



Investec Bank Limited

Reviewed preliminary condensed consolidated financial results for the year ended 31 March 2009

Consolidated income statement

Year to 31 March	Reviewed 2009	Audited 2008
R' million		
Interest income	20,861	15,731
Interest expense	(16,834)	(12,216)
Net interest income	4,027	3,515
Fee and commission income	1,087	1,084
Fee and commission expense	(61)	(30)
Principal transactions	1,560	1,202
Operating loss from associates	(1)	(1)
Other income	2,585	2,255
Total operating income	6,612	5,770
Impairment losses on loans and advances	(756)	(466)
Operating income	5,856	5,304
Administrative expenses	(3,113)	(2,713)
Depreciation and amortisation of property, equipment and intangibles	(78)	(69)
Operating profit	2,665	2,522
Loss on disposal of group entities	-	(38)
Profit before taxation	2,665	2,484
Taxation	(600)	(686)
Profit after taxation	2,065	1,798
Earnings attributable to minority interests	3	-
Earnings attributable to shareholders	2,062	1,798
Headline earnings		
Earnings attributable to shareholders	2,062	1,798
Preference dividends paid	(167)	(142)
Earnings attributable to ordinary shareholders	1,895	1,656
Headline adjustments, net of taxation	6	38
Gain on realisation of available for sale financial assets	(56)	-
Impairment of associate	62	-
Loss on disposal of group entities	-	38
Headline earnings attributable to ordinary shareholders	1,901	1,694

Consolidated balance sheet

At 31 March	Reviewed 2009	Audited* 2008
R' million		
Assets		
Cash and balances at central banks	3,158	2,811
Loans and advances to banks	10,063	14,418
Cash equivalent advances to customers	5,203	7,782
Reverse repurchase agreements and cash collateral on securities borrowed	6,914	5,752
Trading securities	19,938	17,913
Derivative financial instruments	9,950	9,668
Investment securities	993	350
Loans and advances to customers	112,155	95,021
Securitized assets	4,512	6,275
Interest in associated undertakings	166	195
Deferred taxation assets	307	285
Other assets	892	1,056
Property and equipment	168	144
Investment properties	5	5
Intangible assets	88	75
Loans to group companies	6,776	5,812
	181,288	167,562
Liabilities		
Deposits by banks	12,159	9,427
Derivative financial instruments	10,482	10,152
Other trading liabilities	701	266
Repurchase agreements and cash collateral on securities lent	2,290	1,533
Customer accounts	127,139	115,654
Debt securities in issue	954	2,524
Liabilities arising on securitisation	3,186	5,637
Current taxation liabilities	849	697
Deferred taxation liabilities	558	323
Other liabilities	3,684	3,679
	162,002	149,892
Subordinated liabilities (including convertible debt)	5,091	4,710
	167,093	154,602
Equity		
Ordinary share capital	22	19
Share premium	9,056	8,277
Equity portion of convertible debentures	-	22
Other reserves	101	911
Retained income	5,011	3,731
Shareholders' equity excluding minority interest	14,190	12,960
Minority interest	5	-
Total equity	14,195	12,960
Total liabilities and equity	181,288	167,562

* As restated for reclassifications detailed in the commentary section of this report.

Condensed consolidated statement of changes in equity

Year to 31 March	Reviewed 2009	Audited 2008
R' million		
Balance at the beginning of the year	12,960	10,056
Foreign currency adjustments	-	1
Earnings for the year attributable to shareholders	2,062	1,798
Earnings for the year attributable to minority interests	3	-
Fair value movement on available for sale assets	(67)	47
Fair value movement on cash flow hedges	2	-
Total recognised gains and losses for the year	2,000	1,846
Dividends paid to ordinary shareholders	(1,100)	(650)
Dividends paid to perpetual preference shareholders	(167)	(142)
Issue of shares	500	2,057
Redemption of compulsory convertible debentures	-	(207)
Increase in minorities	2	-
Balance at the end of the year	14,195	12,960

Condensed consolidated cash flow statement

Year to 31 March	Reviewed 2009	Audited 2008
R' million		
Net cash inflow from operating activities	3,327	2,793
Net cash outflow from banking activities	(4,554)	(3,017)
Net cash outflow from investing activities	(149)	(100)
Net cash (outflow)/inflow from financing activities	(386)	2,678
Net (decrease)/increase in cash and cash equivalents	(1,762)	2,354
Cash and cash equivalents at the beginning of the year	10,314	7,960
Cash and cash equivalents at the end of the year	8,552	10,314

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

Condensed consolidated segmental information

Year to 31 March 2009	Private Client Activities	Capital Markets	Investment Banking	Other	Total
R' million					
Operating income	1,792	1,878	1,195	991	5,856
Operating expenses	(1,348)	(1,007)	(429)	(407)	(3,191)
Operating profit	444	871	766	584	2,665
Cost to income ratio (%)	65.8	45.1	34.3	37.6	48.3

Year to 31 March 2008

Audited	Private Client Activities	Capital Markets	Investment Banking	Other	Total
R' million					
Operating income	2,139	1,780	542	843	5,304
Operating expenses	(1,322)	(849)	(217)	(394)	(2,782)
Operating profit	817	931	325	449	2,522
Cost to income ratio (%)	57.8	41.5	38.6	45.2	48.2

These preliminary condensed consolidated financial results are published to provide information to holders of Investec Bank Limited's listed non-redeemable, non-cumulative, non-participating preference shares.

