

Out of the Ordinary®



Specialist Bank and  
Asset Manager

## Investec Bank (Australia) Limited

ABN 55 071 292 594

Unaudited consolidated financial information for the half year ended 30 September 2012



# Investec Bank (Australia) Limited

## Executive summary



### Introduction

During the six months ended 30 September 2012, Investec Bank (Australia) Limited (Investec Australia) continued to closely manage risk, liquidity and capital, and maintain disciplined cost controls and operational efficiencies. As a consequence we have a strong balance sheet allowing us to focus on providing banking, advisory and investment products and services to a wide range of private, corporate and institutional clients.

Our aim is to create wealth for clients and be recognised as leading experts in the niche markets we choose to operate in. We lend, we advise, we provide investment opportunities and, ultimately, we find solutions – we are entrepreneurs in service of entrepreneurs.

During the six month period we have:

- Selectively grown our loan portfolio with high quality clients in focused sectors
- Focused on smaller acquisitions to fill capability gaps in addition to the acquisition of an asset finance and leasing business
- Benefitted from a solid contribution from Corporate Advisory
- Seen a material decrease in impairments
- Strengthened our everyday banking offering through investment in platform and the development of additional products and services including the introduction of a specialist credit card and full online transactional banking
- Continued to diversify our deposit base
- Built a balanced business model between lending and non-lending income

### Financial performance and key statistics

For the six months ended 30 September 2012, Investec Australia reported a consolidated profit pre-tax for the period of \$7.2 million (prior year loss: \$33.0 million).

At 30 September 2012 Investec Australia had a capital adequacy ratio of 16.0% (tier 1 of 12.9%) and a core liquidity ratio of 28.4%, both in excess of internal targets and minimum regulatory requirements.

At 30 September 2012, Investec Australia's loan book was \$3.1 billion. In line with our previously stated strategy of diversifying our loan book, Investec Australia has focused on diversifying its loans across all sectors in which we operate. We are pleased to report that our Professional Finance business now comprises >58% of the loan book.

Total deposits and wholesale funding (excluding securitised liabilities and subordinated liabilities) at 30 September 2012 closed at \$3.4 billion. This includes \$2.2 billion of Private Client deposits, up 10% since March 2012. Wholesale funding has been actively managed to contain liquidity levels which remain high.

### Strategy and outlook

Our strong balance sheet, sound risk disciplines, ongoing investment in quality people and systems allow us to look forward to the next six months and beyond with enthusiasm, and leave us well placed to grow core business and benefit from new growth initiatives.



## Investec Bank (Australia) Limited

### Overview of results

	6 months to 30 September 2012	6 months to 30 September 2011	% Change	Year to 31 March 2012
Total operating income (\$'million)	92.6	90.3	3%	156.9
Net operating income before impairments (\$'million)	17.0	17.9	(5%)	4.9
Total group profit / (loss) before income tax (\$'million)	7.2	(33.0)	(122%)	(101.7)
Total group profit / (loss) after income tax (\$'million)	4.8	(23.1)	(121%)	(71.6)
Total shareholders' equity (\$'million)	598.7	641.4	(7%)	598.1
Total assets (\$'million)	4,952.2	5,335.1	(7%)	5,242.7
Customer deposits (\$'million)	2,554.4	2,317.1	10%	2,370.0
Cash and liquid assets (\$'million)	279.3	424.2	(34%)	383.3
Gearing ratio	8.3 x	8.3 x		8.8 x
Capital adequacy ratio	16.0%	15.6%		16.7%
Tier 1 ratio	12.9%	12.6%		13.5%
Liquidity ratio	28.4%	31.8%		35.7%



## Investec Bank (Australia) Limited

### Income statement

\$'million	6 months to 2012	6 months to 2011	Year to 31 March 2012
Interest income	170.5	195.3	382.1
Interest expense	(119.6)	(140.3)	(281.0)
<b>Net interest income</b>	<b>50.9</b>	<b>55.0</b>	<b>101.1</b>
Fee and commission income	36.8	28.2	58.6
Fee and commission expense	(2.5)	(3.0)	(5.5)
Investment income	5.8	3.5	(12.2)
Trading income arising from			
- client flow trading income	1.3	6.4	16.5
- balance sheet management and other trading activities	0.3	0.1	(1.7)
Other operating (loss)/income	-	0.1	0.1
<b>Total operating income before impairment on loans and advances</b>	<b>92.6</b>	<b>90.3</b>	<b>156.9</b>
Impairment losses on loans and advances	(9.8)	(50.9)	(106.6)
Operating costs	(75.6)	(72.4)	(152.0)
<b>Profit/(loss) before tax</b>	<b>7.2</b>	<b>(33.0)</b>	<b>(101.7)</b>
Taxation	(2.4)	9.9	30.1
<b>Profit/(loss) after taxation</b>	<b>4.8</b>	<b>(23.1)</b>	<b>(71.6)</b>



## Consolidated balance sheet

\$'million	30 September 2012	31 March 2012
<b>Assets</b>		
Cash and balances at central banks	140.6	277.7
Loans and advances to banks	138.6	105.6
Sovereign debt securities	250.1	357.6
Bank debt securities	688.6	817.7
Other debt securities	73.9	126.3
Derivative financial instruments	205.6	206.3
Securities arising from trading activities	5.0	10.6
Investment portfolio	17.6	18.6
Loans and advances to customers	2,381.7	2,180.1
Own originated loans and advances to customers securitised	710.8	825.2
Interests in associated undertakings	7.6	8.0
Deferred taxation assets	13.5	14.4
Other assets	197.3	178.7
Property and equipment	15.0	14.8
Goodwill	94.1	90.0
Intangible assets	12.2	11.1
<b>Total assets</b>	<b>4,952.2</b>	<b>5,242.7</b>
<b>Liabilities</b>		
Derivative financial instruments	159.6	134.2
Customer accounts (deposits)	2,554.4	2,370.0
Debt securities in issue	819.3	1,198.8
Liabilities arising on securitisation of own originated assets	704.5	812.7
Other liabilities	45.7	57.4
Subordinated liabilities	70.0	71.5
<b>Total liabilities</b>	<b>4,353.5</b>	<b>4,644.6</b>
<b>Equity</b>		
Called up share capital	291.7	291.7
Other reserves	2.0	9.4
Retained income	305.0	297.0
<b>Total equity</b>	<b>598.7</b>	<b>598.1</b>
<b>Total liabilities and equity</b>	<b>4,952.2</b>	<b>5,242.7</b>



