount to approximately 0.5% of total operating income for the six months to 30 September 2010
- A high level of readily available, high quality liquid assets; cash and near cash of approximately R56 billion representing on average 25% to 35% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- An increase in retail customer deposits
- Healthy capital ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy We have strengthened our capital base during the period
- Operational diversity with a high level of recurring income which continues to support sustainability of operating profit.

# Risk management

## Salient information

A summary of key risk indicators for Investec Bank Limited is provided in the table below.

| | 30 Sept 2010 | 31 March 2010 |
|---|---|---|
| Net core loans and advances (R'million) | 113 866 | 112 263 |
| Gross defaults as a % of gross core loans and advances | 4.73% | 4.08% |
| Defaults (net of impairments) as a % of net core loans and advances | 3.88% | 3.42% |
| Credit loss ratio^ | 0.65% | 0.75% |
| Structured credit investments as a % of total assets | 1.1% | 1.7% |
| Traded market risk: one-day value at risk (R'million) | 4 | 3 |
| Cash and near cash (R'million) | 56 332 | 47 986 |
| Customer accounts (deposits) (R'million) | 151 222 | 143 390 |
| Core loans to equity ratio | 6.4x | 6.8x |
| Total gearing/leverage ratio* | 11.7x | 11.7x |
| Core loans (excluding own originated assets which have been securitised) to customer deposits | 74.4% | 77.3% |
| Capital adequacy ratio | 16.2% | 15.5% |
| Tier 1 ratio | 12.1% | 11.7% |

^ *Income statement impairment charge on loans as a percentage of average advances.*
* *Total assets excluding intergroup loans to total equity.*

## 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
- 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
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to finalise the transaction.

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.

## Credit and counterparty risk information

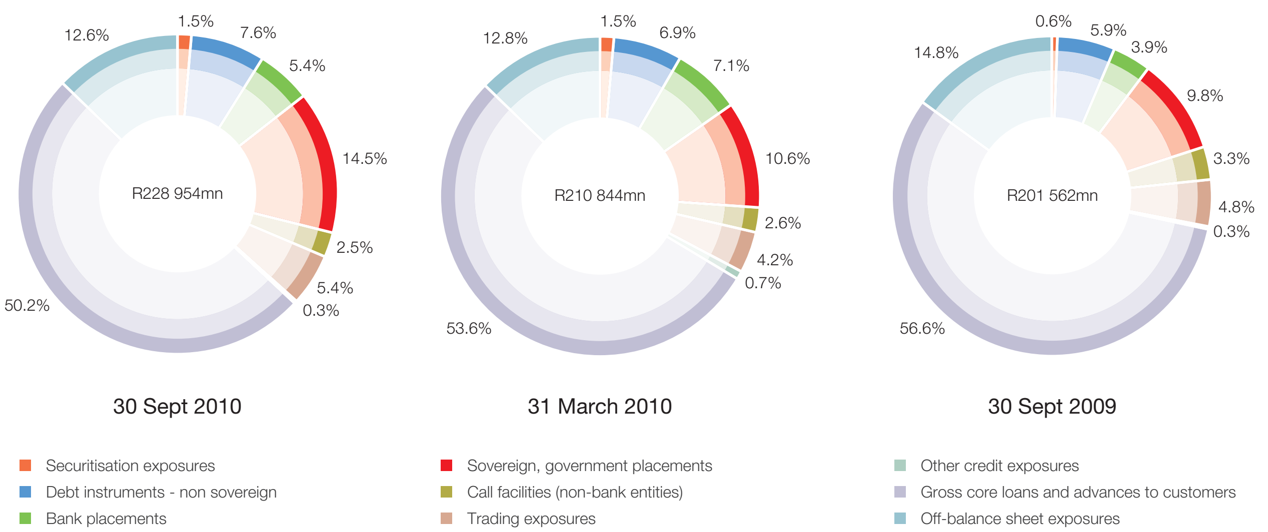
The tables that follow provide an analysis of our credit and counterparty risk exposures.

### An analysis of gross credit and counterparty exposures

| R'million | 30 Sept 2010 | 31 March 2010 | % change | Average* | 30 Sept 2009 |
|---|---|---|---|---|---|
| On-balance sheet exposures | 200 086 | 184 027 | 8.7% | 192 057 | 171 788 |
| Securitisation exposures arising from securitisation/ principal finance activities | 3 358 | 3 204 | 4.8% | 3 281 | 1 293 |
| Rated instruments | 2 176 | 1 794 | 21.3% | 1 984 | - |
| Unrated instruments | 252 | 287 | (12.2%) | 270 | 159 |
| Other | 930 | 1 123 | (17.2%) | 1 027 | 1 134 |
| Debt instruments - non sovereign (NCDs, bonds held, debentures) | 17 422 | 14 631 | 19.1% | 16 027 | 11 886 |
| Bank placements | 12 280 | 14 966 | (17.9%) | 13 623 | 7 609 |
| Sovereign, government placements | 33 098 | 22 285 | 48.5% | 27 692 | 19 714 |
| Call facilities (non-bank entities) | 5 805 | 5 573 | 4.2% | 5 689 | 6 701 |
| Trading exposures (positive fair value excluding potential future exposures) | 12 444 | 8 929 | 39.4% | 10 687 | 9 823 |
| Other credit exposures | 794 | 1 399 | (43.2%) | 1 097 | 640 |
| Gross core loans and advances to customers** | 114 885 | 113 040 | 1.6% | 113 963 | 114 122 |
| Off-balance sheet exposures | 28 868 | 26 817 | 7.6% | 27 842 | 29 774 |
| Guarantees | 5 568 | 4 163 | 33.7% | 4 866 | 6 507 |
| Contingent liabilities, committed facilities, other | 23 300 | 22 654 | 2.9% | 22 977 | 23 267 |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 228 954 | 210 844 | 8.6% | 219 899 | 201 562 |

* *Where the average is based on a straight line average for the period 31 March 2010 to 30 September 2010*
** *As calculated on page 24.*

An analysis of gross credit and counterparty 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.

| | Securitisation exposures arising from securitisation/principal finance activities | | | | |
|---|---|---|---|---|---|
| R'million | Total | Rated instruments | Unrated instruments | Other | Debt instruments - non sovereign (NCDs, bonds held, debentures) |
| **As at 30 September 2010** | | | | | |
| Cash and balances at central banks | - | - | - | - | - |
| Loans and advances to banks | - | - | - | - | - |
| Cash equivalent advances to customers | - | - | - | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - | - | - | 168 |
| Trading securities | 192 | 105 | 87 | - | 13 333 |
| Derivative financial instruments | - | - | - | - | - |
| Investment securities | 2 165 | 2 071 | 94 | - | 3 920 |
| Loans and advances to customers | 925 | - | 19 | 906 | - |
| Securitised assets | 76 | - | 52 | 24 | - |
| Deferred taxation assets | - | - | - | - | - |
| Other assets | - | - | - | - | 1 |
| Interests in associated undertakings | - | - | - | - | - |
| Property and equipment | - | - | - | - | - |
| Investment property | - | - | - | - | - |
| Intangible assets | - | - | - | - | - |
| Intergroup | - | - | - | - | - |
| Total | 3 358 | 2 176 | 252 | 930 | 17 422 |
| | | | | | |
| **As at 31 March 2010** | | | | | |
| Cash and balances at central banks | - | - | - | - | - |
| Loans and advances to banks | - | - | - | - | - |
| Cash equivalent advances to customers | - | - | - | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - | - | - | 1 326 |
| Trading securities | 134 | - | 134 | - | 12 068 |
| Derivative financial instruments | - | - | - | - | - |
| Investment securities | 1 869 | 1 794 | 75 | - | 1 237 |
| Loans and advances to customers | 1 110 | - | 23 | 1 087 | - |
| Securitised assets | 91 | - | 55 | 36 | - |
| Deferred taxation assets | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Interests in associated undertakings | - | - | - | - | - |
| Property and equipment | - | - | - | - | - |
| Investment property | - | - | - | - | - |
| Intangible assets | - | - | - | - | - |
| Intergroup | - | - | - | - | - |
| Total | 3 204 | 1 794 | 287 | 1 123 | 14 631 |

Notes:
1. Largely relates to exposures that are classified as equity risk in the banking book.
2. Relates to impairments.
3. Largely includes liquidity facilities provided to third party corporate securitisation vehicles. These facilities have remained undrawn and are reflected as a contingent liability, i.e. off-balance sheet exposures to the bank.

