

**Investec Bank plc (a subsidiary of Investec plc)**

Unaudited consolidated financial information for the year ended 31 March 2013

IFRS - Pounds Sterling





## Overview of results

Unaudited

	31 March 2013	31 March 2012	% change
Operating income (£'000)	849,431	811,661	4.7%
Operating costs (£'000)	627,772	572,673	9.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	97,116	51,284	89.4%
Earnings attributable to ordinary shareholders (£'000)	42,076	18,745	124.5%
Cost to income ratio	75.3%	73.1%	
Total capital resources (including subordinated liabilities) (£'000)	2,593,359	2,369,408	9.5%
Total shareholders' equity (£'000)	1,914,617	1,726,246	10.9%
Total assets (£'000)	21,068,284	20,246,249	4.1%
Net core loans and advances (£'000)	8,236,777	7,712,000	6.8%
Customer accounts (deposits) (£'000)	11,426,647	11,103,365	2.9%
Cash and near cash balances (£'000)	4,542,615	4,484,747	1.3%
Funds under management (£'million)	25,054	14,219	76.2%
Capital adequacy ratio	16.3%	16.8%	
Tier 1 ratio	11.1%	11.5%	
Defaults (net of impairments) as a % of net core loans and advances to customers	3.76%	4.11%	
Net defaults as a % of gross core loans and advances to customers	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average gross loans and advances)	1.20%	1.66%	
Total gearing/leverage ratio (i.e. total assets to total equity)	11.0x	11.7x	
Loans and advances to customers: customer deposits	67.8%	64.6%	



## Consolidated income statement

Unaudited £'000	Year to 31 March 2013	Year to 31 March 2012
Interest income	814,385	797,343
Interest expense	(526,545)	(539,140)
<b>Net interest income</b>	<b>287,840</b>	<b>258,203</b>
Fee and commission income	418,154	349,132
Fee and commission expense	(31,861)	(35,806)
Investment Income	71,517	110,719
Trading income arising from		
- customer flow	57,867	54,043
- balance sheet management and other trading activities	14,569	14,860
Other operating income	31,345	60,510
<b>Total operating income before impairment losses on loans and advances</b>	<b>849,431</b>	<b>811,661</b>
Impairment losses on loans and advances	(110,403)	(156,976)
<b>Operating income</b>	<b>739,028</b>	<b>654,685</b>
Operating costs	(627,772)	(572,673)
Depreciation on operating leased assets	(16,072)	(28,544)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>95,184</b>	<b>53,468</b>
Impairment of goodwill	(13,409)	-
Amortisation of acquired intangibles	(11,262)	(8,168)
Costs arising from integration of acquired subsidiaries	(12,462)	(7,110)
<b>Operating profit</b>	<b>58,051</b>	<b>38,190</b>
Non-operational costs arising from acquisition of subsidiary	(1,219)	(835)
<b>Profit before taxation</b>	<b>56,832</b>	<b>37,355</b>
Taxation on operating profit before goodwill	(22,541)	(17,787)
Taxation on acquired intangibles and costs of integration of subsidiaries	5,853	1,361
<b>Profit after taxation</b>	<b>40,144</b>	<b>20,929</b>
Operating loss/(income) attributable to non-controlling interests	1,932	(2,184)
<b>Earnings attributable to shareholders</b>	<b>42,076</b>	<b>18,745</b>

## Consolidated statement of comprehensive income

Unaudited £'000	Year to 31 March 2013	Year to 31 March 2012
<b>Profit after taxation</b>	40,144	20,929
Other comprehensive income/(loss):		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(1,663)	(4,522)
Losses/(gains) on realisation of available-for-sale assets recycled through the income statement	407	(40,760)
Fair value movements on available-for-sale assets	(1,747)	25,829
Foreign currency adjustments on translating foreign operations	8,770	4,101
<b>Total comprehensive income</b>	<b>45,911</b>	<b>5,577</b>
Total comprehensive income attributable to non-controlling interests	2,168	2,072
Total comprehensive income attributable to ordinary shareholders	43,743	3,505
<b>Total comprehensive income</b>	<b>45,911</b>	<b>5,577</b>



