

Investec Bank Limited (a subsidiary of Investec Limited)

Unaudited condensed consolidated financial information for the year ended 31 March 2013

IFRS - Rand





Overview of results

Unaudited

	31 March 2013	31 March 2012	% change
Total operating income before impairment losses on loans and advances (R'million)	6,620	6,357	4.1%
Operating costs (R'million)	3,629	3,351	8.3%
Profit before taxation (R'million)	2,123	2,173	(2.3%)
Headline earnings attributable to ordinary shareholders (R'million)	1,741	1,812	(3.9%)
Cost to income ratio	54.8%	52.7%	
Total capital resources (including subordinated liabilities) (R'million)	36,005	29,642	21.5%
Total equity (R'million)	23,509	20,933	12.3%
Total assets (R'million)	279,274	255,952	9.1%
Net core loans and advances (R'million)	138,105	124,917	10.6%
Customer accounts (deposits) (R'million)	185,311	176,094	5.2%
Cash and near cash balances (R'million)	72,974	69,077	5.6%
Capital adequacy ratio	16.2%	16.1%	
Tier 1 ratio	10.9%	11.4%	
Defaults (net of impairments) as a % of net core loans and advances to customers	1.93%	2.79%	
Net defaults as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.65%	0.69%	
Total gearing/leverage ratio (i.e. total assets excluding intergroup loans to equity)	11.4x	12.0x	
Loans and advances to customers: customer deposits	73.2%	69.6%	



Consolidated income statement

Unaudited

R'million	Year to 31 March 2013	Year to 31 March 2012
Interest income	15,809	15,850
Interest expense	(10,926)	(11,581)
Net interest income	4,883	4,269
Fee and commission income	1,051	1,146
Fee and commission expense	(109)	(91)
Investment income	459	589
Trading income arising from		
- customer flow	119	259
- balance sheet management and other trading activities	220	175
Other operating (loss)/income	(3)	10
Total operating income before impairment losses on loans and advances	6,620	6,357
Impairment losses on loans and advances	(868)	(833)
Operating income	5,752	5,524
Operating costs	(3,629)	(3,351)
Profit before taxation	2,123	2,173
Taxation	(245)	(215)
Profit after taxation	1,878	1,958

Condensed consolidated statement of total comprehensive income

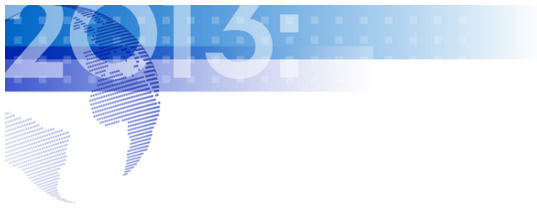
R'million	Year to 31 March 2013	Year to 31 March 2012
Profit after taxation	1,878	1,958
Other comprehensive income:		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(194)	(354)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	86	84
Gain on realisation of available-for-sale assets recycled to the income statement*	(39)	(42)
Foreign currency adjustments on translating foreign operations	441	229
Total comprehensive income	2,172	1,875
Total comprehensive income attributable to ordinary shareholders	2,063	1,771
Total comprehensive income attributable to perpetual preference shareholders	109	104
Total comprehensive income	2,172	1,875

*Net of taxation of R13.8 million (Year to 31 March 2012: Rnil).

Calculation of headline earnings

R'million	Year to 31 March 2013	Year to 31 March 2012
Profit after taxation	1,878	1,958
Preference dividends paid	(109)	(104)
Earnings attributable to ordinary shareholders	1,769	1,854
Headline adjustments, net of taxation:		
Gain on realisation of available-for-sale financial assets [^]	(28)	(42)
Headline earnings attributable to ordinary shareholders	1,741	1,812

[^]Taxation on headline earnings adjustments amounted to R10.9 million (Year to 31 March 2012: R16.3 million).



Consolidated balance sheet

Unaudited

R'million	31 March 2013	31 March 2012
Assets		
Cash and balances at central banks	5,677	9,303
Loans and advances to banks	23,278	19,191
Non-sovereign and non-bank cash placements	5,875	7,885
Reverse repurchase agreements and cash collateral on securities borrowed	7,668	5,098
Sovereign debt securities	33,730	30,222
Bank debt securities	20,969	27,695
Other debt securities	6,258	6,284
Derivative financial instruments	12,161	10,595
Securities arising from trading activities	1,357	1,628
Investment portfolio	9,102	6,036
Loans and advances to customers	135,726	122,615
Own originated loans and advances to customers securitised	2,379	2,302
Other loans and advances	672	669
Other securitised assets	1,168	1,057
Interest in associated undertakings	45	38
Deferred taxation assets	55	46
Other assets	1,166	1,074
Property and equipment	224	308
Investment properties	1	5
Intangible assets	90	96
Loans to group companies	11,673	3,805
	279,274	255,952
Liabilities		
Deposits by banks	17,861	13,933
Derivative financial instruments	9,232	8,570
Other trading liabilities	1,063	172
Repurchase agreements and cash collateral on securities lent	18,188	18,174
Customer accounts (deposits)	185,311	176,094
Debt securities in issue	4,091	1,738
Liabilities arising on securitisation of own originated loans and advances	2,933	2,933
Liabilities arising on securitisation of other assets	588	492
Current taxation liabilities	1,142	1,113
Deferred taxation liabilities	61	9
Other liabilities	2,799	3,082
	243,269	226,310
Subordinated liabilities	12,496	8,709
	255,765	235,019
Equity		
Ordinary share capital	32	29
Share premium	14,885	13,527
Other reserves	175	(119)
Retained income	8,417	7,496
Total equity	23,509	20,933
Total liabilities and equity	279,274	255,952