# Risk management



| Bank placements | Sovereign, government placements | Call facilities (non-bank entities) | 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 legal credit exposure | Note reference | Total balance sheet |
|---|---|---|---|---|---|---|---|---|---|
| 39 | 3 731 | - | - | - | - | 3 770 | - | | 3 770 |
| 9 254 | - | - | 260 | - | - | 9 514 | - | | 9 514 |
| - | - | 5 805 | - | - | - | 5 805 | - | | 5 805 |
| 2 927 | - | - | 666 | - | - | 3 761 | - | | 3 761 |
| - | 28 547 | - | 519 | - | - | 42 591 | 5 357 | 1 | 47 948 |
| - | - | - | 10 831 | - | - | 10 831 | 448 | 1 | 11 279 |
| - | 820 | - | - | 430 | - | 7 335 | 4 | | 7 339 |
| - | - | - | - | 360 | 113 517 | 114 802 | (1 083) | 2 | 113 719 |
| - | - | - | - | - | 1 368 | 1 444 | 1 843 | 3 | 3 287 |
| - | - | - | - | - | - | - | 21 | | 21 |
| 60 | - | - | 168 | 4 | - | 233 | 575 | | 808 |
| - | - | - | - | - | - | - | 128 | | 128 |
| - | - | - | - | - | - | - | 170 | | 170 |
| - | - | - | - | - | - | - | 5 | | 5 |
| - | - | - | - | - | - | - | 100 | | 100 |
| - | - | - | - | - | - | - | 5 500 | | 5 500 |
| 12 280 | 33 098 | 5 805 | 12 444 | 794 | 114 885 | 200 086 | 13 068 | | 213 154 |
| | | | | | | | | | |
| 43 | 3 617 | - | - | - | - | 3 660 | - | | 3 660 |
| 12 942 | - | - | 301 | 2 | - | 13 245 | - | | 13 245 |
| - | - | 5 573 | - | 882 | - | 6 455 | - | | 6 455 |
| 1 977 | - | - | 473 | - | - | 3 776 | - | | 3 776 |
| - | 18 668 | - | 624 | - | - | 31 494 | 4 881 | 1 | 36 375 |
| - | - | - | 7 379 | - | - | 7 379 | 450 | 1 | 7 829 |
| - | - | - | - | 471 | - | 3 577 | 28 | | 3 605 |
| - | - | - | - | - | 111 667 | 112 777 | (858) | 2 | 111 919 |
| - | - | - | - | - | 1 373 | 1 464 | 2 067 | 3 | 3 531 |
| - | - | - | - | - | - | - | 22 | | 22 |
| 4 | - | - | 152 | 44 | - | 200 | 724 | | 924 |
| - | - | - | - | - | - | - | 180 | | 180 |
| - | - | - | - | - | - | - | 164 | | 164 |
| - | - | - | - | - | - | - | 5 | | 5 |
| - | - | - | - | - | - | - | 96 | | 96 |
| - | - | - | - | - | - | - | 6 093 | | 6 093 |
| 14 966 | 22 285 | 5 573 | 8 929 | 1 399 | 113 040 | 184 027 | 13 852 | | 197 879 |

# Risk management

## Detailed analysis of gross credit and counterparty exposure by industry

| R'million | HNW and professional individuals | Agriculture | Electricity, gas and water (utility services) | Public and non-business services |
|---|---|---|---|---|
| As at 30 September 2010 | | | | |
| On-balance sheet exposures | 82 751 | 413 | 1 114 | 33 974 |
| Securitisation exposures arising from securitisation/principal finance activities | - | - | - | - |
| Rated instruments | - | - | - | - |
| Unrated instruments | - | - | - | - |
| Other | - | - | - | - |
| Debt instruments - non sovereign (NCDs, bonds held, debentures) | - | - | 10 | 75 |
| Bank placements | - | - | - | - |
| Sovereign, government placements | - | - | - | 33 098 |
| Call facilities (non-bank entities) | - | 101 | - | - |
| Trading exposures (positive fair value excluding potential future exposures) | 272 | 5 | 164 | - |
| Other credit exposures | 433 | - | - | - |
| Gross core loans and advances to customers | 82 046 | 307 | 940 | 801 |
| | | | | |
| Off-balance sheet exposures | 20 875 | 99 | 42 | - |
| Guarantees | 3 162 | - | 42 | - |
| Contingent liabilities, committed facilities, other | 17 713 | 99 | - | - |
| | | | | |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 103 626 | 512 | 1 156 | 33 974 |
| | | | | |
| As at 31 March 2010 | | | | |
| On-balance sheet exposures | 80 696 | 438 | 1 174 | 23 885 |
| Securitisation exposures arising from securitisation/principal finance activities | - | - | - | - |
| Rated instruments | - | - | - | - |
| Unrated instruments | - | - | - | - |
| Other | - | - | - | - |
| Debt instruments (NCDs, bonds held, debentures) | - | | 230 | - |
| Bank placements | - | - | - | - |
| Sovereign, government placements | - | | - | 22 285 |
| Call facilities (non-bank entities) | - | 50 | - | |
| Trading exposures (positive fair value excluding potential future exposures) | 192 | 10 | 222 | |
| Other credit exposures | 472 | - | - | 1 |
| Gross core loans and advances to customers | 80 032 | 378 | 722 | 1 599 |
| | | | | |
| Off-balance sheet exposures | 20 056 | - | 18 | - |
| Guarantees | 2 745 | - | 18 | - |
| Contingent liabilities, committed facilities, other | 17 311 | - | - | - |
| | | | | |
| Total gross credit and counterparty exposures pre collateral or other credit enhancements | 100 752 | 438 | 1 192 | 23 885 |

# Risk management



| Business service | Finance and insurance | Retailers and wholesalers | Manufact-uring and commerce | Real estate | Mining and resources | Leisure, entertainment and tourism | Transport and communi-cation | Total |
|---|---|---|---|---|---|---|---|---|
| 2 572 | 54 683 | 3 825 | 7 367 | 4 372 | 1 899 | 1 980 | 5 136 | 200 086 |
| - | 3 278 | 80 | - | - | - | - | - | 3 358 |
| - | 2 176 | - | - | - | - | - | - | 2 176 |
| - | 181 | 71 | | - | - | - | - | 252 |
| - | 921 | 9 | - | - | - | - | - | 930 |
| - | 17 145 | - | - | - | - | - | 192 | 17 422 |
| - | 12 280 | - | - | - | - | - | - | 12 280 |
| - | - | - | - | - | - | - | - | 33 098 |
| 343 | 2 041 | 1 689 | 1 235 | - | 303 | - | 93 | 5 805 |
| 420 | 9 860 | 533 | 98 | 785 | 81 | 34 | 192 | 12 444 |
| - | 1 | - | - | 360 | - | - | - | 794 |
| 1 809 | 10 078 | 1 523 | 6 034 | 3 227 | 1 515 | 1 946 | 4 659 | 114 885 |
| 183 | 4 626 | 80 | 314 | 48 | 1 138 | 661 | 802 | 28 868 |
| 183 | 1 835 | 4 | 121 | - | 141 | 7 | 73 | 5 568 |
| - | 2 791 | 76 | 193 | 48 | 997 | 654 | 729 | 23 300 |
| 2 755 | 59 309 | 3 905 | 7 681 | 4 420 | 3 037 | 2 641 | 5 938 | 228 954 |
| 1 536 | 51 246 | 3 533 | 8 973 | 3 373 | 1 546 | 1 935 | 5 692 | 184 027 |
| - | 3 113 | 91 | - | - | - | - | - | 3 204 |
| - | 1 794 | - | - | - | - | - | - | 1 794 |
| - | 232 | 55 | - | - | - | - | - | 287 |
| - | 1 087 | 36 | - | - | - | - | - | 1 123 |
| - | 14 350 | - | - | - | - | - | 51 | 14 631 |
| - | 14 966 | - | - | - | - | - | - | 14 966 |
| - | - | - | - | - | - | - | - | 22 285 |
| 336 | 1 462 | 1 224 | 1 804 | - | 259 | - | 438 | 5 573 |
| 338 | 6 524 | 660 | 206 | 510 | 34 | 44 | 189 | 8 929 |
| - | 883 | 3 | 26 | - | 14 | - | - | 1 399 |
| 862 | 9 948 | 1 555 | 6 937 | 2 863 | 1 239 | 1 891 | 5 014 | 113 040 |
| 53 | 4 333 | 83 | 325 | 8 | 1 015 | 309 | 617 | 26 817 |
| 53 | 987 | - | 211 | - | 147 | - | 2 | 4 163 |
| - | 3 346 | 83 | 114 | 8 | 868 | 309 | 615 | 22 654 |
| 1 589 | 55 579 | 3 616 | 9 298 | 3 381 | 2 561 | 2 244 | 6 309 | 210 844 |

