

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Bank (Australia) Limited

ABN 55 071 292 594

Unaudited consolidated financial information for the six months ended 30 September 2013





Executive summary

- 1. Introduction**
- 2. Financial performance**
- 3. Strategy and outlook**
- 4. Presentation of information**



Executive summary

1. Introduction

Investec Australia has conducted a thorough strategic review of its business model with a focus on improving profitability and returns and enhancing operational efficiencies. Following the review, a number of businesses were identified which given the current economic environment are unlikely to make suitable profits or returns. As a result certain businesses have been closed; other businesses will change their operating model. A number of staff have been made redundant (either now or over the next few months). The costs of this restructure (\$19.3 million) were accrued at 30 September 2013.

In addition to the restructure costs, for the half year ended 30 September 2013 Investec Australia returned disappointing operating results mainly characterised by a lack of non-interest income due to lower activity levels and an increase in the level of impairments.

Investec Australia's balance sheet reflects:

- HQLA ratio of 26.3%;
- A Level 2 capital adequacy ratio of 15.7% (tier 1 of 11.8%) and a Level 1 capital adequacy ratio of 15.2% (tier 1 of 11.2%);
- Private client deposits now comprising 60% of total funding (excluding securitisation);

With a strong balance sheet we remain well-positioned to grow our core businesses and benefit from the opportunities as a Specialist Bank which we believe will emerge as markets recover.

The restructure has resulted in:

- Focus solely on businesses in select niches where we have a competitive advantage, can build scale and achieve appropriate profits and return on equity;
- A focus on traditional core Investec clients both in domestic markets and supporting our clients in their cross-border activity;
- Closer alignment with The Investec Group;
- Lower volatility in our earnings;
- A well diversified balance sheet on lower value loans in Private Banking and Asset Finance;
- A strong balance sheet with conservative capital and liquidity ratios.

2. Financial Performance

For the half year ended 30 September 2013, Investec Australia reported operating income from continuing operations of \$92.1 million. The profit pre impairments from continuing operations amounted to \$16.3 million (Sep-2012: \$23.8 million). After impairments the profit from ongoing operations was \$11.9 million (Sep-2012: \$26.1 million). The loss before tax including all activities amounted to \$43.4 million as set out below. No tax has been provided for.



The net result is summarised below:

Profit / (loss) before income tax	6 months to 30 September 2013	Year to 31 March 2013
A\$'mn		
Ongoing operations	11.9	53.4
Discontinued operations and restructure costs	(55.3)	(48.3)
	(43.4)	5.1

At 30 September 2013, Investec Australia's loan book was \$3.3 billion. The Professional Finance business now comprises in excess of 60% of the loan book.

Total deposits and wholesale funding (excluding securitised liabilities and subordinated liabilities) at 30 September 2013 were \$3.1 billion, including \$2.5 billion of Private Client deposits which are up 16% since March 2013. Wholesale funding has actively been managed to maintain realistic liquidity levels.

3. Strategy and Outlook

Investec Australia's direction continues to be as a Specialist Bank to the private client, corporate and institutional markets. Our aim is to create wealth for our clients. We lend, we provide investment opportunities and we find solutions.

Our strong balance sheet and sound risk disciplines allow us to look forward with enthusiasm and confidence, and we are well-positioned to capitalise on the opportunities the changing market landscape is likely to present.

4. Presentation of Information

The information contained in this report is presented in Australian dollars and values have been rounded to the nearest million dollars unless otherwise stated.



Overview of results

	6 months to 30 September 2013	6 months to 30 September 2012	% Change	Year to 31 March 2013
Total group profit/(loss) before income tax (A\$m)	(43.4)	7.2	<100%	5.2
Ongoing core business (A\$m)	11.9	26.1	(55%)	53.4
Discontinued operations and restructure costs (A\$m)	(55.3)	(18.9)	<100%	(48.3)
Total operating income (ongoing business)	92.1	92.6	(1%)	203.2
Total shareholders' equity (A\$m)	583.0	598.7	(3%)	607.4
Total assets (A\$m)	4,919.8	4,952.2	(1%)	4,753.6
Gross loans and advances to customers including securitised	3,351.0	3,099.0	8%	3,237.2
Customer deposits (A\$m)	2,787.4	2,554.4	9%	2,465.5
Retail deposits (A\$m)	2,451.7	2,550.5	(4%)	2,120.7
Cash and liquid assets (A\$m)	1,047.6	1,202.1	(13%)	1,021.5
Leverage ratio (total assets divided by shareholders equity)	8.4 x	8.3 x		7.8 x
Capital adequacy ratio (Level 2)	15.7%	16.4%		15.8%
Tier 1 ratio (Level 2)	11.8%	13.4%		11.8%
Capital adequacy ratio (Level 1)	15.2%	16.0%		15.4%
Tier 1 ratio (Level 1)	11.2%	12.9%		11.3%
HQLA ratio	26.3%	24.8%		25.5%



Income statement

A\$'mn	6 months to 30 September 2013	6 months to 30 September 2012	Year to 31 March 2013
Net interest income	61.5	52.8	113.2
Fee and commission income	27.3	32.9	86.5
Fee and commission expense	(5.8)	(2.0)	(5.8)
Investment income	5.6	5.6	3.5
Client flow trading income	6.0	1.0	9.9
Trading income arising from balance sheet management activities	(2.7)	0.3	(0.9)
Other income	0.2	0.0	2.7
Non-interest income	30.6	37.7	95.9
Total operating income	92.1	90.5	209.0
Operating costs	(75.8)	(66.7)	(154.4)
Net income before impairments	16.3	23.8	54.7
Impairment losses on loans	(4.5)	2.3	(1.3)
Profit/(loss) before income tax on continuing operations	11.9	26.1	53.4
Discontinued operations and restructure costs			
Total operating income	(6.1)	2.1	(6.0)
Operating costs	(26.4)	(8.8)	(16.5)
Net income before impairments	(32.6)	(6.8)	(22.5)
Impairment losses on loans	(22.7)	(12.2)	(25.8)
Profit/(loss) before income tax on discontinued operations and restructure	(55.3)	(18.9)	(48.3)
Consolidated profit/(loss) before taxation on total business operations	(43.4)	7.2	5.1
Income tax benefit/(expense)	0.0	(2.4)	2.1
Consolidated profit/(loss) on total business operations	(43.4)	4.8	7.2



