

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec Limited silo financial information (excluding the results of Investec plc)

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)	10,823	9,584	12.9%
Operating costs (R'million)	6,118	5,432	12.6%
Operating profit before taxation and headline adjustments (R'million)	3,872	3,328	16.3%
Headline earnings attributable to ordinary shareholders (R'million)	2,641	2,392	10.4%
Cost to income ratio	56.5%	56.7%	
Total capital resources (including subordinated liabilities) (R'million)	39,001	31,870	22.4%
Total equity (R'million)	24,546	22,242	10.4%
Total assets (R'million)	385,496	348,076	10.8%
Net core loans and advances (R'million)	141,863	128,747	10.2%
Customer accounts (deposits) (R'million)	185,311	176,094	5.2%
Cash and near cash balances (R'million)	72,974	69,077	5.6%
Funds under management (R'million)	615,078	482,015	27.6%
Capital adequacy ratio	15.5%	16.1%	
Tier 1 ratio	10.8%	11.6%	
Default loans (net of impairments) as a % of net core loans and advances	1.89%	2.73%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement charge as a % of average core loans and advances)	0.61%	0.65%	
Total gearing/leverage ratio (i.e. total assets excluding assurance assets to equity)	12.2x	12.2x	
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	16,155	15,942
Interest expense	(11,564)	(11,857)
Net interest income	4,591	4,085
Fee and commission income	4,804	4,380
Fee and commission expense	(135)	(146)
Investment income	1,099	758
Trading income arising from - customer flow	174	270
- balance sheet management and other trading activities	213	183
Other operating income	77	54
Total operating income before impairment on loans and advances	10,823	9,584
Impairment losses on loans and advances	(833)	(824)
Operating income	9,990	8,760
Operating costs	(6,118)	(5,432)
Operating profit before impairment of goodwill	3,872	3,328
Impairment of goodwill	(24)	(34)
Profit before taxation	3,848	3,294
Taxation	(608)	(576)
Profit after taxation	3,240	2,718
Earnings attributable to non-controlling interests	(3)	(4)
Earnings attributable to shareholders	3,237	2,714

Consolidated statement of comprehensive income

R'million	Year to 31 March 2013	Year to 31 March 2012
Profit after taxation	3,240	2,718
Other comprehensive income:		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(193)	(352)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	78	69
Gain on available-for-sale assets recycled to the income statement*	(39)	(42)
Foreign currency adjustments on translating foreign operations	480	250
Total comprehensive income	3,566	2,643
Total comprehensive income attributable to non-controlling interests	3	4
Total comprehensive income attributable to ordinary shareholders	3,238	2,352
Total comprehensive income attributable to perpetual preference shareholders	325	287
Total comprehensive income	3,566	2,643

*Net of taxation of R13 million (Year to 31 March 2012: R0).

Calculation of headline earnings

R'million	Year to 31 March 2013	Year to 31 March 2012
Earnings attributable to shareholders	3,237	2,714
Dividends paid to perpetual preference shareholders	(325)	(287)
Earnings attributable to ordinary shareholders	2,912	2,427
Headline adjustments:		
Impairment of goodwill	(271)	(35)
Revaluation of investment properties, net of taxation^	24	34
Gain on available-for-sale assets recycled to the income statement, net of taxation^	(267)	(27)
	(28)	(42)
Headline earnings attributable to ordinary shareholders	2,641	2,392

^Taxation on headline earnings adjustments amounted to R114.8million (Year to 31 March 2012: R26.9 million) with no impact on earnings attributable to non-controlling interests.