## Investec Bank (Australia) Limited

### Segmental information - business analysis

For the 6 months to 30 September 2012 \$'million	Private Banking activities	Corporate and Institutional Banking activities	Corporate Advisory and Investment activities	Property activities	Group services and other activities	Total group
Operating income before impairments	30.3	38.1	14.5	5.2	4.4	92.5
Operating expenses	(22.9)	(31.4)	(10.2)	(2.1)	(8.9)	(75.5)
<b>Net contribution</b>	7.4	6.7	4.3	3.1	(4.5)	17.0
Impairment losses on loans and investments	(14.6)	4.4	0.4	-	-	(9.8)
<b>Profit before income tax</b>	<b>(7.1)</b>	<b>11.1</b>	<b>4.8</b>	<b>3.1</b>	<b>(4.5)</b>	<b>7.2</b>

For the 6 months to 30 September 2011 \$'million	Private Banking activities	Corporate and Institutional Banking activities	Corporate Advisory and Investment activities	Property activities	Group services and other activities	Total group
Operating income before impairments	37.9	26.5	8.9	4.0	13.0	90.3
Operating expenses	(25.7)	(21.4)	(11.2)	(2.1)	(12.0)	(72.3)
<b>Net contribution</b>	12.2	5.2	(2.3)	1.9	0.9	18.0
Impairment losses on loans and investments	(48.4)	(2.5)	-	-	-	(50.9)
<b>Profit before income tax</b>	<b>(36.2)</b>	<b>2.7</b>	<b>(2.3)</b>	<b>1.9</b>	<b>0.9</b>	<b>(33.0)</b>



## 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 2012.

### Credit and counterparty risk management

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

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

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

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

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.

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

\$m	30 September 2012	31 March 2012	% change	Average *
Cash and balances at central banks	140.6	277.7	(49%)	209.1
Loans and advances to banks	138.6	105.6	31%	122.1
Sovereign debt securities	250.1	357.6	(30%)	303.8
Bank debt securities	688.6	817.7	(16%)	753.1
Other debt securities	73.9	126.3	(41%)	100.1
Derivative financial instruments	205.6	206.3	(0%)	205.9
Securities arising from trading activities	5.0	10.6	(53%)	7.8
Loans and advances to customers (gross)	2,394.8	2,197.2	9%	2,296.0
Own originated loans and advances to customers securitised (gross)	711.9	827.2	(14%)	769.5
<b>Total on-balance sheet exposures</b>	<b>4,609.1</b>	<b>4,926.2</b>	<b>(6%)</b>	<b>4,767.5</b>
Guarantees <sup>^</sup>	63.2	49.4	28%	56.3
Contingent liabilities, committed facilities and other	275.3	253.8	8%	264.5
<b>Total off-balance sheet exposures</b>	<b>338.4</b>	<b>303.2</b>	<b>12%</b>	<b>320.7</b>
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>4,947.5</b>	<b>5,229.4</b>	<b>(5%)</b>	<b>5,088.3</b>

\* Where the average is based on a straight-line average for the period 1 April 2012 to 30 September 2012.

<sup>^</sup> Excludes guarantees provided to clients which are backed/secured by cash on deposit with the bank.



## 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.

Consolidated \$m	Total credit and counterparty exposure	Assets that we deem to have no legal credit	Total balance sheet
<b>As at 30 September 2012</b>			
Cash and balances at central banks	140.6	-	140.6
Loans and advances to banks	138.6	-	138.6
Sovereign debt securities	250.1	-	250.1
Bank debt securities	688.6	-	688.6
Other debt securities	73.9	-	73.9
Derivative financial instruments	205.6	-	205.6
Securities arising from trading activities	5.0	-	5.0
Investment portfolio	-	17.6	17.6
Loans and advances to customers	2,394.8	(13.0)	2,381.7
Own originated loans and advances to customers securitised	711.9	(1.1)	710.8
Interest in associated undertakings	-	7.6	7.6
Deferred taxation assets	-	13.5	13.5
Other assets	-	197.3	197.3
Property, plant and equipment	-	15.0	15.0
Goodwill	-	94.1	94.1
Intangible assets	-	12.2	12.2
<b>Total on-balance sheet exposures</b>	<b>4,609.1</b>	<b>343.1</b>	<b>4,952.2</b>
<b>As at 31 March 2012</b>			
Cash and balances at central banks	277.7	-	277.7
Loans and advances to banks	105.6	-	105.6
Sovereign debt securities	357.6	-	357.6
Bank debt securities	817.7	-	817.7
Other debt securities	126.3	-	126.3
Derivative financial instruments	206.3	-	206.3
Securities arising from trading activities	10.6	-	10.6
Investment portfolio	-	18.6	18.6
Loans and advances to customers	2,197.0	(16.9)	2,180.1
Own originated loans and advances to customers securitised	827.2	(2.0)	825.2
Interest in associated undertakings	-	8.0	8.0
Deferred taxation assets	-	14.4	14.4
Other assets	-	178.7	178.7
Property, plant and equipment	-	14.8	15.1
Goodwill	-	90.0	90.0
Intangible assets	-	11.1	11.1
<b>Total on-balance sheet exposures</b>	<b>4,926.0</b>	<b>316.7</b>	<b>5,242.7</b>





## Risk management

### Breakdown of gross credit exposure by industry

Sm	Gross core loans and advances		Other credit and counterparty		Total	
	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012	30 Sept 2012	31 March 2012
HNW and professional individuals	2,034.7	2,483.9	0.4	0.9	2,035.1	2,484.9
Agriculture	-	5.0	-	-	-	5.0
Electricity, gas and water (utility services)	80.6	65.8	4.7	1.5	85.2	67.4
Public and non-business services	62.5	54.9	250.1	357.6	312.6	412.4
Business service	28.1	9.8	0.0	0.0	28.1	9.8
Finance and Insurance	52.0	27.4	1,132.7	1,396.3	1,184.7	1,423.7
Retailers and wholesalers	70.6	33.7	2.4	1.1	73.1	34.7
Manufacturing and commerce	48.6	46.4	1.2	0.4	49.8	46.8
Construction	81.8	70.2	46.2	31.7	128.1	101.9
Real Estate	491.4	92.1	47.3	80.7	538.7	172.8
Mining and resource	90.9	91.3	11.4	5.7	102.3	97.1
Leisure, entertainment and tourism	42.2	34.8	-	19.0	42.2	53.8
Transport and communication	23.2	8.8	6.1	7.1	29.3	15.9
<b>Total</b>	<b>3,106.6</b>	<b>3,024.1</b>	<b>1,502.5</b>	<b>1,902.0</b>	<b>4,609.2</b>	<b>4,926.1</b>