## Consolidated balance sheet

Unaudited

£'000	31 March 2013	31 March 2012
<b>Assets</b>		
Cash and balances at central banks	1,375,654	1,835,836
Loans and advances to banks	1,134,074	863,540
Reverse repurchase agreements and cash collateral on securities borrowed	1,528,593	1,159,138
Sovereign debt securities	1,660,377	1,647,271
Bank debt securities	455,201	824,552
Other debt securities	197,695	185,343
Derivative financial instruments	948,028	866,408
Securities arising from trading activities	673,763	372,570
Investment portfolio	364,762	317,313
Loans and advances to customers	7,745,583	7,176,992
Own originated loans and advances to customers securitised	491,194	535,008
Other loans and advances	1,803,629	2,067,626
Other securitised assets	767,415	640,255
Interests in associated undertakings	16,989	17,780
Deferred taxation assets	112,172	89,490
Other assets	1,200,296	1,116,826
Property and equipment	79,040	122,702
Investment property	11,500	11,500
Goodwill	326,841	278,574
Intangible assets	175,478	117,525
	<b>21,068,284</b>	<b>20,246,249</b>
<b>Liabilities</b>		
Deposits by banks	926,267	633,024
Derivative financial instruments	817,689	732,510
Other trading liabilities	372,762	271,627
Repurchase agreements and cash collateral on securities lent	942,396	1,020,670
Customer accounts (deposits)	11,426,647	11,103,365
Debt securities in issue	1,713,736	2,046,651
Liabilities arising on securitisation of own originated loans and advances	477,903	526,946
Liabilities arising on securitisation of other assets	560,156	508,668
Current taxation liabilities	82,630	57,783
Deferred taxation liabilities	44,945	32,487
Other liabilities	1,109,794	943,110
	<b>18,474,925</b>	<b>17,876,841</b>
Subordinated liabilities	678,742	643,162
	<b>19,153,667</b>	<b>18,520,003</b>
<b>Equity</b>		
Ordinary share capital	1,173,800	1,070,700
Share premium	136,267	129,255
Capital reserve	162,789	114,128
Other reserves	84,647	76,767
Retained income	361,666	337,541
Shareholders' equity excluding non-controlling interests	<b>1,919,169</b>	<b>1,728,391</b>
Non-controlling interests in partially held subsidiaries	(4,552)	(2,145)
<b>Total equity</b>	<b>1,914,617</b>	<b>1,726,246</b>
<b>Total liabilities and equity</b>	<b>21,068,284</b>	<b>20,246,249</b>



## Condensed consolidated statement of changes in equity

Unaudited

£'000	Year to 31 March 2013	Year to 31 March 2012
<b>Balance at the beginning of the year</b>	<b>1,726,246</b>	<b>1,648,254</b>
Profit for the period	40,144	20,929
Fair value movements on cash flow hedges taken directly to other comprehensive income	(1,663)	(4,522)
Losses/ (gains) on realisation of available for sale assets recycled through the income statement	407	(40,760)
Fair value movements on available-for-sale assets	(1,747)	25,829
Foreign currency adjustments on translating foreign operations	8,770	4,101
<b>Total comprehensive income for the period</b>	<b>45,911</b>	<b>5,577</b>
Dividends paid to ordinary shareholders	(12,500)	(16,000)
Issue of ordinary shares	158,773	68,838
Acquisition of non-controlling interests	(3,813)	(325)
Non-controlling interests relating to disposed subsidiary	-	19,902
<b>Balance at the end of the year</b>	<b>1,914,617</b>	<b>1,726,246</b>



## Segmental information - business analysis

Unaudited

### For the year ended 31 March 2013

£'000	Wealth & Investment	Specialist Banking	Total group
<b>Net interest income</b>	<b>10,079</b>	<b>277,761</b>	<b>287,840</b>
Fee and commission income	167,027	251,127	418,154
Fee and commission expense	(8,420)	(23,441)	(31,861)
Investment income	555	70,962	71,517
Trading income arising from			
- customer flow	361	57,506	57,867
- balance sheet management and other trading activities	4	14,565	14,569
Other operating income	774	30,571	31,345
<b>Total operating income before impairment losses on loans and advances</b>	<b>170,380</b>	<b>679,051</b>	<b>849,431</b>
Impairment losses on loans and advances	-	(110,403)	(110,403)
<b>Operating income</b>	<b>170,380</b>	<b>568,648</b>	<b>739,028</b>
Operating costs	(137,535)	(490,237)	(627,772)
Depreciation on operating leased assets	-	(16,072)	(16,072)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>32,845</b>	<b>62,339</b>	<b>95,184</b>
Operating loss attributable to non-controlling interests	-	1,932	1,932
<b>Operating profit before goodwill, acquired intangibles and after non-controlling interests</b>	<b>32,845</b>	<b>64,271</b>	<b>97,116</b>
Cost to income ratio	80.7%	73.9%	75.3%
Total assets (£'mn)	435	20,633	21,068