Consolidated balance sheet

A\$'mn	30 September 2013	31 March 2013
Assets		
Cash and balances at central banks	66.0	214.5
Loans and advances to banks	108.3	128.1
Derivative financial instruments	99.6	108.7
Securities arising from trading activities	12.4	12.0
Sovereign debt securities	631.4	429.5
Bank debt securities	256.0	262.2
Other debt securities	28.7	32.8
Investment portfolio	13.6	16.8
Loans and advances to customers	2,466.8	2,496.1
Own originated loans and advance to customers securitised	873.7	715.4
Investments accounted for using the equity method	6.1	5.6
Other financial assets	61.3	54.7
Property, plant and equipment	12.8	14.3
Deferred tax assets	6.8	15.7
Other assets	174.5	137.8
Goodwill	93.5	94.1
Assets held for sale	0.0	3.9
Intangible assets	8.3	11.4
Total assets	4,919.8	4,753.6
Liabilities		
Customer accounts	2,787.4	2,465.5
Derivative financial instruments	87.9	84.3
Debt issued and other borrowed funds	341.4	685.5
Liabilities arising on securitisation of other assets	877.6	696.0
Other liabilities	113.4	94.6
Subordinated debt	129.1	120.3
Total liabilities	4,336.8	4,146.2
Equity		
Share capital	311.7	291.7
Retained earnings	260.6	304.6
Other reserves	10.7	11.1
Total equity	583.0	607.4
Total liabilities and equity	4,919.8	4,753.6



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 2013.

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.

Consolidated A\$m	30 September 2013	31 March 2013	% change	Average *
Cash and balances at central banks	60.8	210.5	(71%)	135.6
Loans and advances to banks	103.9	124.1	(16%)	114.0
Sovereign debt securities	631.4	429.5	47%	530.4
Bank debt securities	256.0	262.2	(2%)	259.1
Other debt securities	28.7	32.8	(13%)	30.7
Derivative financial instruments	98.7	108.1	(9%)	103.4
Securities arising from trading activities	12.4	12.0	3%	12.2
Loans and advances to customers (gross)	2,476.7	2,521.0	(2%)	2,498.8
Own originated loans and advances to customers securitised (gross)	874.4	716.2	22%	795.3
Total on-balance sheet exposures	4,542.9	4,416.4	3%	4,479.7
Guarantees [^]	57.4	56.9	1%	57.2
Contingent liabilities, committed facilities and other	278.0	237.1	17%	257.5
Total off-balance sheet exposures	335.4	294.0	14%	314.7
Total gross credit and counterparty exposures pre collateral or other credit enhancements	4,878.3	4,710.4	4%	4,794.4

* Where the average is based on a straight-line average

[^] 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 A\$'mn	Total credit and counterparty exposure	Assets that we deem to have no legal credit	Total balance sheet
As at 30 September 2013			
Cash and balances at central banks	60.8	5.2	66.0
Loans and advances to banks	103.9	4.4	108.3
Derivative financial instruments	98.7	0.9	99.6
Securities arising from trading activities	12.4	-	12.4
Sovereign debt securities	631.4	-	631.4
Bank debt securities	256.0	-	256.0
Other debt securities	28.7	-	28.7
Investment portfolio	-	13.6	13.6
Loans and advances to customers	2,476.7	(9.9)	2,466.8
Own originated loans and advance to customers securitised	874.4	(0.7)	873.7
Investments accounted for using the equity method	-	6.1	6.1
Deferred taxation assets	-	6.8	6.8
Other assets	-	235.8	235.8
Property, plant and equipment	-	12.8	12.8
Goodwill	-	93.5	93.5
Intangible assets	-	8.3	8.3
Total on-balance sheet exposures	4,542.9	376.8	4,919.8
As at 31 March 2013			
Cash and balances at central banks	210.5	4.0	214.5
Loans and advances to banks	124.1	4.0	128.1
Derivative financial instruments	108.1	0.6	108.7
Securities arising from trading activities	12.0	-	12.0
Sovereign debt securities	429.5	-	429.5
Bank debt securities	262.2	-	262.2
Other debt securities	32.8	-	32.8
Investment portfolio	-	16.8	16.8
Loans and advances to customers	2,521.0	(24.9)	2,496.1
Own originated loans and advances to customers securitised	716.2	(0.8)	715.4
Investments accounted for using the equity method	-	5.6	5.6
Deferred taxation assets	-	15.7	15.7
Other assets	-	196.4	196.4
Property, plant and equipment	-	14.3	14.3
Goodwill	-	94.1	94.1
Intangible assets	-	11.4	11.4
Total on-balance sheet exposures	4,416.4	337.2	4,753.6



Risk management

Breakdown of gross credit exposure by industry

Consolidated A\$/mn	Gross core loans and advances		Other credit and counterparty		Total	
	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013	30 Sept 2013	31 March 2013
HNW and other professional individuals: Other lending	2,179.5	2,047.3	0.0	75.9	2,179.5	2,123.2
Lending collateralised by property largely to private clients	263.1	325.0	0.5	72.1	263.6	397.1
Agriculture	19.7	0.2	0.0	0.0	19.7	0.2
Electricity, gas and water (utility services)	66.8	67.8	3.4	3.5	70.2	71.3
Public and non-business services	75.0	91.4	698.4	652.6	773.4	744.0
Business service	124.3	144.1	0.3	27.0	124.6	171.1
Finance and insurance	47.2	65.5	452.0	492.1	499.2	557.6
Retailers and wholesalers	71.6	67.8	1.4	4.7	72.9	72.5
Manufacturing and commerce	51.8	50.1	1.8	23.3	53.6	73.4
Construction	59.3	52.2	20.6	45.9	79.9	98.1
Real Estate-Residential	31.2	37.3	0.0	0.1	31.2	37.4
Real Estate-Commercial	38.6	24.3	0.0	1.1	38.6	25.4
Mining and resources	130.5	99.4	11.4	67.1	141.9	166.6
Leisure, entertainment and tourism	42.7	54.4	0.0	0.0	42.7	54.4
Transport	28.7	12.0	2.0	6.0	30.7	18.0
Communication	121.1	98.4	0.0	1.7	121.1	100.0
Total	3,351.0	3,237.2	1,191.9	1,473.1	4,542.9	4,710.3

