



Investec

Specialist Bank and
Asset Manager

Investec Bank Limited

Reviewed preliminary condensed consolidated financial results

for the year ended 31 March 2011

Consolidated income statement

Year to 31 March R'million	Reviewed 2011	Audited* 2010
Interest income	14 932	15 530
Interest expense	(11 062)	(11 599)
Net interest income	3 870	3 931
Fee and commission income	948	921
Fee and commission expense	(39)	(49)
Principal transactions	1 670	1 629
Operating loss from associates	(17)	(47)
Other operating income	15	-
Other income	2 577	2 454
Total operating income before impairment losses on loans and advances	6 447	6 385
Impairment losses on loans and advances	(852)	(858)
Operating income	5 595	5 527
Operating costs	(3 181)	(3 001)
Profit before taxation	2 414	2 526
Taxation	(132)	(520)
Profit after taxation	2 282	2 006
Loss attributable to non-controlling interests	4	1
Earnings attributable to shareholders	2 286	2 007
Headline earnings		
Earnings attributable to shareholders	2 286	2 007
Preference dividends paid	(120)	(149)
Earnings attributable to ordinary shareholders	2 166	1 858
Headline adjustments, net of taxation	25	(13)
Gain on realisation of available for sale financial assets	-	(13)
Impairment of associate	25	-
Headline earnings attributable to ordinary shareholders	2 191	1 845

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

Condensed consolidated statement of total comprehensive income

Year to 31 March R'million	Reviewed 2011	Audited 2010
Profit after taxation	2 282	2 006
Other comprehensive income:		
Cash flow hedge movements taken directly to other comprehensive income**	82	18
Fair value movements on available for sale assets taken directly to other comprehensive income**	23	29
Gain on realisation of available for sale assets recycled through income statement**	-	(13)
Foreign currency adjustments on translating foreign operations	(128)	(359)
Total comprehensive income	2 259	1 681
Total comprehensive income attributable to non-controlling interests	(4)	(1)
Total comprehensive income attributable to ordinary shareholders	2 263	1 682
Total comprehensive income	2 259	1 681

** Net of taxation of R41 million (2010: R10 million).

Consolidated balance sheet

At 31 March R'million	Reviewed 2011	Audited* 2010
Assets		
Cash and balances at central banks	6 813	3 660
Loans and advances to banks	4 918	13 245
Cash equivalent advances to customers	5 829	6 455
Reverse repurchase agreements and cash collateral on securities borrowed	8 157	3 776
Trading securities	44 352	36 375
Derivative financial instruments	11 487	7 829
Investment securities	14 214	3 605
Loans and advances to customers	115 223	111 919
Securitized assets	2 176	3 531
Interest in associated undertakings	135	180
Deferred taxation assets	42	22
Other assets	981	924
Property and equipment	286	164
Investment properties	5	5
Intangible assets	108	96
Loans to group companies	6 836	6 093
	221 562	197 879
Liabilities		
Deposits by banks	10 956	9 554
Derivative financial instruments	10 495	7 144
Other trading liabilities	389	454
Repurchase agreements and cash collateral on securities lent	10 733	6 281
Customer accounts (deposits)	154 772	143 390
Debt securities in issue	2 489	2 758
Liabilities arising on securitisation	2 174	2 707
Current taxation liabilities	1 024	857
Deferred taxation liabilities	349	444
Other liabilities	2 478	2 495
	195 859	176 084
Subordinated liabilities	6 866	5 341
	202 725	181 425
Equity		
Ordinary share capital	27	25
Share premium	11 845	10 530
Other reserves	(100)	(156)
Retained income	7 065	6 051
Shareholders' equity excluding non-controlling interests	18 837	16 450
Non-controlling interests	-	4
Total equity	18 837	16 454
Total liabilities and equity	221 562	197 879

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

Condensed consolidated statement of changes in equity

Year to 31 March R'million	Reviewed 2011	Audited 2010
Balance at the beginning of the year	16 454	14 195
Total comprehensive income for the year	2 259	1 681
Issue of ordinary shares	1 300	1 450
Issue of perpetual preference shares	17	27
Dividends paid to ordinary shareholders	(1 073)	(750)
Dividends paid to perpetual preference shareholders	(120)	(149)
Balance at the end of the year	18 837	16 454

Condensed consolidated cash flow statement

Year to 31 March R'million	Reviewed 2011	Audited 2010
Net cash inflow from operating activities	2 492	1 368
Net cash outflow from investing activities	(226)	(127)
Net cash inflow from financing activities	1 649	828
Effects of exchange rate changes on cash and cash equivalents	(21)	(47)
Net increase in cash and cash equivalents	3 894	2 022
Cash and cash equivalents at the beginning of the year	10 574	8 552
Cash and cash equivalents at the end of the year	14 468	10 574