### For the year ended 31 March 2012

£'000	Wealth & Investment	Specialist Banking	Total group
<b>Net interest income</b>	<b>8,499</b>	<b>249,704</b>	<b>258,203</b>
Fee and commission income	122,249	226,883	349,132
Fee and commission expense	(6,034)	(29,772)	(35,806)
Investment income/(loss)	(392)	111,111	110,719
Trading income arising from			
- customer flow	(386)	54,429	54,043
- balance sheet management and other trading activities	(7)	14,867	14,860
Other operating income	406	60,104	60,510
<b>Total operating income before impairment losses on loans and advances</b>	<b>124,335</b>	<b>687,326</b>	<b>811,661</b>
Impairment losses on loans and advances	-	(156,976)	(156,976)
<b>Operating income</b>	<b>124,335</b>	<b>530,350</b>	<b>654,685</b>
Operating costs	(101,338)	(471,335)	(572,673)
Depreciation on operating leased assets	-	(28,544)	(28,544)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>22,997</b>	<b>30,471</b>	<b>53,468</b>
Operating income attributable to non-controlling interests	-	(2,184)	(2,184)
<b>Operating profit before goodwill, acquired intangibles and after non-controlling interests</b>	<b>22,997</b>	<b>28,287</b>	<b>51,284</b>
Cost to income ratio	81.5%	71.5%	73.1%
Total assets (£'mn)	498	19,748	20,246



## Segmental information - geographical analysis

Unaudited

For the year ended 31 March 2013

£'000	UK and Other	Australia	Total group
<b>Net interest income</b>	<b>218,752</b>	<b>69,088</b>	<b>287,840</b>
Fee and commission income	358,723	59,431	418,154
Fee and commission expense	(27,335)	(4,526)	(31,861)
Investment income	70,979	538	71,517
Trading income arising from			
- customer flow	50,921	6,946	57,867
- balance sheet management and other trading activities	15,133	(564)	14,569
Other operating income	29,536	1,809	31,345
<b>Total operating income before impairment losses on loans and advances</b>	<b>716,709</b>	<b>132,722</b>	<b>849,431</b>
Impairment losses on loans and advances	(92,554)	(17,849)	(110,403)
<b>Operating income</b>	<b>624,155</b>	<b>114,873</b>	<b>739,028</b>
Operating costs	(516,300)	(111,472)	(627,772)
Depreciation on operating leased assets	(16,072)	-	(16,072)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>91,783</b>	<b>3,401</b>	<b>95,184</b>
Operating loss attributable to non-controlling interests	1,932	-	1,932
<b>Operating profit before goodwill, acquired intangibles and after non-controlling interests</b>	<b>93,715</b>	<b>3,401</b>	<b>97,116</b>
Cost to income ratio	73.7%	84.0%	75.3%
Total assets (£'mn)	17,822	3,246	21,068

For the year ended 31 March 2012

£'000	UK and Other	Australia	Total group
<b>Net interest income</b>	<b>191,861</b>	<b>66,342</b>	<b>258,203</b>
Fee and commission income	310,676	38,456	349,132
Fee and commission expense	(32,431)	(3,375)	(35,806)
Investment income/(loss)	119,193	(8,474)	110,719
Trading income arising from			
- customer flow	42,931	11,112	54,043
- balance sheet management and other trading activities	15,986	(1,126)	14,860
Other operating income/(loss)	61,689	(1,179)	60,510
<b>Total operating income before impairment losses on loans and advances</b>	<b>709,905</b>	<b>101,756</b>	<b>811,661</b>
Impairment losses on loans and advances	(89,104)	(67,872)	(156,976)
<b>Operating income</b>	<b>620,801</b>	<b>33,884</b>	<b>654,685</b>
Operating costs	(472,908)	(99,765)	(572,673)
Depreciation on operating leased assets	(28,544)	-	(28,544)
<b>Operating profit/(loss) before goodwill and acquired intangibles</b>	<b>119,349</b>	<b>(65,881)</b>	<b>53,468</b>
Operating income attributable to non-controlling interests	(2,184)	-	(2,184)
<b>Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests</b>	<b>117,165</b>	<b>(65,881)</b>	<b>51,284</b>
Cost to income ratio	69.4%	98.0%	73.1%
Total assets (£'mn)	16,862	3,384	20,246