Commentary

Overview of results

Investec Bank Limited, a subsidiary of Investec Limited, posted an increase in headline earnings attributable to ordinary shareholders of 12.2% to R1.901 million (2008: R1.694 million). For full information on the Investec group results, refer to the combined results of Investec plc and Investec Limited.

Business unit review

Unless the context indicates otherwise, all comparatives referred to in the business unit review relate to the year ended 31 March 2008. Operating profit is before taxation and headline adjustments.

Salient operational features of the period under review include:

- The Private Client Activities division posted a decrease in operating profit of 45.7% to R444 million (2008: R817 million). Higher average advances and a diversified set of revenues continued to drive operating income. However, activity levels have declined and impairment losses on loans and advances have increased as a result of the weaker credit environment. The private client core lending book grew by 14.3% to R76.1 billion (2008: R66.6 billion) and the division increased its retail deposit book by 13.1% to R40.6 billion (2008: R35.9 billion). Funds under advice decreased 15.1% to R21.9 billion (2008: R25.8 billion).
- The Capital Markets division posted a decrease in operating profit of 6.4% to R871 million (2008: R931 million). The division benefited from a good performance from its advisory, treasury and trading activities, as well as higher average advances. The division's results were, however, negatively impacted by losses incurred on listed and unlisted investments. The division's lending book has grown by 21.2% to R32.5 billion (2008: R26.8 billion).
- Operating profit of the Investment Banking division increased significantly to R766 million (2008: R325 million). The performance of the Corporate Finance division was negatively impacted as a result of fewer transactions completed compared to the prior year. The investments held within the Direct Investment and Private Equity portfolios performed well.
- Other Activities contributed R584 million (2008: R449 million) largely as a result of increased cash holdings and higher average interest rates.

Accounting policies and disclosures

The preliminary condensed consolidated financial statements of Investec Bank Limited ("the Bank") for the year ended 31 March 2009 comprise the Bank and its subsidiaries ("the Group").

The Bank's principal accounting policies have been applied consistently over the current and prior financial years except as noted below.

The group has elected to early adopt IFRS 8 (Operating Segments) as of 1 April 2008. This standard requires disclosure of information about the group's operating segments on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Adoption of this standard did not have any impact on the financial position or performance of the group. The group determined that operating segments were the same as the business segments previously identified under IAS 14 (Segment Reporting).

IAS 39 (Financial Instruments: Recognition and Measurement) was amended with effect from October 2008. Following the amendment, a non-derivative financial asset held for trading may be transferred out of the fair value through profit and loss category in the following circumstances:

- In rare circumstances, the asset is no longer held for the purpose of selling or repurchasing in the near term; or
- The asset is no longer held for the purpose of selling or repurchasing in the near term, it would have met the definition of a loan and receivable at initial recognition and the group has the intention and ability to hold it for the foreseeable future or until maturity.

The initial value of the financial asset that has been reclassified, per the above, is the fair value at the date of reclassification. The group has not applied the initial transitional rules. This change in accounting policy has had no impact on the prior or current financial year.

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

Reclassifications

The group had previously included the par value and share premium received on the issue of perpetual preference shares (an equity instrument) in a single line item within equity on the balance sheet. The presentation has been amended to include the share premium received of R1,491 million (2008: R1,491 million) within the share premium account. This change in presentation has no impact on overall equity, assets and liabilities.

On behalf of the Board of Investec Bank Limited

Fani Titi Chairman
Stephen Koseff Chief Executive Officer
Bernard Kantor Managing Director

20 May 2009

Review conclusion

KPMG Inc. and Ernst & Young Inc., the Group's independent auditors, have reviewed the preliminary condensed consolidated financial statements, and have issued an unmodified review conclusion on the preliminary condensed consolidated financial statements, which is available for inspection at the company's registered office.

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 12

Notice is hereby given that preference dividend number 12 has been declared for the period 01 October 2008 to 31 March 2009 amounting to 555.82 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 19 June 2009.

The relevant dates for the payment of dividend number 12 are as follows:

Last day to trade cum-dividend	Thursday, 11 June 2009
Shares commence trading ex-dividend	Friday, 12 June 2009
Record date	Friday, 19 June 2009
Payment date	Thursday, 2 July 2009

Share certificates may not be dematerialised or rematerialised between Friday, 12 June 2009 and Friday, 19 June 2009, both dates inclusive.

By order of the board

B Coetsee
Company Secretary

Sandton
20 May 2009

Registered office
100 Grayston Drive
Sandown
Sandton
2196

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001

Investec Bank Limited
(Registration number 1969/004763/06)

JSE Code: INLP **ISIN:** ZAE00048393

Directors: F Titi (Chairman), D M Lawrence* (Deputy Chairman), S Koseff* (Chief Executive), B Kantor* (Managing Director), S E Abrahams, G R Burger*, R M W Dunne, M P Malungani, K X T Socikwa, B Tapnack*, P R S Thomas, C B Tshili.

*Executive

Company Secretary: B Coetsee

R M W Dunne was appointed to the board of directors with effect from 2 June 2008.