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	25,376	20,511
Non-sovereign and non-bank cash placements	5,875	7,885
Reverse repurchase agreements and cash collateral on securities borrowed	15,846	5,570
Sovereign debt securities	33,730	29,699
Bank debt securities	20,969	27,695
Other debt securities	7,006	5,825
Derivative financial instruments	12,159	10,595
Securities arising from trading activities	3,598	3,284
Investment portfolio	8,202	7,316
Loans and advances to customers	135,733	122,621
Own originated loans and advances to customers securitised	6,130	6,126
Other loans and advances	672	669
Other securitised assets	1,584	1,712
Interests in associated undertakings	45	38
Deferred taxation assets	531	372
Other assets	8,444	6,286
Property and equipment	644	542
Investment properties	6,147	4,858
Goodwill	145	169
Intangible assets	90	97
	298,603	271,173
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	86,893	76,903
	385,496	348,076
Liabilities		
Deposits by banks	17,861	13,933
Derivative financial instruments	9,237	8,570
Other trading liabilities	6,687	4,188
Repurchase agreements and cash collateral on securities lent	18,188	18,174
Customer accounts (deposits)	185,311	176,094
Debt securities in issue	6,147	4,389
Liabilities arising on securitisation of own originated loans and advances	6,259	6,256
Liabilities arising on securitisation of other assets	588	492
Current taxation liabilities	1,720	1,625
Deferred taxation liabilities	390	319
Other liabilities	7,214	5,263
	259,602	239,303
Liabilities to customers under investment contracts	86,864	76,880
Insurance liabilities, including unit-linked liabilities	29	23
	346,495	316,206
Subordinated liabilities	14,455	9,628
	360,950	325,834
Equity		
Ordinary share capital	1	1
Share premium	9,814	9,352
Treasury shares	(954)	(825)
Other reserves	203	(123)
Retained income	13,938	12,293
Shareholders' equity excluding non-controlling interests	23,002	20,698
Non-controlling interests	1,544	1,544
- Perpetual preferred securities issued by subsidiaries	1,534	1,534
- Non controlling interests in partially held subsidiaries	10	10
Total equity	24,546	22,242
Total liabilities and shareholders' equity	385,496	348,076



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	22,242	20,782
Profit after taxation	3,240	2,718
Fair value movements on cash flow hedges taken directly to other comprehensive income	(193)	(352)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	78	69
Gain on available-for-sale assets recycled to the income statement	(39)	(42)
Foreign currency adjustments on translating foreign operations	480	250
Total comprehensive income for the year	3,566	2,643
Issue of ordinary shares	159	168
Issue of perpetual preference shares	303	-
Movement of treasury shares	(401)	(333)
Share-based payments adjustments	388	442
Movement in non-controlling interests due to acquisitions and disposals	-	1
Dividends paid to ordinary shareholders	(1,383)	(1,169)
Dividends declared to perpetual preference shareholders included in non-controlling interests	(216)	(183)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(109)	(104)
Dividends paid to non-controlling interests	(3)	(5)
Balance at the end of the year	24,546	22,242



Segmental information - business analysis

Unaudited

For the year to 31 March 2013

R'million	Asset Management	Wealth & Investment	Specialist Banking	Total
Net interest income	54	(18)	4,555	4,591
Fee and commission income	2,366	742	1,696	4,804
Fee and commission expense	-	(13)	(122)	(135)
Investment income	-	-	1,099	1,099
Trading income arising from				
- customer flow	-	4	170	174
- balance sheet management and other trading activities	2	5	206	213
Other operating income	70	-	7	77
Total operating income before impairment on loans and advances	2,492	720	7,611	10,823
Impairment losses on loans and advances	-	-	(833)	(833)
Operating income	2,492	720	6,778	9,990
Operating costs	(1,402)	(495)	(4,221)	(6,118)
Operating profit before impairment of goodwill	1,090	225	2,557	3,872
Impairment of goodwill	(24)	-	-	(24)
Profit before taxation	1,066	225	2,557	3,848
Cost to income ratio	56.3%	68.8%	55.5%	56.5%
Total assets (excluding assurance assets)	2,464	7,776	288,363	298,603