## Segmental business analysis - income statement

Unaudited

For the year ended 31 March 2013

£'000	Wealth & Investment	Specialist Banking			Total Group		
	UK and Other	UK and Other	Australia	Total	UK and Other	Australia	Total
<b>Net interest income</b>	<b>10,079</b>	<b>208,673</b>	<b>69,088</b>	<b>277,761</b>	<b>218,752</b>	<b>69,088</b>	<b>287,840</b>
Fee and commission income	16,727	191,696	59,431	251,127	358,723	59,431	418,154
Fee and commission expense	(8,420)	(18,915)	(4,526)	(23,441)	(27,335)	(4,526)	(31,861)
Investment income	555	70,424	538	70,962	70,979	538	71,517
Trading income arising from							
- customer flow	361	50,560	6,946	57,506	50,921	6,946	57,867
- balance sheet management and other trading activities	4	15,129	(564)	14,565	15,133	(564)	14,569
Other operating income	774	28,762	1,809	30,571	29,536	1,809	31,345
<b>Total operating income before impairment losses on loans and advances</b>	<b>170,380</b>	<b>546,329</b>	<b>137,722</b>	<b>679,051</b>	<b>716,709</b>	<b>132,722</b>	<b>849,431</b>
Impairment losses on loans and advances	-	(92,554)	(17,849)	(110,403)	(92,554)	(17,849)	(110,403)
<b>Operating income</b>	<b>170,380</b>	<b>453,775</b>	<b>114,873</b>	<b>568,648</b>	<b>624,155</b>	<b>114,873</b>	<b>739,028</b>
Operating costs	(137,535)	(378,765)	(111,472)	(490,237)	(516,300)	(111,472)	(627,772)
Depreciation on operating leased assets	-	(16,072)	-	(16,072)	(16,072)	-	(16,072)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>32,845</b>	<b>58,938</b>	<b>3,401</b>	<b>62,339</b>	<b>91,783</b>	<b>3,401</b>	<b>95,184</b>
Operating losses attributable to non-controlling interests	-	1,932	-	1,932	1,932	-	1,932
<b>Operating profit before goodwill, acquired intangibles and after non-controlling interests</b>	<b>32,845</b>	<b>60,870</b>	<b>3,401</b>	<b>64,271</b>	<b>93,715</b>	<b>3,401</b>	<b>97,116</b>
Cost to income ratio	80.7%	71.4%	84.0%	73.9%	73.7%	84.0%	75.3%
Total assets (£million)	435	17,387	3,246	20,633	17,822	3,246	21,068





## Segmental business analysis - income statement

Unaudited

For the year ended 31 March 2012

£'000	Wealth & Investment	Specialist Banking			Total Group		
	UK and Other	UK and Other	Australia	Total	UK and Other	Australia	Total
<b>Net interest income</b>	<b>8,499</b>	<b>183,362</b>	<b>66,342</b>	<b>249,704</b>	<b>191,861</b>	<b>66,342</b>	<b>258,203</b>
Fee and commission income	122,249	188,427	38,456	226,883	310,676	38,456	349,132
Fee and commission expense	(6,034)	(26,397)	(3,375)	(29,772)	(32,431)	(3,375)	(35,806)
Investment income/(loss)	(392)	119,585	(8,474)	111,111	119,193	(8,474)	110,719
Trading income arising from							
- customer flow	(386)	43,317	11,112	54,429	42,931	11,112	54,043
- balance sheet management and other trading activities	(7)	15,993	(1,126)	14,867	15,986	(1,126)	14,860
Other operating income/(loss)	406	61,283	(1,179)	60,104	61,689	(1,179)	60,510
<b>Total operating income before impairment losses on loans and advances</b>	<b>124,335</b>	<b>585,570</b>	<b>101,756</b>	<b>687,326</b>	<b>709,905</b>	<b>101,756</b>	<b>811,861</b>
Impairment losses on loans and advances	-	(89,104)	(67,872)	(156,976)	(89,104)	(67,872)	(156,976)
<b>Operating income</b>	<b>124,335</b>	<b>496,466</b>	<b>33,884</b>	<b>530,350</b>	<b>620,801</b>	<b>33,884</b>	<b>654,685</b>
Operating costs	(101,338)	(371,570)	(99,765)	(471,335)	(472,908)	(99,765)	(572,673)
Depreciation on operating leased assets	-	(28,544)	-	(28,544)	(28,544)	-	(28,544)
<b>Operating profit/(loss) before goodwill and acquired intangibles</b>	<b>22,997</b>	<b>96,352</b>	<b>(65,881)</b>	<b>30,471</b>	<b>119,349</b>	<b>(65,881)</b>	<b>53,488</b>
Operating income attributable to non-controlling interests	-	(2,184)	-	(2,184)	(2,184)	-	(2,184)
<b>Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests</b>	<b>22,997</b>	<b>94,168</b>	<b>(65,881)</b>	<b>28,287</b>	<b>117,165</b>	<b>(65,881)</b>	<b>51,284</b>
Cost to income ratio	81.5%	66.7%	98.0%	71.5%	69.4%	98.0%	73.1%
Total assets (£million)	498	16,364	3,834	19,748	16,862	3,384	20,246