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

Sm	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance (including central banks)	Retailers and wholesalers	Manufacturing and commerce	Construction	Commercial real estate	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Total
<b>As at 30 September 2012</b>														
Cash and balances at central banks	-	-	-	-	-	140.6	-	-	-	-	-	-	-	140.6
Loans and advances to banks	-	-	-	-	-	138.6	-	-	-	-	-	-	-	138.6
Non-sovereign and non-bank cash placements	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Sovereign debt securities	-	-	-	250.1	-	-	-	-	-	-	-	-	-	250.1
Bank debt securities	-	-	-	-	-	688.6	-	-	-	-	-	-	-	688.6
Other debt securities	-	-	-	-	-	10.0	-	-	-	-	-	-	6.1	10.0
Derivative financial instruments	0.4	-	4.7	-	-	149.8	2.4	1.2	35.5	0.1	11.4	-	-	205.6
Securities arising from trading activities	-	-	-	-	-	5.0	-	-	-	-	-	-	-	5.0
Loans and advances to customers (gross)	2,034.7	-	80.6	62.5	28.1	52.0	70.6	48.6	81.8	491.4	90.9	42.2	23.2	3,106.6
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
<b>Total on-balance sheet exposures</b>	<b>2,035.1</b>	<b>-</b>	<b>85.2</b>	<b>312.6</b>	<b>28.1</b>	<b>1,184.7</b>	<b>73.0</b>	<b>49.8</b>	<b>128.1</b>	<b>538.7</b>	<b>102.3</b>	<b>42.2</b>	<b>29.3</b>	<b>4,609.2</b>
Guarantees	7.1	-	6.8	-	0.7	0.8	3.5	0.0	1.1	-	43.2	-	-	63.2
Contingent liabilities, committed facilities and other	62.0	-	-	12.1	2.2	14.8	15.6	17.4	23.4	51.2	76.6	-	-	275.3
<b>Total off-balance sheet exposures</b>	<b>69.1</b>	<b>-</b>	<b>6.8</b>	<b>12.1</b>	<b>2.9</b>	<b>15.6</b>	<b>19.1</b>	<b>17.4</b>	<b>24.5</b>	<b>51.2</b>	<b>119.8</b>	<b>-</b>	<b>-</b>	<b>338.4</b>
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>2,104.2</b>	<b>-</b>	<b>92.0</b>	<b>324.7</b>	<b>30.9</b>	<b>1,200.3</b>	<b>92.1</b>	<b>67.2</b>	<b>152.5</b>	<b>589.9</b>	<b>222.1</b>	<b>42.2</b>	<b>29.3</b>	<b>4,947.6</b>
<b>As at 31 March 2012</b>														
Cash and balances at central banks	-	-	-	-	-	277.7	-	-	-	-	-	-	-	277.7
Loans and advances to banks	-	-	-	-	-	105.6	-	-	-	-	-	-	-	105.6
Non-sovereign and non-bank cash placements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign debt securities	-	-	-	357.6	-	-	-	-	-	-	-	-	-	357.6
Bank debt securities	-	-	-	-	-	817.7	-	-	-	-	-	-	-	817.7
Other debt securities	-	-	-	-	-	10.0	-	-	10.5	-	-	-	6.0	45.5
Derivative financial instruments	0.9	-	1.5	-	-	174.7	1.1	0.4	21.2	80.7	5.4	-	1.1	287.1
Securities arising from trading activities	-	-	-	-	-	10.6	-	-	-	-	-	-	-	10.6
Loans and advances to customers (gross)	2,483.9	5.0	65.8	54.9	9.8	27.4	33.7	46.4	70.2	92.1	91.3	34.8	8.8	3,024.1
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total on-balance sheet exposures</b>	<b>2,484.9</b>	<b>5.0</b>	<b>67.3</b>	<b>412.5</b>	<b>9.8</b>	<b>1,423.7</b>	<b>34.8</b>	<b>46.8</b>	<b>101.9</b>	<b>172.8</b>	<b>96.7</b>	<b>53.8</b>	<b>15.9</b>	<b>4,926.1</b>
Guarantees	14.5	-	6.8	-	-	-	2.5	-	-	-	25.5	-	-	49.4
Contingent liabilities, committed facilities and other	130.5	-	-	16.0	-	2.1	3.9	15.3	36.2	4.4	32.8	-	12.5	253.8
<b>Total off-balance sheet exposures</b>	<b>145.1</b>	<b>-</b>	<b>6.8</b>	<b>16.0</b>	<b>-</b>	<b>2.1</b>	<b>6.3</b>	<b>15.3</b>	<b>36.2</b>	<b>4.4</b>	<b>58.4</b>	<b>-</b>	<b>12.5</b>	<b>303.1</b>
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>2,630.0</b>	<b>5.0</b>	<b>74.0</b>	<b>428.6</b>	<b>9.8</b>	<b>1,425.9</b>	<b>41.2</b>	<b>62.1</b>	<b>138.1</b>	<b>177.2</b>	<b>155.0</b>	<b>53.8</b>	<b>28.4</b>	<b>5,229.2</b>



## Investec Bank (Australia) Limited

### Asset quality

\$'million	30 Sept 2012	31 March 2012	30 Sept 2011
Loans and advances to customers as per the balance sheet	2,381.7	2,180.1	2,406.1
Add: own originated loans and advances securitised as per the balance sheet	710.8	825.2	783.6
<b>Net core loans and advances to customers</b>	<b>3,092.5</b>	<b>3,005.3</b>	<b>3,189.6</b>