# Risk management

## Summary analysis of gross credit and counterparty exposures by industry

| R'million | Gross core loans and advances | | Other credit and counterparty exposures | | Total | |
|---|---|---|---|---|---|---|
| | 30 Sept 2010 | 31 March 2010 | 30 Sept 2010 | 31 March 2010 | 30 Sept 2010 | 31 March 2010 |
| HNW and professional individuals | 82 046 | 80 032 | 21 580 | 20 720 | 103 626 | 100 752 |
| Agriculture | 307 | 378 | 205 | 60 | 512 | 438 |
| Electricity, gas and water (utility services) | 940 | 722 | 216 | 470 | 1 156 | 1 192 |
| Public and non-business services | 801 | 1 599 | 33 173 | 22 286 | 33 974 | 23 885 |
| Business service | 1 809 | 862 | 946 | 727 | 2 755 | 1 589 |
| Finance and insurance | 10 078 | 9 948 | 49 231 | 45 631 | 59 309 | 55 579 |
| Retailers and wholesalers | 1 523 | 1 555 | 2 382 | 2 061 | 3 905 | 3 616 |
| Manufacturing and commerce | 6 034 | 6 937 | 1 647 | 2 361 | 7 681 | 9 298 |
| Real estate | 3 227 | 2 863 | 1 193 | 518 | 4 420 | 3 381 |
| Mining and resources | 1 515 | 1 239 | 1 522 | 1 322 | 3 037 | 2 561 |
| Leisure, entertainment and tourism | 1 946 | 1 891 | 695 | 353 | 2 641 | 2 244 |
| Transport and communication | 4 659 | 5 014 | 1 279 | 1 295 | 5 938 | 6 309 |
| Total | 114 885 | 113 040 | 114 069 | 97 804 | 228 954 | 210 844 |

## Asset quality and impairments

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a number that reflects actual core lending activities. In this regard the following methodology has been applied:

- Warehouse funding facilities and structured credit investments arising out of our securitisation and principal finance activities have been deducted.
- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Loans (pre-impairments and intercompany loans) as per balance sheet | 114 802 | 112 773 | 113 804 |
| Less: warehouse facilities and structured credit investments arising out of our securitisation and principal finance activities, and other credit exposures (pre-impairments) | (1 285) | (1 106) | (1 104) |
| Add: own-originated securitised assets | 1 368 | 1 373 | 1 422 |
| Gross core loans and advances to customers (pre-impairments) | 114 885 | 113 040 | 114 122 |

# Risk management



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

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Gross core loans and advances to customers | 114 885 | 113 040 | 114 122 |
| | | | |
| Total impairments | (1 019) | (777) | (1 130) |
| Portfolio impairments | (408) | (320) | (294) |
| Specific impairments | (611) | (457) | (836) |
| | | | |
| Net core loans and advances to customers | 113 866 | 112 263 | 112 992 |
| | | | |
| Average gross core loans and advances to customers | 113 963 | 113 295 | 113 836 |
| | | | |
| Current loans and advances to customers | 106 782 | 105 914 | 106 259 |
| Total gross non-current loans and advances to customers | 8 103 | 7 126 | 7 863 |
| Past due loans and advances to customers (1-60 days) | 1 612 | 1 975 | 1 762 |
| Special mention loans and advances to customers | 1 057 | 535 | 1 560 |
| Default loans and advances to customers | 5 434 | 4 616 | 4 541 |
| Gross core loans and advances to customers | 114 885 | 113 040 | 114 122 |
| | | | |
| Total gross non-current core loans and advances to customers | 8 103 | 7 126 | 7 863 |
| Default loans that are current and not impaired | 408 | 369 | 113 |
| Gross core loans and advances to customers that are past due but not impaired | 5 331 | 5 097 | 4 063 |
| Gross core loans and advances to customers that are impaired | 2 364 | 1 660 | 3 687 |
| | | | |
| Total income statement charge for core loans and advances | (373) | (858) | (415) |
| | | | |
| Gross default loans and advances to customers | 5 434 | 4 616 | 4 541 |
| Specific impairments | (611) | (457) | (836) |
| Portfolio impairments | (408) | (320) | (294) |
| Defaults net of impairments | 4 415 | 3 839 | 3 411 |
| Collateral and other credit enhancements | 6 842 | 5 908 | 5 065 |
| Net default loans and advances to customers (limited to zero) | - | - | - |
| | | | |
| Ratios: | | | |
| Total impairments as a % of gross core loans and advances to customers | 0.89% | 0.69% | 0.99% |
| Total impairments as a % of gross default loans | 18.75% | 16.83% | 24.88% |
| Gross defaults as a % of gross core loans and advances to customers | 4.73% | 4.08% | 3.98% |
| Defaults (net of impairments) as a % of net core loans and advances to customers | 3.88% | 3.42% | 3.02% |
| 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) | 0.65% | 0.75% | 0.73% |

# Risk management

## An age analysis of gross non-current core loans and advances to customers

| R'million | 30 Sept 2010 | 31 March 2010 |
|---|---|---|
| Default loans that are current | 682 | 588 |
| 1 - 60 days | 1 890 | 2 351 |
| 61 - 90 days | 592 | 455 |
| 91 - 180 days | 1 257 | 1 059 |
| 181 - 365 days | 1 584 | 1 289 |
| >365 days | 2 098 | 1 384 |
| Total gross non-current loans and advances to customers (actual capital exposure) | 8 103 | 7 126 |
| | | |
| 1 - 60 days | 717 | 510 |
| 61 - 90 days | 126 | 186 |
| 91 - 180 days | 652 | 833 |
| 181 - 365 days | 1 326 | 871 |
| >365 days | 1 833 | 1 153 |
| Total gross non-current loans and advances to customers (actual amount in arrears) | 4 654 | 3 553 |

## A further age analysis of non-current loans and advances to customers

| R'million | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365 days | Total |
|---|---|---|---|---|---|---|---|
| As at 30 September 2010 | | | | | | | |
| Default loans that are current and not impaired | | | | | | | |
| Total capital exposure | 408 | - | - | - | - | - | 408 |
| Gross core loans and advances to customers that are past due but not impaired | | | | | | | |
| Total capital exposure | - | 1 835 | 579 | 1 079 | 965 | 873 | 5 331 |
| Amount in arrears | - | 695 | 123 | 552 | 795 | 690 | 2 855 |
| Gross core loans and advances to customers that are impaired | | | | | | | |
| Total capital exposure | 274 | 55 | 13 | 178 | 619 | 1 225 | 2 364 |
| Amount in arrears | - | 22 | 3 | 100 | 531 | 1 143 | 1 799 |
| As at 31 March 2010 | | | | | | | |
| Default loans that are current and not impaired | | | | | | | |
| Total capital exposure | 369 | - | - | - | - | - | 369 |
| Gross core loans and advances to customers that are past due but not impaired | | | | | | | |
| Total capital exposure | - | 2 216 | 437 | 840 | 852 | 752 | 5 097 |
| Amount in arrears | - | 405 | 180 | 739 | 633 | 698 | 2 655 |
| Gross core loans and advances to customers that are impaired | | | | | | | |
| Total capital exposure | 219 | 135 | 18 | 219 | 437 | 632 | 1 660 |
| Amount in arrears | - | 105 | 6 | 94 | 238 | 455 | 898 |