## Additional income statement note disclosures - Interest income

Unaudited

For the year ended 31 March 2013

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	5,446,501	47,156	707,398	16,076	6,153,899	63,232
Core loans and advances	6,031,731	353,625	2,205,046	180,301	8,236,777	533,926
Private client	3,170,221	162,618	1,405,696	112,566	4,575,917	275,184
Corporate, institutional and other clients	2,861,510	191,007	799,350	67,735	3,660,860	258,742
Other debt securities and other loans and advances	1,978,818	99,727	22,506	18,205	2,001,324	117,932
Other interest earning assets	767,415	99,295	-	-	767,415	99,295
<b>Total interest earning assets</b>	<b>14,224,465</b>	<b>599,803</b>	<b>2,934,950</b>	<b>214,582</b>	<b>17,159,415</b>	<b>814,385</b>

For the year ended 31 March 2013

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	3,111,710	46,701	470,689	32,436	3,582,399	79,137
Customer accounts	9,733,827	222,703	1,692,820	79,411	11,426,647	302,114
Other interest bearing liabilities	560,156	53,704	477,903	30,486	1,038,059	84,190
Subordinated liabilities	596,122	57,943	82,620	3,161	678,742	61,104
<b>Total interest bearing liabilities</b>	<b>14,001,815</b>	<b>381,051</b>	<b>2,724,032</b>	<b>145,494</b>	<b>16,725,847</b>	<b>526,545</b>

Net interest income

	218,752	69,088	287,840
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For the year ended 31 March 2012

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	5,319,852	46,508	1,010,485	59,939	6,330,337	106,447
Core loans and advances	5,763,693	352,669	1,948,307	186,654	7,712,000	539,323
Private client	3,431,419	200,531	1,593,600	158,697	5,025,019	359,228
Corporate, institutional and other clients	2,332,274	152,138	354,707	27,957	2,686,981	180,095
Other debt securities and other loans and advances	2,171,109	123,958	81,860	4,310	2,252,969	128,268
Other interest earning assets	640,255	23,305	-	-	640,255	23,305
<b>Total interest earning assets</b>	<b>13,894,909</b>	<b>546,440</b>	<b>3,040,652</b>	<b>250,903</b>	<b>16,935,561</b>	<b>797,343</b>

For the year ended 31 March 2012

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	2,923,159	68,409	777,186	62,939	3,700,345	131,348
Customer accounts	9,566,762	205,229	1,536,603	83,708	11,103,365	288,937
Other interest bearing liabilities	508,668	24,605	526,946	33,569	1,035,614	58,174
Subordinated liabilities	596,807	56,336	46,355	4,345	643,162	60,681
<b>Total interest bearing liabilities</b>	<b>13,595,396</b>	<b>354,579</b>	<b>2,887,090</b>	<b>184,561</b>	<b>16,482,486</b>	<b>539,140</b>

Net interest income

	191,861	66,342	258,203
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## Additional income statement note disclosures - Fees and commissions

Unaudited

For the year to 31 March 2013

### Net fees and commissions

£'000	UK & Other	Australia	Total group
Fund management fees/fees for assets under management	127,764	3,972	131,736
Private client transactional fees	74,558	9,579	84,137
Corporate and institutional transactional and advisory services	156,401	45,880	202,281
Fee and commission income	358,723	59,431	418,154
Fee and commission expense	(27,335)	(4,526)	(31,861)
<b>Net fees and commissions</b>	<b>331,388</b>	<b>54,905</b>	<b>386,293</b>
Annuity fees (net of fees payable)	160,879	26,138	187,017
Deal fees	170,509	28,767	199,276