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

\$'million	30 Sept 2012	31 March 2012	30 Sept 2011
<b>Gross core loans and advances to customers</b>	<b>3,106.6</b>	<b>3,024.2</b>	<b>3,280.3</b>
<b>Total impairments</b>	<b>(14.1)</b>	<b>(18.9)</b>	<b>(90.6)</b>
Specific impairments	(11.7)	(16.5)	(88.2)
Portfolio impairments	(2.4)	(2.4)	(2.4)
<b>Net core loans and advances to customers</b>	<b>3,092.5</b>	<b>3,005.3</b>	<b>3,189.6</b>
<b>Average gross core loans and advances</b>	<b>3,141.1</b>	<b>3,152.3</b>	<b>3,324.2</b>
Current loans and advances to customers	3,017.2	2,930.1	2,822.0
Past due loans and advances to customers (1-60 days)	19.5	22.0	23.1
Special mention loans and advances to customers	14.2	2.2	16.1
Default loans and advances to customers	55.8	69.9	419.0
<b>Gross core loans and advances to customers</b>	<b>3,106.6</b>	<b>3,024.2</b>	<b>3,280.3</b>
Current loans and advances to customers	3,017.2	2,930.1	2,822.0
Gross core loans and advances to customers that are past due but not impaired	56.6	40.3	104.8
Gross core loans and advances to customers that are impaired	32.9	53.8	353.4
<b>Gross core loans and advances to customers</b>	<b>3,106.6</b>	<b>3,024.2</b>	<b>3,280.3</b>
<b>Total income statement charge for impairments on core loans and advances</b>	<b>9.8</b>	<b>106.1</b>	<b>50.9</b>
Gross default loans and advances to customers	55.8	69.9	419.0
Specific impairments	(11.7)	(16.5)	(88.2)
Portfolio impairments	(2.4)	(2.4)	(2.4)
<b>Defaults net of impairments</b>	<b>41.7</b>	<b>51.0</b>	<b>328.4</b>
Collateral and other credit enhancements	51.2	55.2	336.6
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>			
Total impairments as a % of gross core loans and advances to customers	0.5%	0.6%	2.8%
Total impairments as a % of gross default loans	25.4%	27.0%	21.6%
Gross defaults as a % of gross core loans and advances to customers	1.8%	2.3%	12.8%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.3%	1.7%	10.3%
Net defaults as a % of core loans and advances to customers	-	-	-
Annualised credit loss ratio (i.e. income statement impairment charges as a % of average gross loans and advances)	0.7%	3.1%	3.1%



## Risk management

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

Consolidated \$m	30 Sept 2012	31 March 2012
<b>Capital exposure</b>		
Default loans that are current	1.6	11.0
1 - 60 days	20.4	25.2
61 - 90 days	15.9	2.3
91 - 180 days	22.8	4.8
181 - 365 days	12.0	17.5
>365 days	16.7	33.3
<b>Past due and default core loans and advances to customers (actual capital exposure)</b>	<b>89.4</b>	<b>94.1</b>
1 - 60 days	1.7	4.4
61 - 90 days	11.7	0.1
91 - 180 days	14.0	0.3
181 - 365 days	10.9	6.5
>365 days	15.3	31.7
<b>Past due and default core loans and advances to customers (actual amount in arrears)</b>	<b>53.6</b>	<b>43.0</b>

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

\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>As at 30 September 2012</b>							
<b>Watchlist loans neither past due nor impaired</b>							
Total capital exposure							
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure		19.9	13.7	21.3	1.1	0.6	56.6
Amount in arrears		1.7	11.7	13.9	0.3	0.2	27.8
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	1.6	0.4	2.2	1.5	11.0	16.1	32.8
Amount in arrears		0.0	0.0	0.1	10.6	15.1	25.8
<b>As at 31 March 2012</b>							
<b>Watchlist loans neither past due nor impaired</b>							
Total capital exposure							
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure		23.5	0.7	2.2	6.5	7.4	40.3
Amount in arrears		4.4	0.1	0.2	5.4	6.8	16.9
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	11.0	1.7	1.6	2.6	11.0	25.9	53.8
Amount in arrears		0.0	0.0	0.1	1.1	25.0	26.2



An age analysis of past due and default core loans and advances to customers as at 30 September 2012 (based on total capital exposure)

\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	19.5	-	-	-	-	19.5
Special mention	-	0.5	13.7	-	-	-	14.2
Special mention (1 - 90 days)	-	0.5	11.4	-	-	-	11.8
Special mention (61 - 90 days and item well secured)	-	-	2.4	-	-	-	2.4
<b>Default</b>	<b>1.6</b>	<b>0.4</b>	<b>2.2</b>	<b>22.8</b>	<b>12.0</b>	<b>16.7</b>	<b>55.8</b>
Sub-standard	-	-	-	21.3	1.1	0.6	22.9
Doubtful	1.6	0.4	2.2	1.5	11.0	16.1	32.9
Loss	-	-	-	-	-	-	-
<b>Total</b>	<b>1.6</b>	<b>20.4</b>	<b>15.9</b>	<b>22.8</b>	<b>12.0</b>	<b>16.7</b>	<b>89.4</b>

An age analysis of past due and default core loans and advances to customers as at 30 September 2012 (based on actual amount in arrears)

\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	1.7	-	-	-	-	1.7
Special mention	-	-	11.7	-	-	-	11.7
Special mention (1 - 90 days)	-	-	11.4	-	-	-	11.4
Special mention (61 - 90 days and item well secured)	-	-	0.3	-	-	-	0.3
<b>Default</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.0</b>	<b>10.9</b>	<b>15.3</b>	<b>40.2</b>
Sub-standard	-	-	-	13.9	0.3	0.2	14.4
Doubtful	-	-	-	0.1	10.6	15.1	25.8
Loss	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.7</b>	<b>11.7</b>	<b>14.0</b>	<b>10.9</b>	<b>15.3</b>	<b>53.6</b>



An age analysis of past due and default core loans and advances to customers as at 31 March 2012 (based on total capital exposure)

\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	22.0	-	-	-	-	22.0
Special mention	-	1.5	0.7	-	-	-	2.2
Special mention (1 - 90 days)	-	1.5	0.2	-	-	-	1.7
Special mention (61 - 90 days and item well secured)	-	-	0.5	-	-	-	0.5
Default	-	1.7	1.6	4.8	17.5	33.3	58.9
Sub-standard	-	-	-	2.2	6.5	7.4	16.1
Doubtful	-	1.7	1.6	2.6	11.0	25.9	42.8
Loss	-	-	-	-	-	-	-
<b>Total</b>	-	<b>25.2</b>	<b>2.3</b>	<b>4.8</b>	<b>17.5</b>	<b>33.3</b>	<b>83.1</b>