Detailed analysis of gross credit and counterparty exposures by industry

A\$/mn	HNW and other professional individuals: Other lending	Lending collateralised by property largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Construction	Real Estate-Residential	Real Estate-Commercial	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
As at 30 September 2013																	
Cash and liquid assets	-	-	-	-	60.8	-	-	-	-	-	-	-	-	-	-	-	60.8
Loans and advances to banks	-	-	-	-	-	-	103.9	-	-	-	-	-	-	-	-	-	103.9
Derivative financial instruments	-	0.5	-	3.4	6.3	0.3	61.4	1.4	1.8	20.6	-	-	1.0	-	2.0	0.01	98.7
Securities arising from trading activities	-	-	-	-	0.0	-	12.4	-	-	-	-	-	-	-	-	-	12.4
Sovereign debt securities	-	-	-	-	631.4	-	-	-	-	-	-	-	-	-	-	-	631.4
Bank debt securities	-	-	-	-	-	-	256.0	-	-	-	-	-	-	-	-	-	256.0
Other debt securities	-	-	-	-	-	-	18.2	-	-	-	-	-	10.4	-	-	-	28.7
Loans and advances to customers (gross)	1,305.2	263.1	19.7	66.8	75.0	124.3	47.2	71.6	51.8	59.3	31.2	38.6	130.5	42.7	28.7	121.1	2,476.7
Own originated loans and advances to customers	874.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	874.4
Total on-balance sheet exposures	2,179.5	263.6	19.6	70.2	773.4	124.6	499.2	72.9	53.6	79.9	31.2	38.6	141.9	42.7	30.7	121.1	4,542.8
Guarantees	3.8	0.7	-	0.1	-	1.3	2.1	1.0	6.1	-	-	-	42.2	0.2	-	-	57.4
Contingent liabilities, committed facilities and other	70.3	112.2	3.6	-	9.4	14.5	5.8	2.5	8.4	7.5	-	-	30.0	-	4.5	9.3	278.0
Total off-balance sheet exposures	74.1	112.8	3.6	0.1	9.4	15.8	7.9	3.5	14.5	7.5	-	-	72.2	0.2	4.5	9.3	335.4
Total gross credit and counterparty exposures pre collateral or other credit enhancements	2,253.6	376.4	23.2	70.3	782.8	140.4	507.1	76.4	68.1	87.5	31.2	38.6	214.1	42.8	35.2	130.4	4,878.2
As at 31 March 2013																	
Cash and liquid assets	-	-	-	-	210.5	-	0.0	-	-	-	-	-	-	-	-	-	210.5
Loans and advances to banks	-	-	-	-	0.0	-	124.1	-	-	-	-	-	-	-	-	-	124.1
Derivative financial instruments	0.0	-	-	3.4	6.8	0.3	68.5	1.7	1.1	23.8	0.1	-	0.8	-	-	1.7	108.1
Securities arising from trading activities	-	-	-	-	0.0	-	12.0	-	-	-	-	-	-	-	-	-	12.0
Sovereign debt securities	-	-	-	-	429.5	-	0.0	-	-	-	-	-	-	-	-	-	429.5
Bank debt securities	-	-	-	-	0.0	-	262.2	-	-	-	-	-	-	-	-	-	262.2
Other debt securities	-	-	-	-	0.0	-	22.2	-	-	-	-	-	-	-	-	-	22.2
Loans and advances to customers (gross)	1,331.1	325.0	0.2	67.8	91.4	144.1	65.5	61.0	57.0	52.2	37.3	24.3	99.4	54.4	98.4	12.0	2,521.0
Own originated loans and advances to customers	716.2	-	-	-	0.0	-	0.0	-	-	-	-	-	-	-	-	-	716.2
Total on-balance sheet exposures	2,047.3	325.0	0.2	71.2	738.2	144.4	554.4	62.7	58.1	86.6	37.4	24.3	100.2	54.4	98.4	13.7	4,416.4
Guarantees	3.2	0.3	0.0	0.1	0.0	1.4	2.1	1.0	6.1	0.0	1.1	0.0	41.6	0.0	0.0	0.0	56.9
Contingent liabilities, committed facilities and other	72.7	71.8	0.0	0.0	5.8	25.4	1.1	1.9	16.1	11.5	0.0	0.0	24.7	0.0	6.0	0.0	237.0
Total off-balance sheet exposures	75.9	72.1	0.0	0.1	5.8	26.8	3.2	2.9	22.2	11.5	1.1	0.0	66.4	0.0	6.0	0.0	294.0
Total gross credit and counterparty exposures pre collateral or other credit enhancements	2,123.2	397.1	0.2	71.3	744.0	171.1	557.6	65.6	80.2	98.1	38.5	24.3	166.6	54.4	104.4	13.7	4,710.3



Asset quality

A\$'m	30 Sept 2013	31 March 2013	30 Sept 2012
Loans and advances to customers as per the balance sheet	2,466.8	2,496.1	2,381.7
Add: own originated loans and advances securitised as per the balance sheet	873.7	715.4	710.8
Net core loans and advances to customers	3,340.6	3,211.5	3,092.5

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

A\$'mn	30 Sept 2013	31 March 2013	30 Sept 2012
Gross core loans and advances to customers	3,351.0	3,237.2	3,106.6
Total impairments	(10.5)	(25.7)	(14.1)
Specific impairments	(7.9)	(23.2)	(11.7)
Portfolio impairments	(2.5)	(2.5)	(2.4)
Net core loans and advances to customers	3,340.6	3,211.5	3,092.5
Average gross core loans and advances	3,294.1	3,108.4	3,141.1
Current loans and advances to customers	3,265.1	3,115.8	3,017.2
Past due loans and advances to customers (1-60 days)	33.5	25.7	19.5
Special mention loans and advances to customers	5.9	1.4	14.2
Default loans and advances to customers	46.6	94.2	55.8
Gross core loans and advances to customers	3,351.0	3,237.2	3,106.6
Current loans and advances to customers	3,265.1	3,115.8	3,017.2
Gross core loans and advances to customers that are past due but not impaired	49.8	46.5	56.6
Gross core loans and advances to customers that are impaired	36.1	74.9	32.9
Gross core loans and advances to customers	3,351.0	3,237.2	3,106.6
Total income statement charge for impairments on core loans and advances	26.6	27.1	9.8
Gross default loans and advances to customers	46.6	74.9	55.8
Specific impairments	(7.9)	(23.2)	(11.7)
Portfolio impairments	(2.5)	(2.5)	(2.4)
Defaults net of impairments	36.1	49.2	41.7
Collateral and other credit enhancements	(39.4)	(51.9)	(51.2)
Net default loans and advances to customers (limited to zero)	-	-	-
Ratios:			
Total impairments as a % of gross core loans and advances to customers	0.31%	0.79%	0.46%
Gross defaults as a % of gross core loans and advances to customers	1.39%	2.91%	1.80%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.08%	2.13%	1.35%
Annualised credit loss ratio (i.e. income statement impairment charges as a % of average gross core loans and advances)	0.81%	0.85%	0.65%