For the year to 31 March 2012

R'million	Asset Management	Wealth & Investment	Specialist Banking	Total
Net interest income	53	17	4,015	4,085
Fee and commission income	1,960	653	1,767	4,380
Fee and commission expense	-	(38)	(108)	(146)
Investment income	-	-	758	758
Trading income arising from				
- customer flow	-	6	264	270
- balance sheet management and other trading activities	4	1	178	183
Other operating income	30	-	24	54
Total operating income before impairment on loans and advances	2,047	639	6,898	9,584
Impairment losses on loans and advances	-	-	(824)	(824)
Operating income	2,047	639	6,074	8,760
Operating costs	(1,164)	(457)	(3,811)	(5,432)
Operating profit before impairment of goodwill	883	182	2,263	3,328
Impairment of goodwill	(34)	-	-	(34)
Profit before taxation	849	182	2,263	3,294
Cost to income ratio	56.9%	71.5%	55.2%	56.7%
Total assets (excluding assurance assets)	1,986	4,426	264,761	271,173



Additional income statement note disclosures

Unaudited

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	107,473	4,225	100,663	4,539
Core loans and advances	141,863	11,419	128,747	10,927
Private client	97,462	7,455	96,183	7,961
Corporate, institutional and other clients	44,401	3,964	32,564	2,966
Other debt securities and other loans and advances	7,678	247	6,494	326
Other interest earning assets	1,584	264	2,015	150
Total interest earning assets	258,598	16,155	237,919	15,942

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	42,196	(947)	36,496	(457)
Customer accounts (deposits)	185,311	(8,941)	176,094	(9,773)
Other interest bearing liabilities	6,847	(741)	6,748	(766)
Subordinated liabilities	14,455	(935)	9,628	(861)
Total interest bearing liabilities	248,809	(11,564)	228,966	(11,857)

Net interest income	4,591	4,085
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Net fees and commissions

Year to 31 March R'million	2013	2012
Fund management fees/fees for assets under management	2,711	2,237
Private client transactional fees	844	769
Corporate and institutional transactional and advisory services	1,249	1,374
Fee and commission income	4,804	4,380
Fee and commission expense	(135)	(146)
Net fees and commissions	4,669	4,234
Annuity fees (net of fees payable)	3,466	3,011
Deal fees	1,203	1,223

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	727	-	843	(36)	1,534
Unrealised	(288)	66	(132)	(1)	(355)
Dividend income	163	-	-	-	163
Funding and net other related costs/income	(169)	-	(98)	24	(243)
	433	66	613	(13)	1,099
2012					
Realised	562	7	(39)	-	530
Unrealised	(238)	55	272	(70)	19
Dividend income	397	(1)	1	-	397
Funding and net other related costs/income	(188)	-	-	-	(188)
Investment income	533	61	234	(70)	758

*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	143,217	130,056
Total impairments	(1,354)	(1,309)
Portfolio impairments	(123)	(206)
Specific impairments	(1,231)	(1,103)
Net core loans and advances to customers	141,863	128,747
Average gross core loans and advances to customers	136,637	126,115
Current loans and advances to customers	137,645	123,391
Past due loans and advances to customers (1 - 60 days)	669	742
Special mention loans and advances to customers	863	1,101
Default loans and advances to customers	4,040	4,822
Gross core loans and advances to customers	143,217	130,056
Current loans and advances to customers	137,645	123,391
Default loans that are current and not impaired	61	130
Gross core loans and advances to customers that are past due but not impaired	2,560	3,274
Gross core loans and advances to customers that are impaired	2,951	3,261
Gross core loans and advances to customers	143,217	130,056
Total income statement charge for core loans and advances	(833)	(824)
Gross default loans and advances to customers	4,040	4,822
Portfolio impairments	(123)	(206)
Specific impairments	(1,231)	(1,103)
Defaults net of impairments	2,686	3,513
Collateral and other credit enhancements	3,880	5,897
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.95%	1.01%
Total impairments as a % of gross default loans	33.51%	27.15%
Gross defaults as a % of gross core loans and advances to customers	2.82%	3.71%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.89%	2.73%
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)	0.61%	0.65%