### For the year to 31 March 2012

### Net fees and commissions

£'000	UK & Other	Australia	Total group
Fund management fees/fees for assets under management	98,688	5,674	104,362
Private client transactional fees	54,653	9,251	63,904
Corporate and institutional transactional and advisory services	157,335	23,531	180,866
Fee and commission income	310,676	38,456	349,132
Fee and commission expense	(32,431)	(3,375)	(35,806)
<b>Net fees and commissions</b>	<b>278,245</b>	<b>35,081</b>	<b>313,326</b>
Annuity fees (net of fees payable)	120,363	14,114	134,477
Deal fees	157,882	20,967	178,849



## Additional income statement note disclosures - Investment income

Unaudited

### Investment income for the year ended 31 March 2013

£'000	UK & Other	Australia	Total group
Realised	28,439	1,752	30,191
Unrealised	38,268	(1,654)	36,614
Dividend income	2,949	240	3,189
Funding and other net related costs/income	1,323	200	1,523
<b>Investment income</b>	<b>70,979</b>	<b>538</b>	<b>71,517</b>

### Investment income for the year ended 31 March 2013

£'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	1,027	20,972	6,440	28,439
Unrealised	31,095	8,803	(1,630)	38,268
Dividend income	2,949	-	-	2,949
Funding and other net related costs/income	-	-	1,323	1,323
<b>Investment income: UK &amp; Europe</b>	<b>35,071</b>	<b>29,775</b>	<b>6,133</b>	<b>70,979</b>

### Investment income for the year ended 31 March 2013

£'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	64	1,617	71	1,752
Unrealised	(2,716)	-	1,062	(1,654)
Dividend income	240	-	-	240
Funding and other net related costs/income	-	-	200	200
<b>Investment income: Australia</b>	<b>(2,412)</b>	<b>1,617</b>	<b>1,333</b>	<b>538</b>
<b>Investment income: Total</b>	<b>32,659</b>	<b>31,392</b>	<b>7,466</b>	<b>71,517</b>

### Investment income for the year ended 31 March 2012

£'000	UK & Other	Australia	Total group
Realised	110,164	(8,929)	101,235
Unrealised	7,182	(66)	7,116
Dividend income	1,847	521	2,368
<b>Investment income</b>	<b>119,193</b>	<b>(8,474)</b>	<b>110,719</b>

### Investment income for the year ended 31 March 2012

£'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	26,141	70,940	13,083	110,164
Unrealised	13,819	(6,586)	(51)	7,182
Dividend income	1,846	1	-	1,847
<b>Investment income: UK &amp; Europe</b>	<b>41,806</b>	<b>64,355</b>	<b>13,032</b>	<b>119,193</b>

### Investment income for the year ended 31 March 2012

£'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	1,539	(784)	(9,684)	(8,929)
Unrealised	(66)	-	-	(66)
Dividend income	71	450	-	521
<b>Investment income: Australia</b>	<b>1,544</b>	<b>(334)</b>	<b>(9,684)</b>	<b>(8,474)</b>
<b>Investment income: Total</b>	<b>43,350</b>	<b>64,021</b>	<b>3,348</b>	<b>110,719</b>

\*Including embedded derivatives (warrants and profit shares).