Risk management

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

Consolidated A\$m	30 Sept 2013	31 March 2013
Capital exposure		
Default loans that are current	0.5	24.6
1 - 60 days	36.3	26.3
61 - 90 days	3.1	3.1
91 - 180 days	15.4	12.9
181 - 365 days	3.3	31.1
>365 days	27.3	23.3
Past due and default core loans and advances to customers (actual capital exposure)	85.9	121.3
1 - 60 days	9.1	9.9
61 - 90 days	1.1	0.2
91 - 180 days	11.4	1.6
181 - 365 days	0.5	24.8
>365 days	16.6	22.4
Past due and default core loans and advances to customers (actual amount in arrears)	38.6	58.9

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

A\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
As at 30 September 2013							
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	0.0	36.3	3.0	4.1	2.4	4.0	49.8
Amount in arrears	0.0	9.1	1.1	0.3	0.2	3.4	14.2
Gross core loans and advances to customers that are impaired							
Total capital exposure	0.5	0.0	0.1	11.3	0.9	23.3	36.0
Amount in arrears	0.0	0.0	0.0	11.0	0.2	13.2	24.3
As at 31 March 2013							
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	26.0	1.2	12.4	6.7	0.2	46.5
Amount in arrears	-	9.9	0.2	1.5	3.7	0.1	15.4
Gross core loans and advances to customers that are impaired							
Total capital exposure	24.6	0.3	1.9	0.5	24.5	23.0	74.8
Amount in arrears	-	-	-	0.1	21.1	22.3	43.4



An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on total capital exposure)

Consolidated A\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	33.5	-	-	-	-	33.5
Special mention	-	2.9	3.0	-	-	-	5.9
Special mention (1 - 90 days)	-	2.9	0.04	-	-	-	2.9
Special mention (61 - 90 days and item well secured)	-	-	3.0	-	-	-	3.0
Default	0.5	-	0.1	15.4	3.3	27.3	46.6
Sub-standard	-	-	-	4.1	2.4	4.0	10.5
Doubtful	0.5	-	0.1	11.3	0.9	23.3	36.1
Loss	-	-	-	-	-	-	-
Total	0.5	36.3	3.1	15.4	3.3	27.3	85.9

An age analysis of past due and default core loans and advances to customers as at 30 September 2013 (based on actual amount in arrears)

Consolidated A\$m	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	9.1	-	-	-	-	9.1
Special mention	-	0.1	1.1	-	-	-	1.1
Special mention (1 - 90 days)	-	0.1	0.00	-	-	-	0.1
Special mention (61 - 90 days and item well secured)	-	-	1.1	-	-	-	1.1
Default	-	-	0.00	11.4	0.5	16.6	28.4
Sub-standard	-	-	-	0.3	0.2	3.4	4.0
Doubtful	-	-	0.00	11.0	0.2	13.2	24.4
Loss	-	-	-	-	-	-	-
Total	-	9.1	1.1	11.4	0.5	16.6	38.6



An age analysis of past due and default core loans and advances to customers as at 31 March 2013 (based on total capital exposure)

Consolidated A\$'mn	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	25.7	-	-	-	-	25.7
Special mention	-	0.3	1.2	-	-	-	1.5
Special mention (1 - 90 days)	-	0.3	0.6	-	-	-	0.9
Special mention (61 - 90 days and item well secured)	-	-	0.6	-	-	-	0.6
Default	24.6	0.4	1.9	12.9	31.2	23.2	94.2
Sub-standard	-	-	-	12.4	6.7	0.2	19.3
Doubtful	24.6	0.2	1.9	0.4	24.5	23.0	74.6
Loss	-	0.2	-	0.1	-	-	0.3
Total	24.6	26.4	3.1	12.9	31.2	23.2	121.4

An age analysis past due and default core loans and advances to customers as at 31 March 2013 (based on actual amount in arrears)

Consolidated A\$'mn	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	9.8	-	-	-	-	9.8
Special mention	-	0.1	0.2	-	-	-	0.3
Special mention (1 - 90 days)	-	0.1	-	-	-	-	0.1
Special mention (61 - 90 days and item well secured)	-	-	0.2	-	-	-	0.2
Default	-	-	-	1.6	24.8	22.4	48.8
Sub-standard	-	-	-	1.5	3.7	0.1	5.3
Doubtful	-	-	-	0.1	21.1	22.3	43.5
Loss	-	-	-	-	-	-	-
Total	0.0	9.9	0.2	1.6	24.8	22.4	58.9



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
Consolidated A\$'mn								
As at 30 Sept 2013								
Current core loans and advances	3,265.1	-	-	3,265.1	-	(2.5)	3,262.6	-
Past due (1-60 days)	-	33.5	-	33.5	-	-	33.5	9.1
Special mention	-	5.9	-	5.9	-	-	5.9	1.1
Special mention (1 - 90 days)	-	2.9	-	2.9	-	-	2.9	0.1
Special mention (61 - 90 days and item well secured)	-	3.0	-	3.0	-	-	3.0	1.1
Default	-	10.5	36.1	46.6	(7.9)	-	38.6	28.4
Sub-standard	-	10.5	-	10.5	-	-	10.5	4.0
Doubtful	-	-	36.1	36.1	(7.9)	-	28.2	24.4
Loss	-	-	-	-	-	-	-	-
Total	3,265.1	49.8	36.1	3,351.0	(7.9)	(2.5)	3,340.6	38.6
As at 31 March 2013								
Current core loans and advances	3,115.8	-	-	3,115.8	-	(2.5)	3,113.3	-
Past due (1-60 days)	-	25.7	-	25.7	-	-	25.7	9.8
Special mention	-	1.5	-	1.5	-	-	1.5	0.2
Special mention (1 - 90 days)	-	0.9	-	0.9	-	-	0.9	-
Special mention (61 - 90 days and item well secured)	-	0.6	-	0.6	-	-	0.6	0.2
Default	-	19.3	74.9	94.2	(23.2)	0.0	71.0	48.8
Sub-standard	-	19.3	-	19.3	-	0.0	19.3	5.3
Doubtful	-	-	74.6	74.6	(22.9)	-	51.7	43.5
Loss	-	-	0.3	0.3	(0.3)	-	0.0	-
Total	3,115.8	46.5	74.9	3,237.2	(23.2)	(2.5)	3,211.5	58.8