An age analysis of gross non-current core loans and advances to customers as at 30 September 2010 (based on total capital exposure)

| R'million | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365 days | Total |
|---|---|---|---|---|---|---|---|
| Past due (1 - 60 days) | - | 1 612 | - | - | - | - | 1 612 |
| Special mention | - | 200 | 563 | 59 | 145 | 90 | 1 057 |
| Special mention (1 - 90 days ) | - | 200 | 229 | *59 | *145 | *90 | 723 |
| Special mention (61 - 90 days and item well secured) | - | - | 334 | - | - | - | 334 |
| Default | 682 | 78 | 29 | 1 198 | 1 439 | 2 008 | 5 434 |
| Sub-standard | 379 | 8 | 14 | 965 | 698 | 559 | 2 623 |
| Doubtful | 303 | 70 | 15 | 233 | 741 | 1 449 | 2 811 |
| Loss | - |  | - | - | - | - | - |
| Total | 682 | 1 890 | 592 | 1 257 | 1 584 | 2 098 | 8 103 |

An age analysis of gross non-current core loans and advances to customers as at 30 September 2010 (based on actual amount in arrears)

| R'million | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365 days | Total |
|---|---|---|---|---|---|---|---|
| Past due (1 - 60 days) | - | 546 | - | - | - | - | 546 |
| Special mention | - | 149 | 112 | 41 | 134 | 25 | 461 |
| Special mention (1 - 90 days) | - | - | 6 | *41 | *134 | *25 | 355 |
| Special mention (61 - 90 days and item well secured) | - | - | 106 | - | - | - | 106 |
| Default | - | 22 | 14 | 611 | 1 192 | 1 808 | 3 647 |
| Sub-standard | - | - | 12 | 507 | 623 | 484 | 1 626 |
| Doubtful | - | 22 | 2 | 104 | 569 | 1 324 | 2 021 |
| Loss | - | - | - | - | - | - | - |
| Total | - | 717 | 126 | 652 | 1 326 | 1 833 | 4 654 |

* *Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of the control of Investec, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates.*

# Risk management



## An age analysis of gross non-current core loans and advances to customers as at 31 March 2010 (based on total capital exposure)

| R'million | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365 days | Total |
|---|---|---|---|---|---|---|---|
| Past due (1-60 days) | - | 1975 | - | - | - | - | 1 975 |
| Special mention | - | 115 | 296 | 15 | 101 | 8 | 535 |
| Special mention (1 - 90 days) | - | 115 | 59 | *15 | *101 | *8 | 298 |
| Special mention (61 - 90 days and item well secured) | - | - | 237 | - | - | - | 237 |
| Default | 588 | 261 | 159 | 1 044 | 1 188 | 1 376 | 4 616 |
| Sub-standard | 332 | 126 | 72 | 554 | 571 | 598 | 2 253 |
| Doubtful | 256 | 135 | 87 | 490 | 617 | 778 | 2 363 |
| Loss | - | - | - | - | - | - | - |
| Total | 588 | 2 351 | 455 | 1 059 | 1 289 | 1 384 | 7 126 |

## An age analysis of gross non-current core loans and advances to customers as at 31 March 2010 (based on actual amount in arrears)

| R'million | Current watchlist loans | 1 - 60 days | 61-90 days | 91-180 days | 181-365 days | >365 days | Total |
|---|---|---|---|---|---|---|---|
| Past due (1-60 days) | - | 365 | - | - | - | - | 365 |
| Special mention | - | 17 | 99 | 7 | 14 | 3 | 140 |
| Special mention (1 - 90 days) | - | 17 | 37 | *7 | *14 | *3 | 78 |
| Special mention (61 - 90 days and item well secured) | - | - | 62 | - | - | - | 62 |
| Default | - | 128 | 87 | 826 | 857 | 1 150 | 3 048 |
| Sub-standard | - | 24 | 14 | 503 | 493 | 589 | 1 623 |
| Doubtful | - | 104 | 73 | 323 | 364 | 561 | 1 425 |
| Loss | - | - | - | - | - | - | - |
| Total | - | 510 | 186 | 833 | 871 | 1 153 | 3 553 |

* *Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of the control of Investec, these exposures have been classified as special mention and will remain there until settled or their credit quality deteriorates.*

## An analysis of core loans and advances to customers

| R'million | 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 |
|---|---|---|---|---|---|---|---|---|
| As at 30 September 2010 | | | | | | | | |
| Current core loans and advances | 106 782 | - | - | 106 782 | - | (386) | 106 396 | - |
| Past due (1-60 days) | - | 1 612 | - | 1 612 | - | (9) | 1 603 | 546 |
| Special mention | - | 1 057 | - | 1 057 | - | (13) | 1 044 | 461 |
| Special mention (1 - 90 days) | - | 723 | - | 723 | - | (10) | 713 | 355 |
| Special mention (61 - 90 days and item well secured) | - | 334 | - | 334 | - | (3) | 331 | 106 |
| Default | 408 | 2 662 | 2 364 | 5 434 | (611) | - | 4 823 | 3 647 |
| Sub-standard | 378 | 2 242 | 3 | 2 623 | - | - | 2 623 | 1 626 |
| Doubtful | 30 | 420 | 2 361 | 2 811 | (611) | - | 2 200 | 2 021 |
| Loss | - | - | - | - | - | - | - | - |
| Total | 107 190 | 5 331 | 2 364 | 114 885 | (611) | (408) | 113 866 | 4 654 |
| | | | | | | | | |
| As at 31 March 2010 | | | | | | | | |
| Current core loans and advances | 105 914 | - | - | 105 914 | - | (307) | 105 607 | - |
| Past due (1-60 days) | - | 1 975 | - | 1 975 | - | (7) | 1 968 | 365 |
| Special mention | - | 535 | - | 535 | - | (6) | 529 | 140 |
| Special mention (1 - 90 days) | - | 298 | - | 298 | - | (6) | 292 | 78 |
| Special mention (61 - 90 days and item well secured) | - | 237 | - | 237 | - | - | 237 | 62 |
| Default | 369 | 2 587 | 1 660 | 4 616 | (457) | - | 4 159 | 3 048 |
| Sub-standard | 332 | 1 914 | 7 | 2 253 | - | - | 2 253 | 1 623 |
| Doubtful | 37 | 673 | 1 653 | 2 363 | (457) | - | 1 906 | 1 425 |
| Loss | - | - | - | - | - | - | - | - |
| Total | 106 283 | 5 097 | 1 660 | 113 040 | (457) | (320) | 112 263 | 3 533 |

# Risk management

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

| R'million | 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 |
|---|---|---|---|---|---|
| As at 30 September 2010 | | | | | |
| Private Banking professional and HNW individuals | 74 338 | 1 509 | 723 | 231 | 2 580 |
| Corporate sector | 20 352 | - | - | 74 | 41 |
| Banking, insurance, financial services (excluding sovereign) | 10 078 | - | - | - | - |
| Public and government sector (including central banks) | 801 | - | - | - | - |
| Trade finance | 1 213 | 103 | - | 29 | 2 |
| Total gross core loans and advances to customers | 106 782 | 1 612 | 723 | 334 | 2 623 |
| | | | | | |
| As at 31 March 2010 | | | | | |
| Private Banking professional and HNW individuals | 73 422 | 1 735 | 298 | 233 | 2 179 |
| Corporate sector | 19 828 | 155 | - | - | 70 |
| Banking, insurance, financial services (excluding sovereign) | 9 948 | - | - | - | - |
| Public and government sector (including central banks) | 1 599 | - | - | - | - |
| Trade finance | 1 117 | 85 | - | 4 | 4 |
| Total gross core loans and advances to customers | 105 914 | 1 975 | 298 | 237 | 2 253 |