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

Condensed consolidated segmental information for the year ended 31 March 2011

Reviewed R'million	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total
Operating income	1 459	1 067	2 222	847	5 595
Operating expenses	(1 412)	(276)	(1 003)	(490)	(3 181)
Profit before taxation	47	791	1 219	357	2 414
Cost to income ratio (%)	56.5	25.9	48.5	60.0	49.3

Condensed consolidated segmental information for the year ended 31 March 2010

Audited R'million	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total
Operating income	1 675	752	1 805	1 295	5 527
Operating expenses	(1 339)	(219)	(967)	(476)	(3 001)
Profit before taxation	336	533	838	819	2 526
Cost to income ratio (%)	61.8	28.0	50.4	31.3	47.0

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 18.8% to R2 191 million (2010: R1 845 million).

The balance sheet remains strong with a capital adequacy ratio of 15.6% (31 March 2010: 15.5%).

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 2010. Profit is before taxation and headline adjustments.

Salient operational features of the year under review include:

- Private Banking posted a decrease in profit before taxation of 86.0% to R47 million (2010: R336 million) largely as a result of low activity levels and increased impairments. The private client core lending book grew by 4.2% from R79.6 billion to R83.0 billion and the deposit book grew by 9.6% from R51.2 billion to R56.1 billion.
- Profit before taxation of Investment Banking increased by 48.4% to R791 million (2010: R533 million). The investments held within the Principal Investment portfolio generated a solid performance. Corporate Finance has performed well, posting a strong increase in net fees and commissions earned.
- Capital Markets posted an increase in profit before taxation of 45.5% to R1 219 million (2010: R838 million) benefitting from a recovery in loans previously impaired. Corporate activity levels, however, remain depressed and the division's lending book decreased 3.5% to R27.8 billion (2010: R28.8 billion). The bank continued to hold significant surplus liquidity and remains a net provider of liquidity to the South African interbank market.
- Profit before taxation from the Group Services and Other Activities decreased by 56.4% from R819 million to R357 million largely as a result of a lower return generated on cash balances held within the Central Funding portfolio and lower foreign currency gains.
- The effective tax rate decreased due to the resolution of matters for which a provision was previously held.

Accounting policies and disclosures

These reviewed preliminary condensed consolidated financial results for the year ended 31 March 2011 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 and the Companies Act 61 of 1973 and the Companies Act 71 of 2008 (as applicable) which came into effect on 1 May 2011.

The accounting policies applied in the preparation of the results for the year ended 31 March 2011 are consistent with those adopted in the financial statement for the year ended 31 March 2010.

Restatements and presentation of information

Net interest income

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

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

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

Cumulative redeemable preference shares

The bank had previously included cumulative redeemable preference shares as a component of other liabilities. For improved disclosure, the presentation has been amended to include the cumulative redeemable preference shares as a component of debt securities in issue.

31 March 2010 R'million	Restated	As previously reported	Changes to previously reported
Debt securities in issue	2 758	1 559	1 199
Other liabilities	2 495	3 694	(1 199)

31 March 2009 R'million	Restated	As previously reported	Changes to previously reported
Debt securities in issue	2 270	954	1 316
Other liabilities	2 368	3 684	(1 316)

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

On behalf of the Board of Investec Bank Limited

Fani Titi

Chairman

18 May 2011

Stephen Koseff

Chief Executive Officer

Bernard Kantor

Managing Director

Review conclusion

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

Investec Bank Limited

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 16

Notice is hereby given that preference dividend number 16 has been declared for the period 01 October 2010 to 31 March 2011 amounting to 341.61 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, 17 June 2011.

The relevant dates for the payment of dividend number 16 are as follows:

Last day to trade cum-dividend	Thursday, 09 June 2011
Shares commence trading ex-dividend	Friday, 10 June 2011
Record date	Friday, 17 June 2011
Payment date	Thursday, 30 June 2011

Share certificates may not be dematerialised or rematerialised between Friday, 10 June 2011 and Friday, 17 June 2011, both dates inclusive.

By order of the board

B Coetsee

Company Secretary

18 May 2011

Registered office

100 Grayston Drive

Sandown, Sandton 2196

Investec Bank Limited

(Registration number 1969/004763/06)

Share Code: INLP ISIN: ZAE000048393

Directors: F Titi (Chairman), D M Lawrence* (Deputy Chairman), S Koseff* (Chief Executive)

B Kantor* (Managing Director), S E Abrahams, G R Burger*, M P Malungani,

K X T Sockwa, B Tapnack*, P R S Thomas, C B Tshil. *Executive

Company Secretary: B Coetsee

Transfer secretaries

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