An age analysis past due and default core loans and advances to customers as at 31 March 2012 (based on actual amount in arrears)

\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	4.4	-	-	-	-	4.4
Special mention	-	-	0.1	-	-	-	0.1
Special mention (1 - 90 days)	-	-	-	-	-	-	0.0
Special mention (61 - 90 days and item well secured)	-	-	0.1	-	-	-	0.1
Default	-	-	-	0.3	6.5	31.7	38.6
Sub-standard	-	-	-	0.2	5.4	6.8	12.3
Doubtful	-	-	-	0.1	1.1	25.0	26.2
Loss	-	-	-	-	-	-	-
<b>Total</b>	-	<b>4.4</b>	<b>0.1</b>	<b>0.3</b>	<b>6.5</b>	<b>31.7</b>	<b>43.0</b>



## Risk management

### An analysis of core loans and advances to customers

	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
<b>\$m</b>								
<b>As at 30 Sept 2012</b>								
Current core loans and advances	3,017.2	-	-	3,017.2	-	-	3,017.2	-
Past due (1-60 days)	-	19.5	-	19.5	-	-	19.5	1.7
Special mention	-	14.2	-	14.2	-	-	14.2	11.7
Special mention (1 - 90 days)	-	11.8	-	11.8	-	-	11.8	11.4
Special mention (61 - 90 days and item well secured)	-	2.4	-	2.4	-	-	2.4	0.3
<b>Default</b>	-	<b>22.9</b>	<b>32.9</b>	<b>55.8</b>	<b>(11.7)</b>	<b>(2.4)</b>	<b>41.6</b>	<b>40.3</b>
Sub-standard	-	22.9	0.0	22.9	-	-	22.9	14.4
Doubtful	-	-	32.9	32.9	(11.7)	(2.4)	18.7	25.9
Loss	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,017.2</b>	<b>56.6</b>	<b>32.9</b>	<b>3,106.6</b>	<b>(11.7)</b>	<b>(2.4)</b>	<b>3,092.5</b>	<b>53.6</b>
<b>As at 31 March 2012</b>								
Current core loans and advances	2,930.1	-	-	2,930.1	-	(2.4)	2,927.7	-
Past due (1-60 days)	-	22.0	-	22.0	-	-	22.0	4.4
Special mention	-	2.2	-	2.2	-	-	2.2	0.2
Special mention (1 - 90 days)	-	1.7	-	1.7	-	-	1.7	0.1
Special mention (61 - 90 days and item well secured)	-	0.5	-	0.5	-	-	0.5	0.1
<b>Default</b>	-	<b>16.1</b>	<b>53.8</b>	<b>69.9</b>	<b>(16.5)</b>	-	<b>53.4</b>	<b>38.6</b>
Sub-standard	-	16.1	-	16.1	-	-	16.1	12.3
Doubtful	-	-	53.8	53.8	(16.5)	-	37.3	26.3
Loss	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,930.1</b>	<b>40.3</b>	<b>53.8</b>	<b>3,024.2</b>	<b>(16.5)</b>	<b>(2.4)</b>	<b>3,005.3</b>	<b>43.2</b>



## Risk management

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

	Private Banking professional and HNW individuals	Corporate sector	Insurance, financial services (excluding sovereign)	Public and government sector (including central banks)	Trade finance and other	Total core loans and advances to customers
<b>\$m</b>						
<b>As at 30 September 2012</b>						
Current core loans and advances	1,956.9	945.8	52.0	62.5	-	3,017.2
<b>Past due (1-60 days)</b>	7.8	11.6	-	-	-	19.5
<b>Special mention</b>	14.2	-	-	-	-	14.2
Special mention (1-90 days)	11.8	-	-	-	-	11.8
Special mention (61-90 days and item well secured)	2.4	-	-	-	-	2.4
<b>Default</b>	55.8	-	-	-	-	55.8
Sub-standard	22.9	-	-	-	-	22.9
Doubtful	32.9	-	-	-	-	32.9
Loss	-	-	-	-	-	-
<b>Total gross core loans and advances to customers</b>	<b>2,034.7</b>	<b>957.4</b>	<b>52.0</b>	<b>62.5</b>	-	<b>3,106.6</b>
<b>Total impairments</b>	<b>(14.1)</b>	-	-	-	-	<b>(14.1)</b>
Specific impairments	(11.7)	-	-	-	-	(11.7)
Portfolio impairments	(2.4)	-	-	-	-	(2.4)
<b>Net core loans and advances to customers</b>	<b>2,020.6</b>	<b>957.4</b>	<b>52.0</b>	<b>62.5</b>	-	<b>3,092.5</b>
<b>As at 31 March 2012</b>						
Current core loans and advances	2,396.8	451.1	27.4	54.9	-	2,930.1
<b>Past due (1-60 days)</b>	15.4	6.6	-	-	-	22.0
<b>Special mention</b>	2.2	-	-	-	-	2.2
Special mention (1-90 days)	1.7	-	-	-	-	1.7
Special mention (61-90 days and item well secured)	0.5	-	-	-	-	0.5
<b>Default</b>	69.9	-	-	-	-	69.9
Sub-standard	16.1	-	-	-	-	16.1
Doubtful	53.8	-	-	-	-	53.8
Loss	-	-	-	-	-	-
<b>Total gross core loans and advances to customers</b>	<b>2,484.2</b>	<b>457.7</b>	<b>27.4</b>	<b>54.9</b>	-	<b>3,024.2</b>
<b>Total impairments</b>	<b>(18.9)</b>	-	-	-	-	<b>(18.9)</b>
Specific impairments	(16.5)	-	-	-	-	(16.5)
Portfolio impairments	(2.4)	-	-	-	-	(2.4)
<b>Net core loans and advances to customers</b>	<b>2,465.3</b>	<b>457.7</b>	<b>27.4</b>	<b>54.9</b>	-	<b>3,005.3</b>