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

Unaudited

£'000	31 March 2013	31 March 2012
<b>Gross core loans and advances to customers</b>	<b>8,429,968</b>	<b>7,876,339</b>
<b>Total impairments</b>	<b>(193,191)</b>	<b>(164,339)</b>
Portfolio impairments	(6,696)	(3,210)
Specific impairments	(186,495)	(161,129)
<b>Net core loans and advances to customers</b>	<b>8,236,777</b>	<b>7,712,000</b>
<b>Average gross core loans and advances to customers</b>	<b>8,153,154</b>	<b>7,844,614</b>
Current loans and advances to customers	7,767,956	7,154,105
Past due loans and advances to customers (1 - 60 days)	131,348	230,038
Special mention loans and advances to customers	27,943	10,794
Default loans and advances to customers	502,721	481,402
<b>Gross core loans and advances to customers</b>	<b>8,429,968</b>	<b>7,876,339</b>
Current loans and advances to customers	7,767,956	7,154,105
Default loans that are current and not impaired	8,005	-
Gross core loans and advances to customers that are past due but not impaired	177,909	256,569
Gross core loans and advances to customers that are impaired	476,098	465,665
<b>Gross core loans and advances to customers</b>	<b>8,429,968</b>	<b>7,876,339</b>
<b>Total income statement charge for core loans and advances</b>	<b>(97,729)</b>	<b>(156,976)</b>
Gross default loans and advances to customers	502,721	481,402
Portfolio impairments	(6,696)	(3,210)
Specific impairments	(186,495)	(161,129)
<b>Defaults net of impairments</b>	<b>309,530</b>	<b>317,063</b>
Collateral and other credit enhancements	356,320	346,560
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>		
Total impairments as a % of gross core loans and advances to customers	2.29%	2.09%
Total impairments as a % of gross default loans	38.43%	34.14%
Gross defaults as a % of gross core loans and advances to customers	5.96%	6.11%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.76%	4.11%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairment charge as a % of average gross loans and advances)	1.20%	1.66%



## Capital adequacy and capital structure

Unaudited

£'million	31 March 2013	31 March 2012
<b>Tier 1 capital</b>		
Shareholders' equity	1,895	1,723
Shareholders' equity per balance sheet	1,919	1,728
Deconsolidation of special purpose entities	(24)	(5)
Non-controlling interests	(5)	(2)
Non-controlling interests per balance sheet	(5)	(2)
Regulatory adjustments to the accounting basis	(10)	(1)
Unrealised losses on available-for-sale debt securities	2	7
Unrealised gains on available-for-sale equities	(8)	(14)
Prudent valuation	(16)	(3)
Cash flow hedging reserve	12	9
Deductions	(476)	(401)
Goodwill and intangible assets net of deferred tax	(472)	(379)
Securitisation positions	(2)	(22)
Excess of deductions from additional tier 1	(2)	-
<b>Core Tier 1 capital</b>	<b>1,404</b>	<b>1,319</b>
Additional Tier 1 capital	-	-
<b>Total Tier 1 capital</b>	<b>1,404</b>	<b>1,319</b>
<b>Tier 2 capital</b>		
Total qualifying Tier 2 capital before deductions	685	649
Unrealised gains on available-for-sale equities	8	14
Collective impairment allowances	20	7
Tier 2 instruments	657	628
Deductions	(4)	(22)
Unconsolidated investments	(2)	-
Securitisation positions	(2)	(22)
<b>Total Tier 2 capital</b>	<b>681</b>	<b>627</b>
Deductions	(19)	(26)
Investments that are not material holdings or qualifying holdings	(17)	(16)
Connected lending of a capital nature	(2)	(10)
<b>Total regulatory capital</b>	<b>2,066</b>	<b>1,920</b>
<b>Risk-weighted assets</b>	<b>12,657</b>	<b>11,421</b>
<b>Capital ratios</b>		
Core tier 1 ratio	11.1%	11.5%
Tier 1 ratio	11.1%	11.5%
Total capital ratio	16.3%	16.8%
<b>Capital requirements</b>	<b>1,013</b>	<b>915</b>
Credit risk - prescribed standardised exposure classes	797	732
Corporates	259	226
Secured on real estate property	224	239
Short term claims on institutions and corporates	38	28
Retail	102	76
Institutions	15	14
Other exposure classes	145	127
Securitisation exposures	14	22
Equity risk - standardised approach	32	26
Listed equities	4	2
Unlisted equities	28	24
Counterparty credit risk	26	21
Market risk	61	53
Interest rate	22	16
Foreign Exchange	13	8
Commodities	-	-
Equities	24	20
Options	2	9
Operational risk - standardised approach	97	83
<b>Risk-weighted assets (banking and trading)</b>	<b>12,657</b>	<b>11,421</b>
Credit risk - prescribed standardised exposure classes	9,956	9,140
Corporates	3,223	2,819
Secured on real estate property	2,799	2,983
Short term claims on institutions and corporates	470	355
Retail	1,276	950
Institutions	193	176
Other exposure classes	1,814	1,583
Securitisation exposures	181	274
Equity risk - standardised approach	396	321
Listed equities	47	25
Unlisted equities	349	296
Counterparty credit risk	330	264
Market risk	767	659
Interest rate	275	195
Foreign Exchange	166	98
Commodities	-	1
Equities	296	251
Options	30	114
Operational risk - standardised approach	1,208	1,037

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