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

| R'million | 30 Sept 2010 | 31 March 2010 |
|---|---|---|
| Private Banking professional and HNW individuals | 82 046 | 80 032 |
| Corporate sector | 20 546 | 20 134 |
| Banking, insurance, financial services (excluding sovereign) | 10 078 | 9 948 |
| Public and government sector (including central banks) | 801 | 1 599 |
| Trade finance | 1 414 | 1 327 |
| Total gross core loans and advances to customers | 114 885 | 113 040 |

# Risk management

| Doubtful | Loss | Total gross core loans and advances to customers | Portfolio impairments | Specific impairments | Total impairments |
|---|---|---|---|---|---|
| | | | | | |
| 2 665 | - | 82 046 | (148) | (478) | (626) |
| 79 | - | 20 546 | (254) | (79) | (333) |
| - | - | 10 078 | (6) | - | (6) |
| - | - | 801 | - | - | - |
| 67 | - | 1 414 | - | (54) | (54) |
| 2 811 | - | 114 885 | (408) | (611) | (1 019) |
| | | | | | |
| 2 165 | - | 80 032 | (111) | (302) | (413) |
| 81 | - | 20 134 | (203) | (81) | (284) |
| - | - | 9 948 | (6) | - | (6) |
| - | - | 1 599 | - | - | - |
| 117 | - | 1 327 | - | (74) | (74) |
| 2 363 | - | 113 040 | (320) | (457) | (777) |

# Risk management

## Asset quality

### An analysis of core loans and advances to customers and asset quality by division

| R'million | Private Bank | | Capital Markets | | Other* | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 30 Sept 2010 | 31 March 2010 | 30 Sept 2010 | 31 March 2010 | 30 Sept 2010 | 31 March 2010 | 30 Sept 2010 | 31 March 2010 |
| Gross core loans and advances to customers | 82 046 | 80 032 | 28 605 | 28 792 | 4 234 | 4 216 | 114 885 | 113 040 |
| | | | | | | | | |
| Total impairments | (626) | (412) | (17) | (16) | (376) | (349) | (1 019) | (777) |
| Portfolio impairments | (148) | (111) | (17) | (16) | (243) | (193) | (408) | (320) |
| Specific impairments | (478) | (301) | - | - | (133) | (156) | (611) | (457) |
| | | | | | | | | |
| Net core loans and advances to customers | 81 420 | 79 620 | 28 588 | 28 776 | 3 858 | 3 867 | 113 866 | 112 263 |
| | | | | | | | | |
| Average gross core loans and advances | 81 039 | 78 340 | 28 699 | 30 810 | 4 225 | 4 146 | 113 963 | 113 295 |
| | | | | | | | | |
| Current loans and advances to customers | 74 339 | 73 422 | 28 490 | 28 566 | 3 953 | 3 926 | 106 782 | 105 914 |
| Total gross non current loans and advances to customers | 7 707 | 6 610 | 115 | 226 | 281 | 290 | 8 103 | 7 126 |
| Past due loans and advances to customers (1-60 days) | 1 509 | 1 735 | - | 155 | 103 | 85 | 1 612 | 1 975 |
| Special mention loans and advances to customers | 954 | 531 | 74 | - | 29 | 4 | 1 057 | 535 |
| Default loans and advances to customers | 5 244 | 4 344 | 41 | 71 | 149 | 201 | 5 434 | 4 616 |
| Gross core loans and advances to customers | 82 046 | 80 032 | 28 605 | 28 792 | 4 234 | 4 216 | 114 885 | 113 040 |
| | | | | | | | | |
| Total gross non-current core loans and advances to customers | 7 707 | 6 610 | 115 | 226 | 281 | 290 | 8 103 | 7 126 |
| | | | | | | | | |
| Default loans that are current and not impaired | 408 | 369 | - | - | - | - | 408 | 369 |
| Gross core loans and advances to customers that are past due but not impaired | 5 084 | 4 782 | 115 | 226 | 132 | 89 | 5 331 | 5 097 |
| Gross core loans and advances to customers that are impaired | 2 215 | 1 459 | - | - | 149 | 201 | 2 364 | 1 660 |
| | | | | | | | | |
| Total income statement charge for impairments on core loans | (312) | (492) | (5) | (113) | (56) | (253) | (373) | (858) |
| | | | | | | | | |
| Gross default loans and advances to customers | 5 244 | 4 344 | 41 | 71 | 149 | 201 | 5 434 | 4 616 |
| Specific impairments | (478) | (301) | - | - | (133) | (156) | (611) | (457) |
| Portfolio impairments | (148) | (111) | (17) | (16) | (243) | (193) | (408) | (320) |
| Defaults net of specific impairments | 4 618 | 3 932 | 24 | 55 | (227) | (148) | 4 415 | 3 839 |
| Collateral and other credit enhancements | 6 735 | 5 682 | 41 | 156 | 66 | 70 | 6 842 | 5 908 |
| Net default loans and advances to customers (limited to zero) | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| Total impairments as a % of gross core loans and advances to customers | 0.76% | 0.51% | 0.06% | 0.06% | 8.88% | 8.28% | 0.89% | 0.69% |
| Total impairments as a % of gross default loans | 11.94% | 9.48% | 41.46% | 22.54% | >100.0% | >100.0% | 18.75% | 16.83% |
| Gross defaults as a % of gross core loans and advances to customers | 6.39% | 5.43% | 0.14% | 0.25% | 3.52% | 4.77% | 4.73% | 4.08% |
| Defaults (net of impairments) as a % of net core loans and advances to customers | 5.67% | 4.94% | 0.08% | 0.19% | - | - | 3.88% | 3.42% |
| 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) | 0.74% | 0.63% | 0.03% | 0.35% | 2.65% | 6.10% | 0.65% | 0.75% |

* *Largely includes lending activities within out Central Funding and International Trade Finance businesses.*

# Risk management



## Collateral

The following disclosure is made with respect to Basel II requirements and definitions.

| R'million | Collateral held against: Gross core loans and advances | Collateral held against: Other credit and counterparty exposures* | Total |
|---|---|---|---|
| As at 30 September 2010 | | | |
| Eligible financial collateral | 20 306 | 4 488 | 24 794 |
| Listed shares | 15 997 | 1 636 | 17 633 |
| Cash | 4 123 | 2 852 | 6 975 |
| Debt securities issued by sovereigns | 186 | - | 186 |
| Mortgage bonds | 147 282 | - | 147 282 |
| Residential mortgages | 47 499 | - | 47 499 |
| Residential development | - | - | - |
| Commercial property development | 901 | - | 901 |
| Commercial property investments | 98 882 | - | 98 882 |
| Other collateral | 28 432 | 3 119 | 31 551 |
| Unlisted shares | 816 | - | 816 |
| Bonds other than mortgage bonds | 8 723 | 3 006 | 11 729 |
| Debtors, stock and other corporate assets | 5 402 | - | 5 402 |
| Guarantees | 7 574 | 113 | 7 687 |
| Other | 5 917 | - | 5 917 |
| Total collateral | 196 020 | 7 607 | 203 627 |
| Suretyships | 196 | - | 196 |
| Collateral including suretyships | 196 216 | 7 607 | 203 823 |
| As at 31 March 2010 | | | |
| Eligible financial collateral | 21 038 | 3 621 | 24 659 |
| Listed shares | 19 292 | 872 | 20 164 |
| Cash | 1 724 | 2 749 | 4 473 |
| Debt securities issued by sovereigns | 22 | - | 22 |
| Mortgage bonds | 146 740 | - | 146 740 |
| Residential mortgages | 45 482 | - | 45 482 |
| Residential development | 104 | - | 104 |
| Commercial property development | 678 | - | 678 |
| Commercial property investments | 100 476 | - | 100 476 |
| Other collateral | 21 256 | 3 777 | 25 033 |
| Unlisted shares | 1 087 | - | 1 087 |
| Bonds other than mortgage bonds | 8 648 | 3 198 | 11 846 |
| Debtors, stock and other corporate assets | 2 988 | - | 2 988 |
| Guarantees | 7 317 | 80 | 7 397 |
| Other | 1 216 | 499 | 1 715 |
| Total collateral | 189 034 | 7 398 | 196 432 |
| Suretyships | 46 | - | 46 |
| Collateral including suretyships | 189 080 | 7 398 | 196 478 |

* *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.*

## Securitisation/principal finance activities and exposures

The information below sets out the initiatives we have focused on over the past few years, albeit that some of these business lines have been significantly curtailed given the current economic climate.