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

	30 Sept 2012	31 March 2012
<b>\$m</b>		
Private Banking professional and HNW individuals	2,034.7	2,484.2
Corporate sector	957.4	457.7
Insurance, financial services (excluding sovereign)	52.0	27.4
Public and government sector (including central banks)	62.5	54.9
Trade finance and other	-	-
<b>Total gross core loans and advances to customers</b>	<b>3,106.6</b>	<b>3,024.2</b>



## Risk management

### Collateral

A summary of total collateral

\$m	Collateral held against		Total
	Core loans and advances	Other credit and counterparty exposures *	
<b>As at 30 September 2012</b>			
<b>Eligible financial collateral</b>	<b>452.5</b>	<b>24.1</b>	<b>476.6</b>
Listed shares			
Listed shares	437.0	-	437.0
Cash	15.5	24.1	39.6
Debt securities issued by sovereigns			
<b>Mortgages</b>	<b>1,718.5</b>	<b>-</b>	<b>1,718.5</b>
Residential mortgages	186.0	-	186.0
Residential development	328.2	-	328.2
Commercial property developments	138.7	-	138.7
Commercial property investments	1,065.6	-	1,065.6
<b>Other collateral</b>	<b>1,598.5</b>	<b>-</b>	<b>1,141.4</b>
Unlisted shares	95.7	-	95.7
Bonds other than mortgage bonds	-	-	-
Debtors, stock and other corporate assets	457.1	-	-
Guarantees	17.9	-	17.9
Other	1,027.8	-	1,027.8
<b>Total collateral</b>	<b>3,769.6</b>	<b>24.1</b>	<b>3,336.6</b>
<b>As at 31 March 2012</b>			
<b>Eligible financial collateral</b>	<b>412.1</b>	<b>17.7</b>	<b>429.8</b>
Listed shares	398.9	-	398.9
Cash	13.2	17.7	30.9
<b>Mortgages</b>	<b>1,637.5</b>	<b>-</b>	<b>1,637.5</b>
Residential mortgages	129.6	-	129.6
Residential development	461.7	-	461.7
Commercial property developments	184.2	-	184.2
Commercial property investments	862.0	-	862.0
<b>Other collateral</b>	<b>1,724.5</b>	<b>2.2</b>	<b>1,726.7</b>
Unlisted shares	101.4	-	101.4
Bonds other than mortgage bonds	-	-	-
Debtors, stock and other corporate assets	962.4	-	962.4
Guarantees	-	2.2	2.2
Other	660.7	-	660.7
<b>Total</b>	<b>3,774.1</b>	<b>19.9</b>	<b>3,794.0</b>

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





## Risk management

### Traded market risk management

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

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

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

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

#### VaR 95% (one-day)

Consolidated \$'m	30 Sept 2012	31 March 2012
Position	0.020	0.002
Option	0.000	0.000
Interest rates	0.023	0.031
<b>Consolidated *</b>	<b>0.028</b>	<b>0.031</b>
High	0.141	0.184
Low	0.023	0.019
Average	0.054	0.068

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

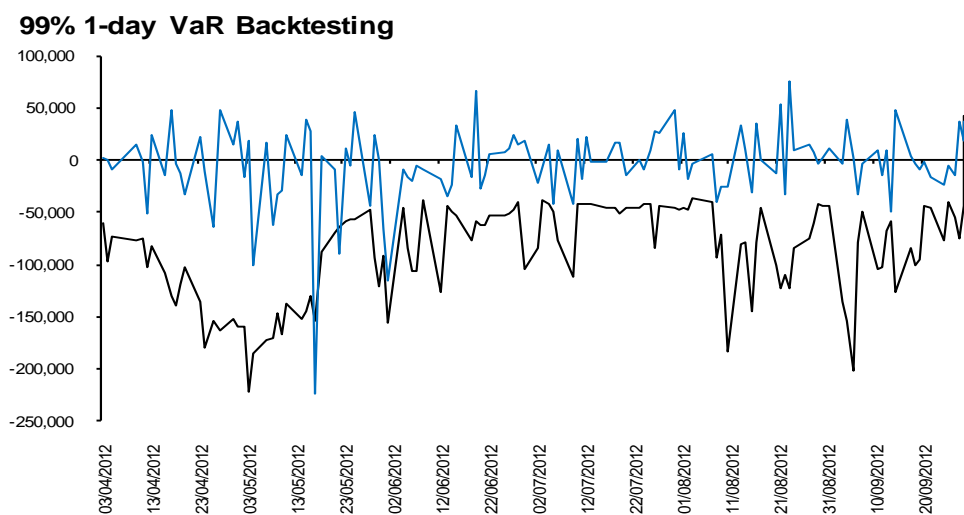


## Risk management

### Traded market risk management

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

For the six months to 30 September 2012



Trading activity was relatively muted during the first half of the year. There have been two exceptions i.e. where the loss is greater than the VaR. This is more than the expected number of exceptions at the 99% level and is a result of unusually high levels of market volatility.



## Risk management

### Equity price risk

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

	Change in equity price % Sept-12	Effect on equity \$m Sept-12	Change in equity price % Mar-12	Effect on equity \$m Mar-12
Market Indices				
ASX small cap	+ / - 47.0	8.2 / (8.0)	+ / - 51.7	9.3 / (7.8)

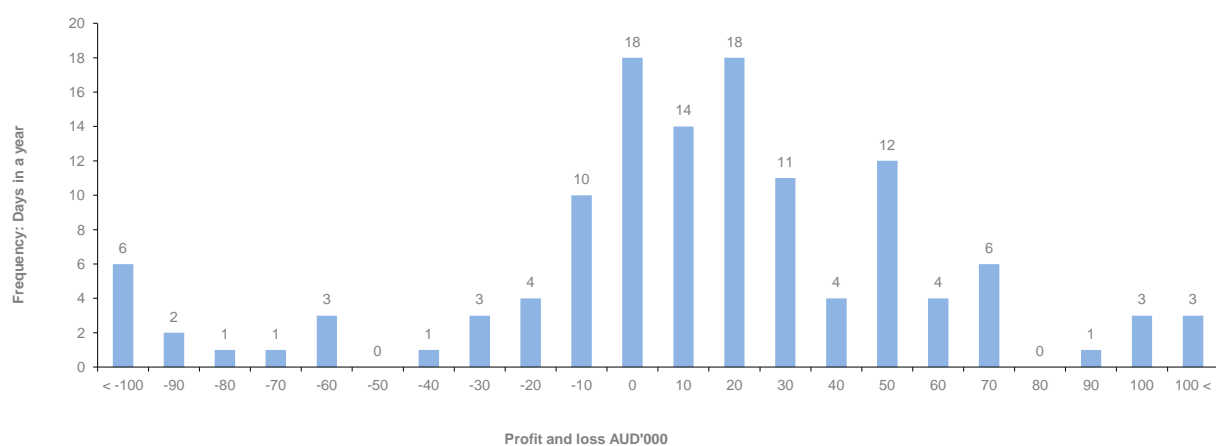
### Stress testing

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

Consolidated \$m	30 Sept 2012	31 March 2012
Position	0.032	0.006
Option	0.000	0.000
Interest rates	0.051	0.070
<b>Consolidated</b>	<b>0.056</b>	<b>0.071</b>