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
Consolidated A\$'mn						
As at 30 September 2013						
Current core loans and advances	2,378.0	765.0	47.2	75.0	-	3,265.1
Past due (1-60 days)	27.0	6.5	-	-	-	33.5
Special mention	5.4	0.5	-	-	-	5.9
Special mention (1-90 days)	2.9	0.0	-	-	-	2.9
Special mention (61-90 days and item well secured)	2.5	0.5	-	-	-	3.0
Default	32.3	14.3	0.0	0.0	0.0	46.6
Sub-standard	9.8	0.7	-	-	-	10.5
Doubtful	22.5	13.6	-	-	-	36.1
Loss	-	-	-	-	-	-
Total gross core loans and advances to customers	2,442.6	786.3	47.2	75.0	0.0	3,351.0
Total impairments	(10.3)	(0.1)	-	-	-	(10.5)
Specific impairments	(7.8)	(0.1)	-	-	-	(7.9)
Portfolio impairments	(2.5)	-	-	-	-	(2.5)
Net core loans and advances to customers	2,432.3	786.1	47.2	75.0	0.0	3,340.6
As at 31 March 2013						
Current core loans and advances	2,020.0	931.1	65.2	99.6	-	3,115.8
Past due (1-60 days)	15.0	10.7	-	-	-	25.7
Special mention	1.1	0.4	-	-	-	1.5
Special mention (1-90 days)	0.5	0.4	-	-	-	0.9
Special mention (61-90 days and item well secured)	0.6	-	-	-	-	0.6
Default	11.3	82.9	-	-	-	94.2
Sub-standard	5.9	13.4	-	-	-	19.3
Doubtful	5.1	69.5	-	-	-	74.6
Loss	0.3	-	-	-	-	0.3
Total gross core loans and advances to customers	2,047.4	1,025.1	65.2	99.6	-	3,237.3
Total impairments	(5.0)	(20.7)	-	-	-	(25.7)
Specific impairments	(2.5)	(20.7)	-	-	-	(23.2)
Portfolio impairments	(2.5)	-	-	-	-	(2.5)
Net core loans and advances to customers	2,042.4	1,004.4	65.2	99.6	0.0	3,211.6

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

Consolidated A\$'mn	30 Sept 2013	31 March 2013
Private Banking professional and HNW individuals	2,442.6	2,047.4
Corporate sector	786.3	1,025.1
Insurance, financial services (excluding sovereign)	47.2	65.2
Public and government sector (including central banks)	75.0	99.6
Trade finance and other	-	-
Total gross core loans and advances to customers	3,351.0	3,237.3



Risk management

Collateral

A summary of total collateral

Consolidated A\$'mn	Collateral held against		Total
	Core loans and advances	Other credit and counterparty exposures *	
As at 30 September 2013			
Eligible financial collateral	275.1	34.5	309.7
Listed shares	262.3	-	262.3
Cash	12.9	34.5	47.4
Debt securities issued by sovereigns	-	-	-
Mortgages	1,655.8	9.2	1,665.0
Residential mortgages	211.7	8.7	220.4
Residential development	329.0	0.3	329.4
Commercial property developments	5.7	-	5.7
Commercial property investments	1,109.4	0.2	1,109.6
Other collateral	1,837.4	18.2	1,855.6
Unlisted shares	93.8	-	93.8
Bonds other than mortgage bonds	-	-	-
Asset backed lending	927.2	-	927.2
Guarantees	10.5	-	10.5
Credit derivatives	-	-	-
Other	806.0	18.2	824.1
Total collateral	3,768.4	61.9	3,830.3
As at 31 March 2013			
Eligible financial collateral	372.4	27.8	400.2
Listed shares	363.0	-	363.0
Cash	9.4	27.8	37.2
Debt securities issued by sovereigns	-	-	-
Mortgages	1,556.6	0.6	1,557.2
Residential mortgages	289.1	0.6	289.7
Residential development	224.2	-	224.2
Commercial property developments	-	-	0.0
Commercial property investments	1,043.3	-	1,043.3
Other collateral	1,738.5	10.7	1,749.2
Unlisted shares	106.6	-	106.6
Bonds other than mortgage bonds	-	-	0.0
Debtors, stock and other corporate assets	744.1	-	744.1
Guarantees	11.6	-	11.6
Other	876.2	10.7	886.9
Total	3,667.5	39.1	3,706.6

* 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 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 used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored daily at the 95%, 99% and 100% (maximum loss) confidence intervals, with limits set at the 95% confidence interval. ETLs are also monitored daily at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. 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 hypothetical (clean) 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

VaR 95% (one-day)

Consolidated \$'000	30 Sept 2013	31 March 2013
Position	178.1	21.4
Option	-	-
Interest rates	54.7	90.4
Consolidated *	172.0	96.9
High	172.4	149.3
Low	16.5	12.2
Average	57.8	52.6

* 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.