In South Africa, our securitisation business, which forms part of our Structured Finance unit, was established approximately nine years ago when the debt capital markets commenced development. Over this time, we have arranged a number of corporate bond and commercial paper programmes and third party securitisations.

We have also assisted in the development of select securitisation platforms with external third party originating intermediaries. At present we have provided limited warehouse funding lines to these intermediaries.

Furthermore, we provide standby liquidity facilities to two conduits, namely the Grayston Conduit 1 (Pty) Ltd Series 1 and Series 2, and to the securitisation structure of the Growthpoint Note Issuer Company (Series 1 Tranche 1; Series 1 Tranche 2; Series 2; and Series 3). These facilities, which totalled R1.8 billion as at 30 September 2010 (31 March 2010: R2.4 billion), have not been drawn on and are thus reflected as off-balance sheet contingent exposures in terms of our credit analysis. The liquidity risk associated with these facilities is included in the stress testing for the group and is managed in accordance with our overall liquidity position.

We have also, securitised assets we have originated in our Private Banking business in South Africa. The primary motivations for the securitisation of assets within our Private Banking division are to:

- Provide an alternative source of funding
- Provide a source of revenue
- Act as a mechanism to transfer risk
- Leverage returns through the retention of equity tranches in low default rate portfolios.

Total assets that have been originated and securitised by the Private Bank within Investec Bank Limited amount to R1.4 billion (31 March 2010: R1.4 billion).These securitisation structures have all been rated by Moody's.

| Nature of exposure/activity | Exposure as at 30 Sept 2010 R'mn | Exposure as at 31 March 2010 R'mn | Credit analysis internal risk classification | Asset quality - relevant comments for the period | Capital treatment |
|---|---|---|---|---|---|
| Structured credit investments | 2 358 | 2 002 | On-balance sheet securitisation/ principal finance exposure. | | Risk-weighted or supervisory deductions against primary and secondary capital |
| Rated* | 2 176 | 1 794 | | | |
| Unrated | 182 | 208 | | | |
| Net exposure (after impairments) to warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans) | 906 | 1 092 | On-balance sheet securitisation/ principal finance exposure. | The total exposure of R906 million is net of impairments of R95 million | Risk-weighted depending on rating of counterparty. |
| Private Banking division assets which have been securitised | 1 368 | 1 373 | On-balance sheet exposure - reclassified from "accounting securitised assets" to core loans and advances for credit analysis purposes. | Analysed as part of the bank's overall asset quality on core loans and advances. | We apply securitisation rules: either risk-weighted or supervisory deductions against primary and secondary capital |
| Liquidity facilities provided to third party corporate securitisation vehicles | 1 832 | 2 434 | Off-balance sheet credit exposure as these facilities have remained undrawn and reflect a contingent liability on the bank. | | Unutilised facility that is risk-weighted |

A further analysis of rated structured credit investments

| R'million | AAA | AA | A | BBB | BB | B | C and below | Total |
|---|---|---|---|---|---|---|---|---|
| US corporate loans | - | - | - | - | 64 | - | - | 64 |
| European RMBS | 325 | 463 | 229 | 677 | 314 | - | - | 2 008 |
| South African RMBS | 14 | 9 | - | - | - | - | - | 23 |
| South African CMBS | - | 81 | - | - | - | - | - | 81 |
| Total | 339 | 553 | 229 | 677 | 378 | - | - | 2176 |

# Traded market risk management

## Traded market risk description

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.

## Management and measurement of traded market risk

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR), stressed VaR, Expected Tail Loss (ETL) and Extreme Value Theory (EVT). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals, with limits set at the 95% confidence interval. ETLs are monitored at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 and the December Rand crisis in 2001. We also consider the impact of extreme yet plausible future economic events on the trading portfolio as well as possible worst case (not necessarily plausible) scenarios. Scenario analysis is done once a week as is included in the data presented to Executive Risk Review Forum (ERRF).

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 is negative and exceeds the one-day VaR, a "back testing breach" is considered to have occurred.

In South Africa, we have Internal Model Approval and so trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack are submitted to the regulator on a monthly basis.

# Risk management

## VaR 95% (one-day)

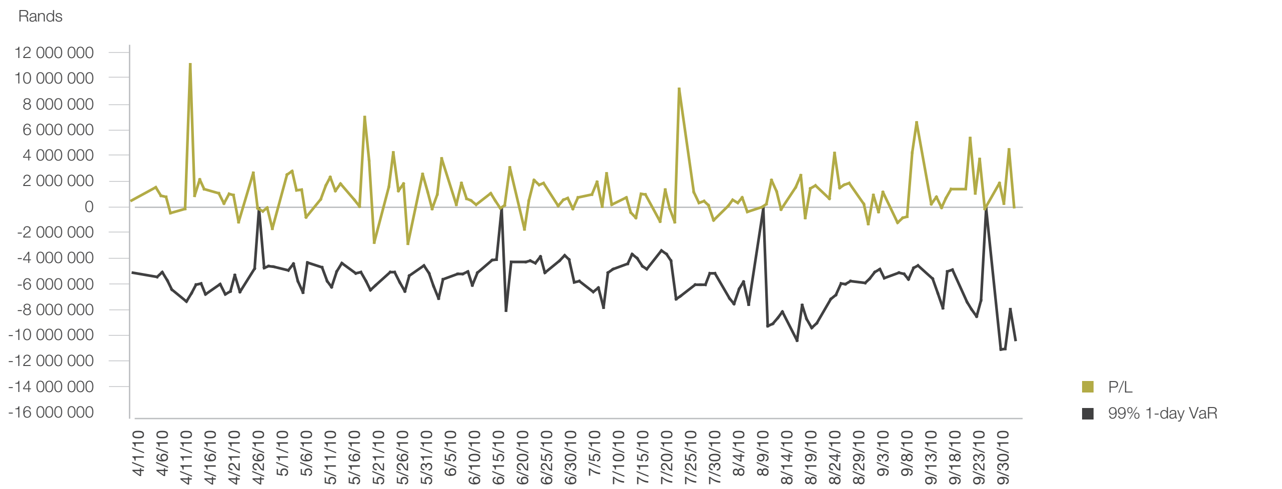
| | 95% (one-day) | | | |
|---|---|---|---|---|
| | Period end R'mn | Average R'mn | High R'mn | Low R'mn |
| **30 September 2010** | | | | |
| Commodities | 0.1 | 0.1 | 0.3 | 0.0 |
| Equity derivatives | 0.8 | 1.6 | 3.9 | 0.5 |
| Foreign exchange | 1.8 | 2.3 | 5.7 | 1.1 |
| Interest rates | 4.1 | 2.1 | 4.1 | 1.1 |
| Consolidated* | 4.3 | 3.0 | 5.8 | 1.5 |
| **31 March 2010** | | | | |
| Commodities | 0.1 | 0.1 | 0.6 | 0.0 |
| Equity derivatives | 0.7 | 2.0 | 6.4 | 0.7 |
| Foreign exchange | 2.4 | 2.4 | 7.1 | 1.2 |
| Interest rates | 1.3 | 2.0 | 6.5 | 0.9 |
| Consolidated* | 2.5 | 3.6 | 8.0 | 1.4 |

* *The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.*

The graph below shows 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.

There have been no exceptions i.e. were the losses were greater than the 99% 1-day VaR over the period ending 30 September 2010. This is less than the expected and indicative of the low limit utilisation and low client flow experienced in the trading area.

99% 1-day VaR backtesting




## ETL 95% (one-day)

| R'million | 30 Sept 2010 | 31 March 2010 |
|---|---|---|
| Commodities | 0.1 | 0.1 |
| Equity derivatives | 4.1 | 1.2 |
| Foreign exchange | 3.3 | 4.0 |
| Interest rates | 7.4 | 2.4 |
| Consolidated* | 8.5 | 3.9 |

* *The consolidated ETL for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.*

# Risk management

## Stress testing

The table below shows the results of fitting Extreme Value Distributions to the tail of our historical profit and loss distribution that is used to calculate VaR. This methodology will estimate how the tail of the distribution should look, hence to a degree allows for “fat tails” and indicates a more realistic idea of the risk given an extreme event.