### Profit and loss histograms

The histogram below illustrates the distribution of daily revenue during the financial year for our trading businesses. The graph shows that positive trading revenue was realised on 76 days out of a total of 125 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2012 was A\$9 980 (year ended March 2012: loss of A\$6 056).





## Risk management

### Interest rate sensitivity gap

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

As at 30 September 2012 \$m	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 years but <5 years	> 5 years	Non-rate	Total
<b>Assets</b>							
Cash and short-term funds - banks	279	-	-	-	-	-	279
Investment/trading assets	842	-	-	165	-	5	1 012
Securitised assets	203	61	106	336	5	-	711
Advances	1 843	57	128	304	27	23	2 382
Other assets	-	-	-	-	-	568	568
<b>Assets</b>	<b>3 167</b>	<b>118</b>	<b>234</b>	<b>805</b>	<b>32</b>	<b>596</b>	<b>4 952</b>
Deposits - non-banks	( 1 699)	( 466)	( 181)	( 158)	( 11)	( 39)	( 2 554)
Negotiable paper	( 230)	( 7)	( 2)	( 550)	-	( 30)	( 819)
Securitised liabilities	( 705)	-	-	-	-	-	( 705)
Investment/trading liabilities	-	-	-	-	-	-	-
Subordinated loans	( 70)	-	-	-	-	-	( 70)
Other liabilities	-	-	-	-	-	( 211)	( 211)
<b>Liabilities</b>	<b>( 2 704)</b>	<b>( 473)</b>	<b>( 183)</b>	<b>( 708)</b>	<b>( 11)</b>	<b>( 280)</b>	<b>( 4 359)</b>
<b>Intercompany loans</b>							
Shareholders' funds	-	-	-	-	-	6	6
<b>Balance Sheet</b>	<b>463</b>	<b>( 355)</b>	<b>51</b>	<b>97</b>	<b>21</b>	<b>( 277)</b>	<b>-</b>
Off-balance sheet	209	( 76)	( 180)	74	( 22)	( 5)	-
<b>Repricing gap</b>	<b>672</b>	<b>( 431)</b>	<b>( 129)</b>	<b>171</b>	<b>( 1)</b>	<b>( 282)</b>	<b>-</b>
<b>Cumulative repricing gap</b>	<b>672</b>	<b>241</b>	<b>112</b>	<b>283</b>	<b>282</b>	<b>-</b>	<b>-</b>

### Economic value sensitivity

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

\$m	AUD
200bp Down	-2.50
200bp Up	2.50



## Risk management

### Balance sheet risk management

#### Liquidity risk description

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

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

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

#### Liquidity mismatch

The tables following show our undiscounted contractual liquidity mismatch.

With respect to the contractual liquidity mismatch:

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

With respect to the behavioural liquidity mismatch:

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



### Contractual liquidity

As at 30 September 2012	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Total
<b>Assets</b>								
Cash and short-term funds - banks	279	-	-	-	-	-	-	279
Investment/trading assets*	917	19	58	45	22	129	58	1 248
Securitised assets	4	23	65	78	137	398	6	711
Advances**	18	155	206	272	398	1 224	109	2 382
Other assets	-	-	-	-	-	-	332	332
<b>External assets</b>	<b>1 218</b>	<b>197</b>	<b>329</b>	<b>395</b>	<b>557</b>	<b>1 751</b>	<b>505</b>	<b>4 952</b>
Deposits - non-banks	(423)^	( 392)	( 831)	( 490)	( 184)	( 187)	( 47)	( 2 554)
Negotiable paper	-	( 10)	( 7)	( 13)	( 11)	( 778)	-	( 819)
Securitised liabilities	( 3)	( 23)	( 65)	( 614)	-	-	-	( 705)
Investment/trading liabilities	-	( 4)	( 44)	( 27)	( 11)	( 47)	( 27)	( 160)
Subordinated liabilities	-	-	-	-	-	( 70)	-	( 70)
Other liabilities	-	-	-	-	-	-	( 51)	( 51)
<b>Liabilities</b>	<b>( 426)</b>	<b>( 429)</b>	<b>( 947)</b>	<b>( 1 144)</b>	<b>( 206)</b>	<b>( 1 082)</b>	<b>( 125)</b>	<b>( 4 359)</b>
<b>Intercompany loans</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>6</b>
Shareholders' Funds	-	-	-	-	-	-	( 599)	( 599)
<b>Contractual liquidity gap</b>	<b>793</b>	<b>( 228)</b>	<b>( 618)</b>	<b>( 749)</b>	<b>351</b>	<b>669</b>	<b>( 218)</b>	<b>-</b>
<b>Cumulative liquidity gap</b>	<b>793</b>	<b>565</b>	<b>( 53)</b>	<b>( 802)</b>	<b>( 451)</b>	<b>218</b>	<b>-</b>	<b>-</b>

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

\$m	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
*Investment/trading assets	-	156	210	45	68	688	81	1,248
**Advances	143	150	196	244	343	1,197	109	2,382

### Behavioural liquidity

\$m	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
<b>Behavioural liquidity gap</b>	1,119	(282)	(543)	(948)	213	659	(218)	-
Cumulative	1,119	837	294	(654)	(441)	218	-	-

^ Includes call deposits of A\$363million and the balance sheet reflects term deposits which have finally reached/are reaching contractual maturity