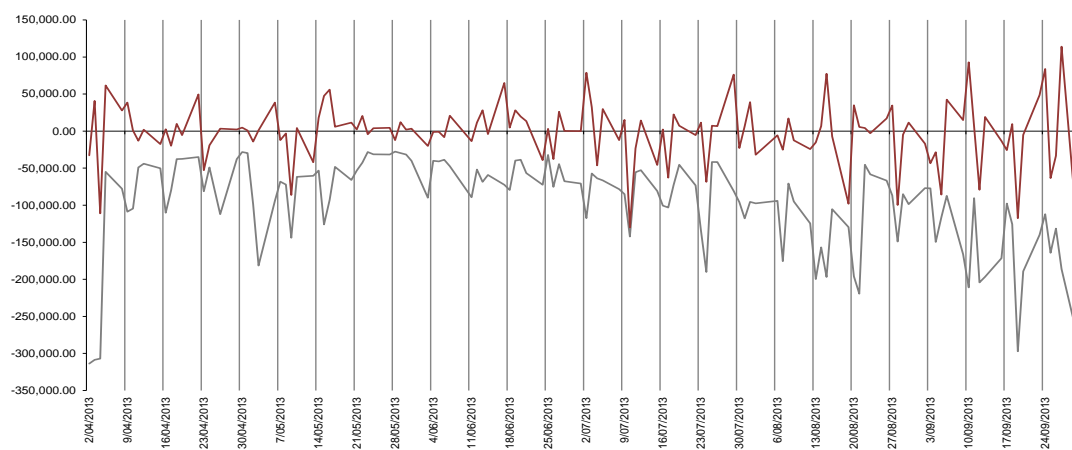
Risk management

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 2013

99% 1-day VaR Backtesting



Average VaR utilisation during the first half of the year remained relatively low. There have been no exceptions i.e. where the loss is greater than the VaR. This is less than the expected number of exceptions at the 99% level and is a result of lower 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-13	Effect on equity A\$'mn Sept-13	Change in equity price % Mar-13	Effect on equity A\$'mn Mar-13
Market Indices				
ASX small cap	+ / - 42.2	1.9 / (1.9)	+ / - 53.2	3.7 / (3.7)

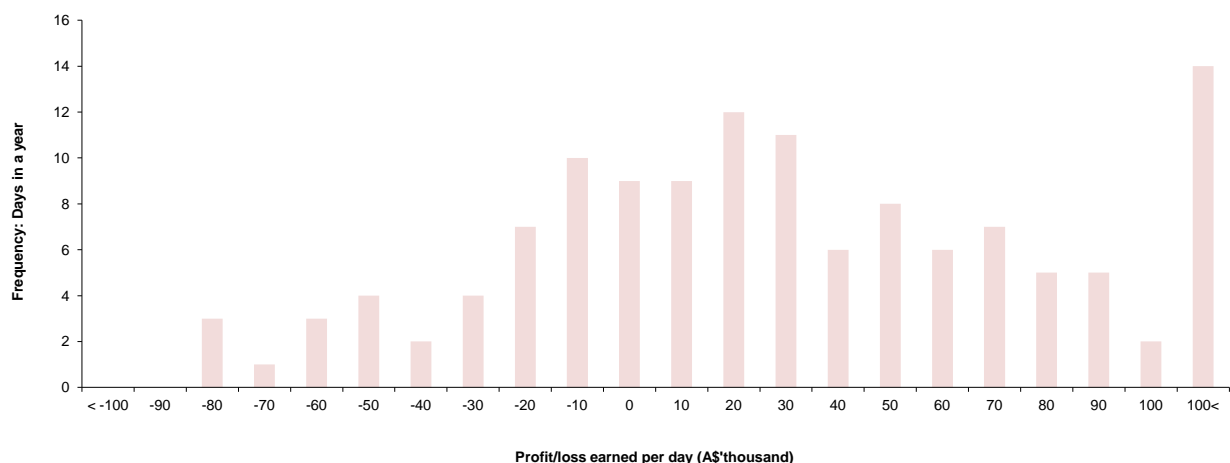
Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions. The method used 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. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the distribution.

Consolidated A\$'mn	30 Sept 2013	31 March 2013
Position	0.417	0.075
Option	-	-
Interest rates	0.182	0.456
Consolidated	0.385	0.435

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 85 days out of a total of 128 days in the trading business. The average daily trading revenue generated for the six months ended 30 September 2013 was A\$41 127 (year ended March 2013: A\$17 157).





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 2013 A\$m	Not >3 months	>3 months but <6 months	>6 months but <1 year	>1 years but <5 years	> 5 years	Non-rate	Total
Assets							
Cash and short-term funds - banks	174.4	-	-	-	-	-	174.4
Investment/trading assets	696.5	148.8	45.1	23.0	-	128.2	1,041.6
Securitised assets	240.3	65.2	120.6	441.6	5.9	0.1	873.7
Advances	1,790.5	99.2	142.7	411.2	8.8	14.4	2,466.8
Other assets	-	-	-	-	-	363.2	363.2
Assets	2,901.7	313.2	308.4	875.8	14.7	505.9	4,919.8
Deposits - non-banks	(1,803.6)	(489.7)	(172.2)	(213.1)	(11.8)	(97.0)	(2,787.4)
Negotiable paper	(155.0)	(57.3)	(5.9)	(116.1)	-	(7.2)	(341.4)
Securitised liabilities	(877.6)	-	-	-	-	-	(877.6)
Investment/trading liabilities	-	-	-	-	-	-	-
Subordinated loans	(128.3)	-	-	-	-	(0.9)	(129.1)
Other liabilities	-	-	-	-	-	(201.3)	(201.3)
Liabilities	(2,964.5)	(546.9)	(178.1)	(329.2)	(11.8)	(306.4)	(4,336.8)
Shareholders' funds	-	-	-	-	-	(582.9)	(582.9)
Balance Sheet	(62.7)	(233.7)	130.3	546.6	2.8	(383.4)	(0.0)
Off-balance sheet	(10.2)	482.8	(125.3)	(349.7)	(0.1)	2.5	-
Repricing gap	(73.0)	249.1	5.0	197.0	2.7	(380.9)	(0.0)
Cumulative repricing gap	(73.0)	176.1	181.2	378.1	380.9	(0.0)	-

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 on equity.

A\$m	AUD
200bp Down	2.70
200bp Up	-2.70



Risk management

Balance sheet risk management

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 market-wide 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 in the normal course of business, without adversely affecting 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 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 loan obligations; and
- a sudden increased demand for loans in the absence of corresponding funding inflows of appropriate maturity.

Liquidity mismatch

The tables following show our undiscounted contractual liquidity mismatch.

With respect to the contractual liquidity mismatch:

- Behavioural profiling is applied to loans that have passed their contractual maturity date to reflect a more reasonable future repayment profile
- Additionally the contractual profile for high quality liquid assets (i.e. those that are eligible for repurchase transaction (repo) with the Reserve Bank of Australia) are modified to reflect the expected behavioural characteristic, namely for the first A\$750 million the time horizon is set to on demand, with the balance of the amount realisable under repo, the time horizon is set to two to five days, with the remaining balance (i.e. that amount not realisable under repo) treated as the contractual maturity date.