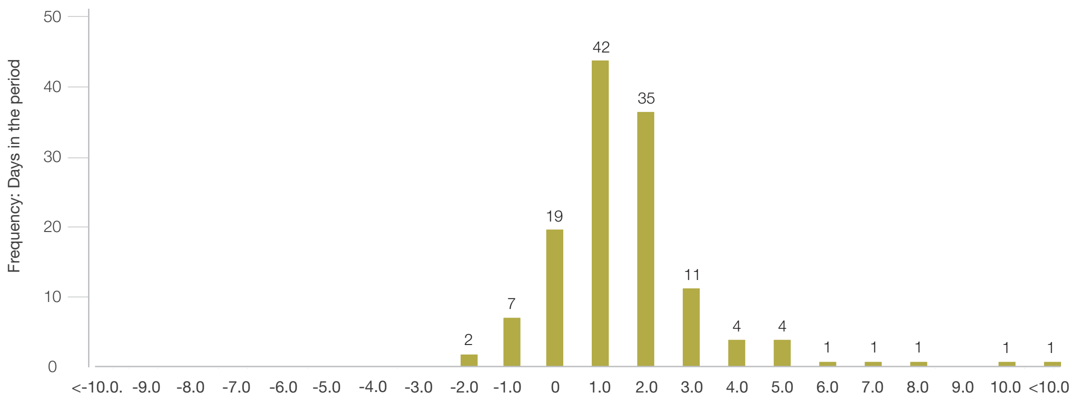
| R’million | 30 Sept 2010 | 31 March 2010 |
|---|---|---|
| Commodities | 0.4 | 0.6 |
| Equity derivatives | 37.3 | 5.0 |
| Foreign exchange | 10.6 | 18.4 |
| Interest rates | 20.1 | 10.3 |
| Consolidated* | 15.5 | 34.3 |

* *The consolidated EVT for each desk is lower than the sum of the individual stress EVT’s. This arises from the consolidation offset between various asset classes.*

## Profit and loss histograms

The histogram below illustrates the distribution of daily revenue during the period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 101 days out of a total of 129 days in the trading business. The average daily trading revenue generated for six months ended 30 September 2010 was R1.1 million.

Profit and loss (R’mn)




# Balance sheet risk management

## Balance sheet risk description

Balance sheet risk management encompasses the independent monitoring and prudential management of 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 unexpected, adverse movements in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, the shape of the yield curves, basis risk spreads, and optionality inherent in certain products. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

# Risk management

## Interest rate sensitivity as at 30 September 2010

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

| R'million | 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 short-term funds - banks | 8 591 | 677 | - | - | - | 3 748 | 13 016 |
| Cash and short-term funds - non-banks | 5 805 | - | - | - | - | - | 5 805 |
| Investment/trading assets | 27 388 | 8 845 | 6 847 | 5 763 | 847 | 4 128 | 53 818 |
| Securitised assets | 3 287 | - | - | - | - | - | 3 287 |
| Advances | 98 666 | 1 508 | 1 211 | 8 963 | 3 156 | 215 | 113 719 |
| Other assets | - | - | - | - | - | 855 | 855 |
| Assets | 143 737 | 11 030 | 8 058 | 14 726 | 4 003 | 8 946 | 190 500 |
| Deposits - banks | (11 599) | (70) | (25) | (120) | - | (32) | (11 845) |
| Deposits - non-banks | (128 938) | (9 718) | (7 241) | (2 594) | (627) | (1 430) | (150 548) |
| Negotiable paper | (1 088) | (186) | (300) | - | - | - | (1 574) |
| Investment/trading liabilities | (3 065) | - | - | - | - | (23) | (3 088) |
| Securitised liabilities | (2 283) | (53) | - | - | - | - | (2 336) |
| Subordinated liabilities | (2 777) | - | - | (2 567) | (1 508) | (14) | (6 866) |
| Other liabilities | (638) | (300) | (103) | (50) | (100) | (2 911) | (4 102) |
| Liabilities | (150 387) | (10 327) | (7 669) | (5 331) | (2 235) | (4 410) | (180 359) |
| Intercompany loans | 7 360 | 596 | (360) | (785) | 52 | 733 | 7 596 |
| Shareholders' funds | (1 169) | - | - | - | (386) | (16 111) | (17 666) |
| Balance sheet | (459) | 1 299 | 29 | 8 610 | 1 434 | (10 842) | 71 |
| Off-balance sheet | 12 188 | 503 | (149) | (10 157) | (2 456) | - | (71) |
| Repricing gap | 11 729 | 1 802 | (120) | (1 547) | (1 022) | (10 842) | - |
| Cumulative repricing gap | 11 729 | 13 531 | 13 411 | 11 864 | 10 842 | - | - |

## 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 represent 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.

| | Sensitivity to the following interest rates (expressed in original currencies) | | | | | |
|---|---|---|---|---|---|---|
| 'million | ZAR | GBP | USD | EUR | AUD | All (ZAR) |
| 200bp Down | (260.3) | 0.2 | 1.2 | 1.7 | 0.1 | (233.1) |
| 200bp Up | 239.7 | (0.4) | (3.4) | (2.8) | (0.1) | 184.1 |

## Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund 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 marketwide events.

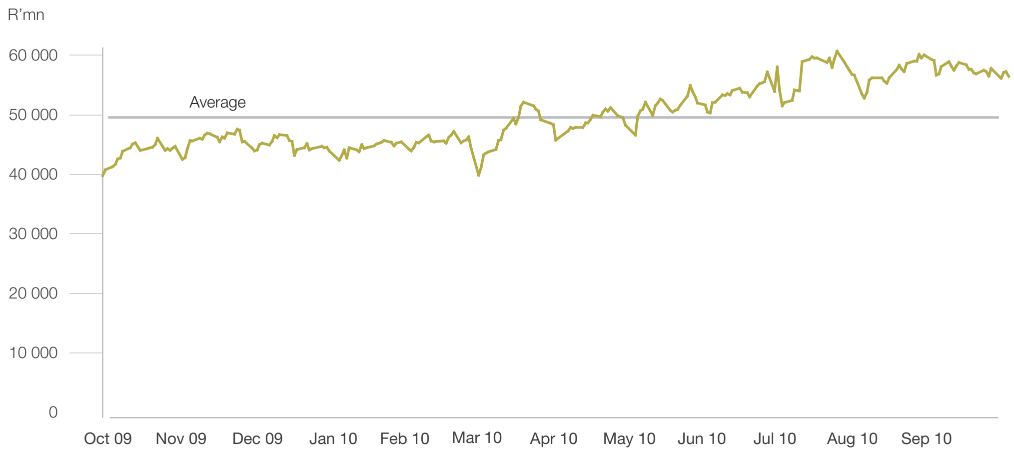
Liquidity risk is further broken down into:

- Funding liquidity: which relates to the risk that the bank will be unable to meet current and/or future cash flow or collateral requirements without adversely affecting the normal course of business, its financial position or its reputation
- Market liquidity: which relates to the risk that the bank may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

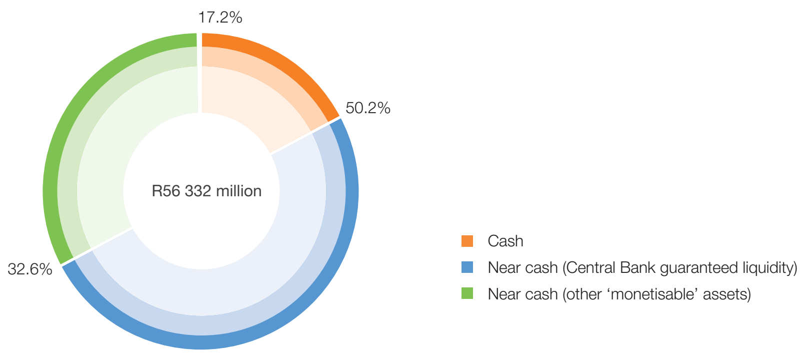
Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable in a timely manner with minimal risk of capital loss, unpredicted customer non-payment of a loan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

Risk management

Cash and near cash trend




An analysis of cash and near cash




## Liquidity mismatch

The tables that follow show our 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
- As an integral part of the broader liquidity generation strategy, we maintain a liquidity buffer in the form of unencumbered, cash, government, or bank paper (typically eligible for repurchase with the central bank), and near cash as a buffer against both expected and unexpected cash flows
- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by selling these securities, we have:
  - Set the time horizon to one month to monetise our cash and near cash portfolio of "available for sale" discretionary treasury assets, where there are deep secondary markets for this elective asset class
  - Set the time horizon to "on demand" to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank
  - Reported the "contractual" profile by way of a note to the tables.