## Investec Bank (Australia) Limited



### Capital adequacy

\$'million	30 September 2012	31 March 2012
<b>Regulatory capital</b>		
Paid-up ordinary shares	291.7	291.7
Retained earnings, including current year earnings	294.3	297.2
Other	(10.1)	(6.8)
Less: impairments, goodwill and other deductions	(148.6)	(148.1)
<b>Total tier 1</b>	<b>427.3</b>	<b>434.0</b>
Tier 2 capital (net of deductions)	97.0	<b>90.9</b>
<b>Capital base</b>	<b>524.2</b>	<b>524.9</b>
<b>Risk-weighted assets (banking and trading)</b>	<b>3,195.3</b>	<b>2,982.6</b>
Credit risk	2,733.4	2,515.5
Corporates	2,122.0	1,971.2
Secured on real estate property	92.4	32.4
Counterparty risk on trading positions	79.6	42.6
Short term claims on institutions and corporates	31.4	13.1
Retail	18.9	68.4
Institutions	93.1	108.9
Other exposure classes	295.9	278.9
<b>Equity risk</b>	<b>51.1</b>	<b>67.4</b>
Listed equities	15.5	15.8
Unlisted equities	35.5	51.6
<b>Market risk</b>	<b>25.1</b>	<b>16.5</b>
Interest rate	21.6	13.8
Foreign exchange	3.0	0.4
Commodities	0.5	2.3
Operational risk	385.7	383.2
	<b>30 September 2012</b>	<b>31 March 2012</b>
Total capital adequacy ratio (Level 2)	16.4%	17.6%
Tier 1 ratio (Level 2)	13.4%	14.6%
Capital adequacy ratio - pre operational risk (Level 2)	18.7%	20.2%
Tier 1 ratio - pre operational risk (Level 2)	15.2%	16.7%
	<b>30 September 2012</b>	<b>31 March 2012</b>
Total capital adequacy ratio (Level 1)	16.0%	16.7%
Tier 1 ratio (Level 1)	12.9%	13.5%
Capital adequacy ratio - pre operational risk (Level 1)	17.9%	18.9%
Tier 1 ratio - pre operational risk (Level 1)	14.4%	15.3%



**Australian Prudential Regulation Authority (APRA) Prudential Standard 330 disclosure**

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

The information provided below is as at 30 September 2012.

**Table 15: Capital Structure**

	\$million
<b><u>Tier 1 capital</u></b>	
Paid-up ordinary share capital	291.7
Retained earnings, including current year earnings	294.3
Other reserves	<u>(10.1)</u>
<b>Gross Tier 1 capital</b>	<b>575.8</b>
<b><u>Deductions from Tier 1 capital</u></b>	
Goodwill	(94.1)
Deferred tax	(7.7)
Other	<u>(46.8)</u>
<b>Total Tier 1 capital deductions</b>	<b>(148.6)</b>
<b>Net Tier 1 capital</b>	<b>427.3</b>
<b><u>Tier 2 capital</u></b>	
Upper Tier 2 capital	33.9
Lower Tier 2 capital	<u>70.0</u>
<b>Gross Tier 2 capital</b>	<b>103.9</b>
<b><u>Deductions from Tier 2 capital</u></b>	
Tier 2 deductions	<u>(7.0)</u>
<b>Total Tier 2 capital deductions</b>	<b>(7.0)</b>
<b>Net Tier 2 capital</b>	<b>97.0</b>
<b>Total capital base</b>	<b>524.2</b>





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

The information provided below is as at 30 September 2012.

**Table 16: Capital Adequacy**

	Risk weighted assets \$'million
Claims secured by residential mortgage	92.4
Other retail	18.9
Corporate	2,122.0
Bank	206.2
Securitised exposures	47.2
All other	297.9
	<b>2,784.5</b>
Market risk	25.1
Operational risk	385.7
Total RWA and capital requirement	<b>3,195.3</b>

<b>Capital ratios</b>	
Total capital adequacy ratio	<b>16.4%</b>
Tier 1 ratio	13.4%
Capital adequacy ratio - pre operational risk	<b>18.7%</b>
Tier 1 ratio - pre operational risk	15.2%



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

The information provided below is as at 30 September 2012.

Table 17: Credit Risk

\$'million	Gross exposure	* Average gross exposure
<b>Credit and counterparty risk exposure by type **</b>		
Debt instruments (NCDs, bank bills, bonds held)	762.5	757.8
Bank placements	115.7	181.0
Sovereign, government placements	393.7	302.1
Trading exposures (positive fair value excluding potential future exposures)	202.7	218.0
Gross core loans and advances to customers	2,395.7	2,382.0
All other	143.8	139.8
<b>Total on-balance sheet exposures</b>	<b>4,014.2</b>	<b>3,980.8</b>
Guarantees entered into in the normal course of business	63.2	64.8
Commitments to provide credit	273.6	265.4
<b>Total off-balance sheet exposures</b>	<b>336.8</b>	<b>330.2</b>
<b>Total credit and counterparty exposures pre collateral and other credit enhancements</b>	<b>4,351.0</b>	<b>4,310.9</b>

\$'million	Gross exposure	* Average gross exposure
<b>Credit and counterparty risk exposure by portfolio**</b>		
Claim secured by residential mortgage	98.7	78.8
Other retail	20.9	38.8
Corporate	2,456.5	2,383.5
Bank	613.9	633.8
Government	789.0	697.8
All other	371.9	478.3
<b>Total credit and counterparty exposures by portfolio</b>	<b>4,351.0</b>	<b>4,310.9</b>
<b>General reserve for credit losses</b>	<b>33.5</b>	

\$'million	TOTAL	Claims secured by residential mortgage	Other retail	Corporate	Bank	Government	And all other
Impaired facilities	32.9	0.1	7.6	25.1	-	-	-
Past due facilities < 90 days	33.7	0.3	8.0	25.3	-	-	-
Past due facilities > 90 days	22.9	-	7.0	16.0	-	-	-
<b>Total</b>	<b>89.4</b>	<b>0.5</b>	<b>22.6</b>	<b>66.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specific provision	11.7	0.1	4.0	7.6	-	-	-
Charges for specific provisions for the quarter	5.4	-	0.1	5.3	-	-	-
Net write-offs / (recoveries) during the quarter	3.8	-	1.0	2.8	-	-	-

\*Where the average is based on month-end balances for the period 1 July 2012 to 30 September 2012

\*\*Excluding securitisation exposures