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 2013 A\$'mn	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Unallocated	Total
Assets									
Cash and short term funds - banks	169.7	4.2	-	-	-	-	-	-	174.4
Investment/trading assets	868.8	29.8	8.4	14.4	25.6	57.8	23.3	13.6	1,041.6
Securitisised Assets	5.5	33.2	70.8	83.8	157.8	516.0	6.7	-	873.7
Advances	51.0	72.2	194.3	235.8	354.8	1,440.6	118.2	-	2,466.8
Other assets	-	-	-	-	-	-	-	363.2	363.2
External Assets	1,095.0	139.4	273.5	334.0	538.3	2,014.4	148.1	376.7	4,919.8
Deposits - banks	-	-	-	-	-	-	-	-	-
Deposits - non banks	(390.7)	(370.1)	(1,099.0)	(508.9)	(180.5)	(226.3)	(12.0)	-	(2,787.4)
Negotiable paper	-	-	-	(60.5)	(9.2)	(271.7)	-	-	(341.4)
Securitisised liabilities	(5.5)	(33.3)	(71.1)	(185.7)	(129.8)	(450.5)	(1.6)	-	(877.6)
Invest/trading liabilities	(0.9)	(2.4)	(8.5)	(7.4)	(16.3)	(33.9)	(18.3)	-	(87.9)
Subordinated liabilities	-	-	-	-	-	(129.1)	-	-	(129.1)
Other liabilities	-	-	-	-	-	-	-	(113.4)	(113.4)
Liabilities	(397.1)	(405.8)	(1,178.6)	(762.5)	(335.8)	(1,111.6)	(31.9)	(113.4)	(4,336.8)
Shareholders' Funds	-	-	-	-	-	-	(582.9)	-	(582.9)
Contractual liquidity Gap	697.9	(266.5)	(905.1)	(428.5)	202.4	902.8	(466.8)	263.8	-
Cumulative liquidity Gap	697.9	431.4	(473.7)	(902.2)	(699.8)	203.0	(263.8)	-	-

A\$'mn	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	150.6	184.7	23.1	166.7	69.7	393.0	40.1	13.6	1,041.6
Advances	73.4	73.0	195.9	240.2	363.7	1,402.4	118.2	-	2,466.8

Behavioural liquidity

A\$'mn	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
Behavioural liquidity gap	1,034.8	(322.6)	(861.2)	(614.8)	73.1	893.1	(466.2)	263.3	(0.5)
Cumulative	1,034.8	712.2	(149.0)	(763.8)	(690.7)	202.4	(263.8)	(0.5)	-



Capital adequacy (Level 2)

A\$'mn	30 September 2013	31 March 2013
Tier 1 capital		
Shareholder's equity	572.2	596.1
Shareholder's equity per balance sheet	572.2	596.1
Perpetual preference share capital and share premium	-	-
Deconsolidation of special purpose vehicles	-	-
Non-controlling interests	-	-
Non-controlling interests per balance sheet	-	-
Non-controlling interests transferred to tier 1	-	-
Non-controlling interests in deconsolidated subsidiaries	-	-
Regulatory adjustments to the accounting basis	0.5	2.0
Unrealised losses on available-for-sale equities	-	-
Defined benefit pension fund adjustment	-	-
Unrealised gains on available-for-sale equities	0.5	2.0
Prudent valuation	-	-
Cash flow hedge reserve	-	-
Deductions	(164.5)	(193.5)
Goodwill and intangible assets	(101.8)	(105.4)
Unconsolidated investments	(19.7)	(22.9)
Securitisation positions	(41.4)	(55.2)
Other deductions	(1.6)	(10.0)
Common equity Tier 1 capital	408.2	404.6
Additional tier 1 capital before deductions	-	-
Additional tier 1 instruments	-	-
Phase out of non-qualifying additional tier 1 instruments	-	-
Deductions	-	-
Unconsolidated investments	-	-
Securitisation positions	-	-
Tier 1 capital	408.2	404.6
Total qualifying tier 2 capital before deductions	136.8	135.2
Unrealised gains on available-for-sale equities	-	-
Collective impairment allowances	-	-
Tier 2 instruments	26.4	24.8
Phase out of non-qualifying tier 2 instruments	110.4	110.4
Deductions	-	-
Unconsolidated investments	-	-
Securitisation positions	-	-
Total capital deductions	-	-
Investments that are not material holdings or qualifying holdings	-	-
Connected lending of a capital nature	-	-
Tier 2 capital	136.8	135.2
Total regulatory capital	545.0	539.8



Capital adequacy (Level 2) continued

A\$'mn	30 September 2013	31 March 2013
Risk weighted assets	3,461.4	3,420.6
Credit risk - prescribed standardised exposure classes	2,988.6	2,976.9
Corporates	1,148.4	1,095.1
Secured on real estate property	105.7	121.6
Counterparty risk on trading positions	77.7	68.3
Short term claims on institutions and corporates	14.8	19.5
Retail	1,266.5	1,179.8
Institutions	63.1	69.2
Other exposure classes	312.3	423.5
Securitised exposures	3.6	4.4
Equity risk - standardised approach	-	-
Listed equities	-	-
Unlisted equities	-	-
Market risk - portfolios subject to internal models approach	81.9	46.7
Interest rate	61.0	43.1
Foreign exchange	20.7	3.4
Commodities	0.2	0.2
Equities	-	-
Operational risk - standardised approach	387.2	392.5
Total Capital adequacy ratio (Level 2)	15.7%	15.8%
Tier 1 ratio (Level 2)	11.8%	11.8%
Common equity Tier 1 ratio (Level 2)	11.8%	11.8%
Total Capital adequacy ratio - pre operational risk (Level 2)	17.7%	17.8%
Tier 1 ratio - pre operational risk (Level 2)	13.3%	13.3%
Common equity Tier 1 ratio - pre operational risk (Level 2)	13.3%	13.3%
Total Capital adequacy ratio (Level 1)	15.2%	15.4%
Tier 1 ratio (Level 1)	11.2%	11.3%
Common equity Tier 1 ratio (Level 1)	11.2%	11.3%
Total Capital adequacy ratio - pre operational risk (Level 1)	17.0%	17.2%
Tier 1 ratio - pre operational risk (Level 1)	12.5%	12.7%
Common equity Tier 1 ratio - pre operational risk (Level 1)	12.5%	12.7%



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 2013.