Condensed consolidated statement of changes in equity

Unaudited

R'million	Year to 31 March 2013	Year to 31 March 2012
Balance at the beginning of the year	20,933	18,837
Profit after taxation	1,878	1,958
Fair value movements on cash flow hedges taken directly to other comprehensive income	(194)	(354)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	86	84
Gain on realisation of available-for-sale assets recycled to the income statement	(39)	(42)
Foreign currency adjustments on translating foreign operations	441	229
Total comprehensive income for the year	2,172	1,875
Issue of ordinary shares	1,361	1,684
Dividends paid to ordinary shareholders	(848)	(1,359)
Dividends paid to perpetual preference shareholders	(109)	(104)
Balance at the end of the year	23,509	20,933



Additional income statement note disclosures

Unaudited

Additional income statement note disclosures

Net interest income

Year to 31 March R'million	2013		2012	
	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	97,197	4,245	99,394	4,493
Core loans and advances	138,105	11,149	124,917	10,633
Private client	93,707	7,185	92,359	7,667
Corporate, institutional and other clients	44,398	3,964	32,558	2,966
Other debt securities and other loans and advances	6,930	266	6,953	256
Other interest earning assets	12,841	149	4,862	468
Total interest earning assets	255,073	15,809	236,126	15,850

Year to 31 March R'million	2013		2012	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	40,140	(797)	33,845	(661)
Customer accounts (deposits)	185,311	(8,892)	176,094	(9,773)
Other interest earning liabilities	3,521	(419)	3,425	(370)
Subordinated liabilities	12,496	(818)	8,709	(777)
Total interest earning liabilities	241,468	(10,926)	222,073	(11,581)

Net interest income 4,883 4,269

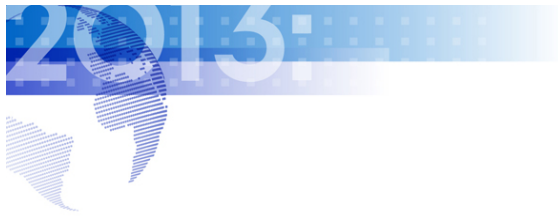
Net fees and commissions

Year to 31 March R'million	2013	2012
Private client transactional fees	424	377
Corporate and institutional transactional and advisory services	627	769
Fee and commission income	1,051	1,146
Fee and commission expense	(109)	(91)
Net fees and commissions	942	1,055
Annuity fees (net of fees payable)	541	486
Deal fees	401	569

Investment income

Year to 31 March R'million	Investment portfolio* (listed and unlisted equities)	Other debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
2013					
Realised	512	-	26	10	548
Unrealised	(103)	42	-	-	(61)
Dividend income	159	-	-	-	159
Funding and net other related costs/income	(180)	-	-	(7)	(187)
	388	42	26	3	459
2012					
Realised	516	11	6	-	533
Unrealised	(152)	27	(2)	-	(127)
Dividend income	383	(1)	-	-	382
Funding and net other related costs/income	(199)	-	-	-	(199)
Investment income	548	37	4	-	589

* Including embedded derivatives (warrants and profit shares).



An analysis of our core loans and advances, asset quality and impairments

Unaudited

R'million	31 March 2013	31 March 2012
Gross core loans and advances to customers	139,454	126,225
Total impairments	(1,349)	(1,308)
Portfolio impairments	(121)	(206)
Specific impairments	(1,228)	(1,102)
Net core loans and advances to customers	138,105	124,917
Average gross core loans and advances to customers	132,840	121,490
Current loans and advances to customers	133,941	119,622
Past due loans and advances to customers (1 - 60 days)	649	714
Special mention loans and advances to customers	852	1,095
Default loans and advances to customers	4,012	4,794
Gross core loans and advances to customers	139,454	126,225
Current loans and advances to customers	133,941	119,622
Default loans that are current and not impaired	60	128
Gross core loans and advances to customers that are past due but not impaired	2,513	3,226
Gross core loans and advances to customers that are impaired	2,940	3,249
Gross core loans and advances to customers	139,454	126,225
Total income statement charge for core loans and advances	(868)	(833)
Gross default loans and advances to customers	4,012	4,794
Portfolio impairments	(121)	(206)
Specific impairments	(1,228)	(1,102)
Defaults net of impairments	2,663	3,486
Collateral and other credit enhancements	3,841	5,861
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.97%	1.04%
Total impairments as a % of gross default loans	33.62%	27.28%
Gross defaults as a % of gross core loans and advances to customers	2.88%	3.80%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.93%	2.79%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairments charge as a % of average gross loans and advances)	0.65%	0.69%