Capital adequacy and capital structure

Unaudited

R'million	31 March 2013	31 March 2012
Tier 1 capital		
Shareholders' equity	19,819	17,818
Shareholders' equity per balance sheet	23,002	20,698
Perpetual preference share capital and share premium	(3,183)	(2,880)
Deconsolidation of special purpose entities	-	-
Non-controlling interests		
Non-controlling interests per balance sheet	10	10
Non-controlling interests excluded for regulatory purposes	(10)	(10)
Non-controlling interests transferred to tier 1	-	-
Non-controlling interests in deconsolidated subsidiaries	-	-
Regulatory adjustments to the accounting basis	446	505
Unrealised losses on available-for-sale debt securities	-	-
Defined benefit pension fund adjustment	-	-
Unrealised gains on available-for-sale equities	-	(19)
Prudent Valuation	-	-
Cash flow hedging reserve	446	253
Foreign currency translation reserve	-	271
Deductions	(235)	(514)
Goodwill and intangible assets	(235)	(266)
Unconsolidated investments	-	-
Securitisation positions	-	(248)
Excess of deductions from additional tier 1	-	-
Core tier 1 / common equity tier 1 capital	20,030	17,809
Additional tier 1 capital before deductions	4,222	4,414
Additional tier 1 instruments	4,717	4,414
Phase out of non-qualifying additional tier 1 instruments	(472)	-
Non qualifying surplus capital attributable to minorities	(23)	-
Deductions		
Unconsolidated investments	-	-
Securitisation positions	-	-
Total tier 1 capital	24,252	22,223
Tier 2 capital		
Total qualifying tier 2 capital before deductions	10,961	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	(532)	-
Deductions		(248)
Unconsolidated investments	-	-
Securitisation positions	-	(248)
Total tier 2 capital	10,961	8,667
Total capital deductions	(435)	-
Investments that are not material holdings or qualifying holdings	(435)	-
Connected lending of a capital nature	-	-
Total regulatory capital	34,778	30,890
Risk-weighted assets	222,865	192,376
Capital ratios		
Common equity tier 1 ratio	8.9%	9.3%
Tier 1 ratio	10.8%	11.6%
Total capital ratio	15.5%	16.1%
Capital requirements	21,268	18,276
Credit risk - prescribed standardised exposure classes	15,360	13,085
Corporates	9,498	7,881
Secured on real estate property	1,513	1,246
Short term claims on institutions and corporates	2,223	2,041
Retail	326	314
Institutions	1,058	1,125
Other exposure classes	91	96
Securitisation exposures	651	382
Equity risk - standardised approach	2,845	2,428
Listed equities	145	281
Unlisted equities	2,700	2,147
Counterparty credit risk	716	498
Market risk	449	463
Interest rate	117	125
Foreign exchange	74	120
Commodities	2	2
Equities	256	216
Collective investment undertakings	-	-
Options	-	-
Operational risk - standardised approach	1,898	1,802
Capital adequacy		
Risk-weighted assets (banking and trading)	222,865	192,376
Credit risk - prescribed standardised exposure classes	161,678	137,737
Corporates	99,975	82,961
Secured on real estate property	15,925	13,117
Short term claims on institutions and corporates	23,397	21,489
Retail	3,428	3,301
Institutions	11,141	11,846
Other exposure classes	959	1,006
Securitisation exposures	6,853	4,017
Equity risk - standardised approach	29,948	25,558
Listed equities	1,531	2,954
Unlisted equities	28,417	22,604
Counterparty credit risk	7,537	5,245
Market risk	3,728	4,867
Interest rate	1,229	1,314
Foreign Exchange	783	1,266
Commodities	20	17
Equities	1,696	2,270
Collective investment undertakings	-	-
Options	-	-
Operational risk - standardised approach	19,974	18,969

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

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