Table 1: Capital disclosure

	A\$'mn
Tier 1 capital	
Paid-up ordinary share capital	311.7
Retained earnings, including current year earnings	260.5
Other reserves	(9.8)
Common equity tier 1 capital before regulatory adjustments	562.3
Common equity tier 1 capital: regulatory adjustments	
Goodwill	(93.5)
Other intangibles	(6.9)
Cash flow hedge reserve	10.5
Deferred tax assets arising from temporary differences	(1.6)
Investments in commercial (non-financial) entities that are deducted	(19.7)
Other	(42.8)
Total regulatory adjustments applied to common equity tier 1	(154.1)
Common equity tier 1 capital	408.2
Additional tier 1 capital	-
Tier 1 capital	408.2
Tier 2 capital: instruments and provisions	
Directly issued capital instruments subject to phase out from tier 2	110.4
Provisions	26.3
Tier 2 capital before regulatory adjustments	136.8
Tier 2 capital: regulatory adjustments	-
Tier 2 capital	136.8
Total capital	545.0



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 2013.

Table 2: Regulatory Capital instruments

	CHF 50mn	AUD 50mn	AUD 20mn
Issuer	Investec Bank (Australia) Limited	Investec Bank (Australia) Limited	Investec Bank (Australia) Limited
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0543478043	XS0868416495	AU3FN0010088
Governing law(s) of the instrument	Australia	Australia	Australia
Regulatory treatment:			
Transitional Basel III rules	Tier 2	Tier 2	Tier 2
	non-complying capital instrument	non-complying capital instrument	non-complying capital instrument
Post-transitional Basel III rules			
Eligible at solo/group/group and solo	Group & Solo	Group & Solo	Group & Solo
Instrument type (ordinary shares/preference shares/subordinated notes/other)	Subordinated notes	Subordinated notes	Subordinated notes
Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	CHF45m	AUD45m	AUD18m
Par value of instrument	CHF50m	AUD50m	AUD20m
Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
Original date of issuance	29/09/2010	20/12/2012	12/02/2010
Perpetual or dated	Dated	Dated	Dated
Original maturity date	29/09/2020	20/12/2022	12/02/2020
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	29/09/2015	20/12/2017	12/02/2015
	Each Interest Payment Date from and including 29-Sep-15 until, and including, the Maturity Date.	Each Interest Payment Date from and including 20-Dec-17 until, and including, the Maturity Date.	Each Interest Payment Date from and including 12-Feb-15 until, and including, the Maturity Date.
Subsequent call dates, if applicable			
Coupons/dividends			
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Quarterly CHF LIBOR + 365bps	Monthly BBSW + 550bps	Quarterly BBSW + 500bps
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
Convertible or non-convertible	Non convertible	Non convertible	Non convertible
If convertible, conversion trigger (s)	N/a	N/a	N/a
If convertible, fully or partially	N/a	N/a	N/a
If convertible, conversion rate	N/a	N/a	N/a
If convertible, mandatory or optional conversion	N/a	N/a	N/a
If convertible, specify instrument type convertible into	N/a	N/a	N/a
If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a
Write-down feature	No	No	No
If write-down, write-down trigger(s)	N/a	N/a	N/a
If write-down, full or partial	N/a	N/a	N/a
If write-down, permanent or temporary	N/a	N/a	N/a
If temporary write-down, description of write-up mechanism	N/a	N/a	N/a
	Subordinate to payment of any amounts due and payable to Senior Creditors.	Subordinate to payment of any amounts due and payable to Senior Creditors.	Subordinate to payment of any amounts due and payable to Senior Creditors.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)			
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/a	N/a	N/a



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 2013.

Table 3: Capital adequacy

	Risk weighted assets A\$'mn
Short-term claims on institutions and corporates	14.8
Institutions	63.1
Secured on real estate property	105.7
Corporates	1,148.4
Retail	1,266.5
Securitised exposures	3.6
Counterparty risk on trading positions	77.7
Credit value adjustment	66.7
All other	245.6
	2,992.3
Market risk	81.9
Operational risk	387.2
Total risk weighted assets and capital requirement	3,461.4

Capital ratios	
Total capital adequacy ratio	15.7%
Tier 1 ratio	11.8%
Common equity tier 1 ratio	11.8%
Capital adequacy ratio - pre operational risk	17.7%
Tier 1 ratio - pre operational risk	13.3%
Common equity tier 1 ratio - pre operational risk	13.3%



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 2013.

Table 4: Credit Risk

A\$'mn	Gross exposure	* Average gross exposure
Credit and counterparty risk exposure by type **		
Cash and balances at central banks	66.0	31.1
Loans and advances to banks	63.8	288.7
Sovereign debt securities	631.4	380.7
Bank debt securities	256.0	289.0
Other debt securities	28.7	29.1
Trading exposures (positive fair value excluding potential future exposures)	148.2	155.7
Loans and advances to customers	2,466.6	2,463.2
All other	267.2	272.8
Total on-balance sheet exposures	3,927.9	3,910.4
Guarantees entered into in the normal course of business	57.4	57.0
Commitments to provide credit	269.9	281.2
Total off-balance sheet exposures	327.3	338.2
Total credit and counterparty exposures pre collateral and other credit enhancements	4,255.2	4,248.6
General reserve for credit losses	26.3	

A\$'mn	TOTAL	Claims secured by residential mortgage	Other retail	Corporate	Bank	Government	And all other
Impaired facilities	36.1	0.2	3.0	32.9	-	-	-
Past due facilities > 90 days	10.2	-	5.8	4.4	-	-	-
Total	46.3	0.2	8.8	37.3	-	-	-
Specific provision	7.9	0.2	3.0	4.8	-	-	-
Charges for specific provisions for the quarter	12.4	-	0.1	12.3	-	-	-
Net write-offs / (recoveries) during the quarter	12.5	-	0.4	12.1	-	-	-

Table 5: Securitisation exposures

Securitisation activity for the period 1 July 2013 to 30 September 2013:	Gross exposure A\$'mn
Exposure type	
Retail	83.3
Off-balance sheet securitisation exposures as at 30 September 2013:	
Retail	874.4

*Where the average is based on month-end balances for the period 1 July 2013 to 30 September 2013

**Excluding securitisation & equity exposures