Capital adequacy and capital structure

Unaudited

R'million	31 March 2013	31 March 2012
Tier 1 capital		
Shareholders' equity	21,975	19,399
Shareholders' equity per balance sheet	23,509	20,933
Perpetual preference share capital and share premium	(1,534)	(1,534)
Deconsolidation of special purpose entities	-	-
Non-controlling interests		
Non-controlling interests per balance sheet	-	-
Non-controlling interests excluded for regulatory purposes	-	-
Non-controlling interests transferred to tier 1	-	-
Non-controlling interests in deconsolidated subsidiaries	-	-
Regulatory adjustments to the accounting basis	446	437
Unrealised losses on available-for-sale debt securities	-	-
Defined benefit pension fund adjustment	-	-
Unrealised gains on available-for-sale equities	-	(64)
Prudent Valuation	-	-
Cash flow hedging reserve	446	253
Foreign currency translation reserve	-	248
Deductions	(90)	(344)
Goodwill and intangible assets	(90)	(96)
Unconsolidated investments	-	-
Securitisation positions	-	(248)
Excess of deductions from additional tier 1	-	-
Core tier 1 / common equity tier 1 capital	22,331	19,492
Additional tier 1 capital before deductions	1,381	1,534
Additional tier 1 instruments	1,534	1,534
Phase out of non-qualifying additional tier 1 instruments	(153)	-
Non qualifying surplus capital attributable to minorities	-	-
Deductions	-	-
Unconsolidated investments	-	-
Securitisation positions	-	-
Total tier 1 capital	23,712	21,026
Tier 2 capital		
Total qualifying tier 2 capital before deductions	11,493	8,915
Unrealised gains on available-for-sale equities	-	-
Collective impairment allowances	122	206
Tier 2 instruments	12,496	8,709
Phase out of non-qualifying tier 2 instruments	(1,125)	-
Non qualifying surplus capital attributable to minorities	-	-
Deductions	-	(248)
Unconsolidated investments	-	-
Securitisation positions	-	(248)
Total tier 2 capital	11,493	8,667
Total capital deductions	-	-
Investments that are not material holdings or qualifying holdings	-	-
Connected lending of a capital nature	-	-
Total regulatory capital	35,205	29,693
Risk-weighted assets	217,715	184,253
Capital ratios		
Common equity tier 1 ratio	10.3%	10.6%
Tier 1 ratio	10.9%	11.4%
Total capital ratio	16.2%	16.1%
Capital requirements	20,681	17,504
Credit risk - prescribed standardised exposure classes	14,798	12,965
Corporates	9,023	7,773
Secured on real estate property	1,513	1,246
Short term claims on institutions and corporates	2,155	2,033
Retail	325	314
Institutions	1,058	1,125
Other exposure classes	73	92
Securitisation exposures	651	382
Equity risk - standardised approach	3,472	2,376
Listed equities	789	229
Unlisted equities	2,683	2,147
Counterparty credit risk	716	498
Market risk	426	421
Interest rate	117	125
Foreign exchange	74	120
Commodities	2	2
Equities	233	174
Collective investment undertakings	-	-
Options	-	-
Operational risk - standardised approach	1,269	1,244
Capital adequacy		
Risk-weighted assets (banking and trading)	217,715	184,253
Credit risk - prescribed standardised exposure classes	155,781	136,476
Corporates	94,983	81,824
Secured on real estate property	15,925	13,117
Short term claims on institutions and corporates	22,685	21,401
Retail	3,426	3,301
Institutions	11,141	11,846
Other exposure classes	768	970
Securitisation exposures	6,853	4,017
Equity risk - standardised approach	36,548	25,011
Listed equities	8,306	2,407
Unlisted equities	28,242	22,604
Counterparty credit risk	7,537	5,245
Market risk	4,488	4,424
Interest rate	1,229	1,314
Foreign Exchange	783	1,266
Commodities	20	17
Equities	2,456	1,827
Collective investment undertakings	-	-
Options	-	-
Operational risk - standardised approach	13,361	13,097

The 2013 capital information for Investec Bank Limited is based on Basel III capital requirements as currently applicable in South Africa. Comparative information is disclosed on a Basel II basis.

Out of the Ordinary®

 Investec

Specialist Bank and
Asset Manager

The full set of annual financial statements will be available on 28 June 2013