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. An internal analysis model is used, based on statistical research of the historical series of products, which models the point of probable maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

# Risk management

## Contractual liquidity as at 30 September 2010

| R'million | Demand | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months to 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| Cash and short term funds - banks* | 6 817 | 2 635 | 2 050 | 530 | 45 | 1 207 | - | 13 284 |
| Cash and short term funds - non-banks | 5 805 | - | - | - | - | - | - | 5 805 |
| Investment/trading assets** | 25 465 | 17 737 | 769 | 1 502 | 2 645 | 15 321 | 7 021 | 70 460 |
| Securitised assets | 85 | 18 | 117 | 82 | 688 | 1 724 | 573 | 3 287 |
| Advances | 7 666 | 5 625 | 8 665 | 10 368 | 12 293 | 40 539 | 28 563 | 113 719 |
| Other assets | 855 | - | 155 | 93 | - | 1 681 | 3 815 | 6 599 |
| Assets | 46 693 | 26 015 | 11 756 | 12 575 | 15 671 | 60 472 | 39 972 | 213 154 |
| Deposits - banks | (2 708) | (800) | (831) | (70) | (583) | (6 853) | - | (11 845) |
| Deposits - non banks | (47 590) | (27 228) | (30 936) | (16 487) | (16 458) | (10 577) | (1 946) | (151 222) |
| Negotiable paper | - | (148) | (609) | (247) | (430) | (140) | - | (1 574) |
| Securitised liabilities | (5) | (474) | (1 778) | (53) | - | - | (26) | (2 336) |
| Investment/trading liabilities | (163) | (4 068) | (1 190) | (518) | (1 437) | (8 741) | (771) | (16 888) |
| Subordinated liabilities | - | - | - | - | - | (4 008) | (2 858) | (6 866) |
| Other liabilities | (1) | (92) | (358) | (34) | (422) | (186) | (3 595) | (4 688) |
| Liabilities | (50 467) | (32 810) | (35 702) | (17 409) | (19 330) | (30 505) | (9 196) | (195 419) |
| Shareholders' funds | - | - | - | - | - | - | (17 735) | (17 735) |
| Contractual liquidity gap | (3 774) | (6 795) | (23 946) | (4 834) | (3 659) | 29 967 | 13 041 | - |
| Cumulative liquidity gap | (3 774) | (10 569) | (34 515) | (39 349) | (43 008) | (13 041) | - | - |

### Note: contractual liquidity adjustments

| R'million | Demand | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months to 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| *Cash and short term funds - banks | 3 086 | 2 635 | 2 050 | 530 | 45 | 1 207 | 3 731 | 13 284 |
| **Investment/trading assets | 467 | 11 655 | 7 023 | 12 252 | 11 451 | 19 871 | 7 741 | 70 460 |

### Behavioural liquidity

| R'million | Demand | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 months to 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| Behavioural liquidity gap | 21 325 | (3 410) | (442) | 1 618 | (1 328) | (44 039) | 26 276 | - |
| Cumulative | 21 325 | 17 915 | 17 473 | 19 091 | 17 763 | (26 276) | - | - |

# Risk management

## Capital structure

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Regulatory capital | | | |
| Tier 1 | | | |
| Called up share capital | 26 | 25 | 24 |
| Share premium | 11 645 | 10 530 | 10 054 |
| Retained income | 6 222 | 6 055 | 5 630 |
| Other reserves | 250 | 158 | 6 |
| Intangibles | (99) | (95) | (78) |
| Total Tier 1 | 18 044 | 16 673 | 15 636 |
| Less: deductions | (332) | (266) | (240) |
| | 17 712 | 16 407 | 15 396 |
| Tier 2 | | | |
| Aggregate amount | 7 129 | 5 553 | 5 264 |
| Less: deductions | (332) | (265) | (140) |
| | 6 797 | 5 288 | 5 124 |
| Total capital | 24 509 | 21 695 | 20 520 |

## Capital requirements

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Capital requirements | 14 381 | 13 272 | 12 951 |
| Credit risk - prescribed standardised exposure classes | 11 311 | 10 965 | 10 932 |
| Corporates | 6 580 | 6 991 | 6 619 |
| Secured on real estate property | 1 095 | 1 000 | 1 100 |
| Counterparty risk on trading positions | 403 | 321 | 319 |
| Short term claims on institutions and corporates | 1 536 | 1 221 | 1 638 |
| Retail | 724 | 698 | 646 |
| Institutions | 920 | 661 | 541 |
| Other exposure classes | 53 | 73 | 69 |
| Securitised exposures | 338 | 356 | 162 |
| Equity risk - standardised approach | 1 371 | 697 | 623 |
| Listed equities | 59 | 35 | 44 |
| Unlisted equities | 1 312 | 662 | 579 |
| Market risk - portfolios subject to internal models approach | 110 | 91 | 100 |
| Interest rate | 35 | 31 | 28 |
| Foreign Exchange | 32 | 31 | 38 |
| Commodities | 1 | 1 | 1 |
| Equities | 42 | 28 | 33 |
| Operational risk - standardised approach | 1 251 | 1 163 | 1 134 |

# Risk management

## Capital adequacy

| R'million | 30 Sept 2010 | 31 March 2010 | 30 Sept 2009 |
|---|---|---|---|
| Tier 1 capital | 18 044 | 16 673 | 15 636 |
| Less: deductions | (332) | (266) | (240) |
| | 17 712 | 16 407 | 15 396 |
| | | | |
| Tier 2 capital | | | |
| Aggregate amount | 7 129 | 5 553 | 5 264 |
| Less: deductions | (332) | (265) | (140) |
| | 6 797 | 5 288 | 5 124 |
| | | | |
| Total capital | 24 509 | 21 695 | 20 520 |
| | | | |
| Risk-weighted assets (banking and trading) | 151 372 | 139 716 | 136 336 |
| Credit risk - prescribed standardised exposure classes | 119 049 | 115 429 | 115 087 |
| Corporates | 69 260 | 73 588 | 69 678 |
| Secured on real estate property | 11 524 | 10 525 | 11 582 |
| Counterparty risk on trading positions | 4 243 | 3 380 | 3 355 |
| Short term claims on institutions and corporates | 16 166 | 12 857 | 17 244 |
| Retail | 7 620 | 7 352 | 6 801 |
| Institutions | 9 683 | 6 955 | 5 696 |
| Other exposure classes | 553 | 772 | 731 |
| Securitised exposures | 3 557 | 3 748 | 1 700 |
| Equity risk - standardised approach | 14 434 | 7 337 | 6 554 |
| Listed equities | 621 | 368 | 459 |
| Unlisted equities | 13 813 | 6 969 | 6 095 |
| Market risk - portfolios subject to internal models approach | 1 161 | 956 | 1 060 |
| Interest rate | 373 | 325 | 294 |
| Foreign Exchange | 334 | 326 | 401 |
| Commodities | 9 | 13 | 14 |
| Equities | 445 | 292 | 351 |
| Operational risk - standardised approach | 13 171 | 12 246 | 11 935 |
| | | | |
| Capital adequacy ratio | 16.2% | 15.5% | 15.1% |
| Tier 1 ratio | 11.7% | 11.7% | 11.3% |
| | | | |
| Capital adequacy ratio - pre operational risk | 17.7% | 17.0% | 16.5% |
| Tier 1 ratio - pre operational risk | 12.8% | 12.9% | 12.4% |

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