

FINANCIAL HIGHLIGHTS / 2010



Contents

Managing Director's report	1
Consolidated statement of comprehensive income	3
Pro forma consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Statistics, returns and capital adequacy	6

Managing Director's report

Bidvest Bank's growth was maintained and substantial investment was committed to new infrastructure at high-traffic areas, including South Africa's premier airports and prime positions in all World Cup host cities. Ten new branches were opened, bringing the complement to 89 branches.

Satisfactory profitability was achieved, even though lower interest rates in a well capitalised bank and a strong Rand were negative for the bank as the rand/foreign currency conversion rate determines commission, fee and margin income. In foreign currency terms, revenue grew by 19% but was marginally down in Rand terms.

The team performed well, launching new products while positioning the bank as "the foreign exchange specialist." Transaction volumes rose 3,6%, though the average Rand value per transaction moved lower. The customer-base was expanded significantly, with pleasing growth in corporate customers. Expansion here assures continued strengthening of annuity income streams, a key focus area.

The 2010 World Cup did not meet expectations as we anticipated material trading improvement in the months leading up to the event. In actual fact, trading was particularly tough in these lead-up months, but the bank did notably well during the month-long tournament.

Deposit-taking activities showed pleasing growth, cash flows were strong and expenses well managed. Credit management processes remained robust and the bank suffered no bad debts. There are no impairment issues to manage. Margins improved.

The bank assumed management responsibility for Master Currency on an outsourced basis during the year.

Bidvest Bank obtained its first rating, receiving an A3.za/P-2.za rating from Moody's.

The bank took advantage of its strong balance sheet and high level of liquidity by acquiring McCarthy Fleet Solutions from current resources. This asset-based finance business became part of the leasing division.

The acquisition of the leasing business has received South African Reserve Bank approval and was implemented with effect from 1 June 2010. Previous impairment issues in the newly acquired division have been addressed and there were no bad debts for credit granted in the financial year under review. Margins and interest yields were well managed and the leasing division produced good profit growth.

The bank remains well capitalised and retains the capacity to fund further growth. Bank assets have grown from R1,6 billion to R3,3 billion. The return on equity, leverage ratio and cost-to-income ratio have improved in the consolidated business.

Three core operating pillars now sustain the business: retail travel foreign exchange, corporate foreign exchange and asset-based lending. The previously narrow banking franchise has widened significantly. Had the acquisition been included for the full year, management's assessment of the profit after tax impact would have been R238 million.

During the year, significant improvements were made in compliance, corporate governance, internal audit, risk management and transformation. Bidvest Bank Limited, which is involved in 3 enterprise developments, is currently being audited, which will result in an anticipated level three (3) contributor empowerment rating compared to our level six (6) rating in June 2009.

Bidvest Bank continued its investment in people and infrastructure to meet the challenges of a growing institution. This is particularly evident in the cluster of governance departments, sales and information technology.

At year end, The Bidvest Group Limited, the bank's ultimate holding company, subscribed for 18 million new shares, thereby increasing 1st tier permanent capital by R270 million.

Many economists believe the interest rate cycle is nearing the bottom and expect the Rand to enter a weakening trend, suggesting the bank's revenue generation will improve in the year ahead. The bank has budgeted for organic revenue and profit growth for the 2011 financial year. A revised Moody's rating will be sought.



A C SALOMON

August 24 2010

Consolidated statement of comprehensive income

* Includes one month of subsidiary results
for the year ended June 30

	2010 R'000	2009 R'000
Net interest income	57 190	59 264
Interest received	102 575	108 842
Interest paid	(45 385)	(49 578)
Net fee and commission income	153 815	147 621
Net income from leasing activities	17 604	-
Net trading income	245 822	251 084
Other income	10 393	3 477
Operating income	484 824	461 446
Net credit impairment charges	(1 402)	(2 276)
Operating income after credit impairment charges	483 422	459 170
Operating expenditure	(336 565)	(271 657)
Profit before direct taxation	146 857	182 765
Direct taxation	(38 536)	(50 134)
Profit for the period	108 321	132 631

Pro-forma consolidated statement of comprehensive income

* Pro-forma assuming full year inclusion of subsidiary results for 2010 and 2009

for the year ended June 30

	2010 R'000	2009 R'000
Net interest income	17 471	(20 554)
Interest received	91 429	158 133
Interest paid	(73 958)	(178 687)
Net fee and commission income	173 773	186 187
Net income from leasing activities	219 532	258 376
Net trading income	245 822	251 084
Other income	110 301	4 512
Operating income	766 900	679 605
Net credit impairment charges	(28 183)	(13 279)
Operating income after credit impairment charges	738 717	666 326
Operating expenditure	(423 262)	(369 599)
Profit before direct taxation	315 454	296 727
Direct taxation	(93 179)	(76 315)
Profit for the period	222 275	220 411

Consolidated statement of financial position

Six year review

for the year ended June 30

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
Assets						
Cash and balances with banks	959 670	752 374	533 175	174 675	238 148	131 089
Loans and advances	659 277	598 625	540 261	384 071	194 889	118 368
Leased assets	1 322 849	-	-	-	-	-
Investment securities	59 028	62 808	52 596	36 787	16 730	52 866
Other assets	124 411	90 976	46 876	48 165	35 602	21 839
Equipment and intangibles	96 322	67 874	31 248	22 530	19 703	13 398
Taxation	11 010	1 882	118	725	1 205	752
Total assets	3 235 567	1 574 539	1 204 274	666 953	506 277	338 312
Equity and liabilities						
Equity						
	972 346	604 983	469 295	389 553	330 896	191 330
Liabilities						
	2 263 221	969 556	734 979	277 400	175 381	146 982
Intergroup loan	714 172	-	-	-	-	-
Deposits	1 178 110	832 386	466 935	200 372	113 543	94 623
Other liabilities	216 018	136 802	250 361	66 506	57 235	52 359
Taxation	154 921	368	17 683	10 522	4 603	-
Total equity and liabilities	3 235 567	1 574 539	1 204 274	666 953	506 277	338 312

Statistics, return and capital adequacy

Six year review

Statistical review	2010*	2009	2008	2007	2006	2005
Statement of comprehensive income						
Net interest income to assets (%)	1,4	4,3	4,9	4,3	2,7	2,3
Non-interest income to assets (%)	19,0	28,9	31,0	41,4	48,0	65,8
Operating expenses to assets (%)	14,8	19,6	22,0	29,1	37,8	51,8
Interest income to interest earning assets (%)	10,3	9,8	10,0	8,7	6,4	7,1
Interest expense to funding liabilities (%)	7,4	7,6	8,0	6,8	6,1	7,3
Cost to income (%)	52,4	58,9	61,3	64,3	74,5	76,2
Non-interest income to total income (%)	95,0	87,2	85,6	91,4	94,7	96,6
Credit loss ratio (%)	1,3	0,4	1,1	3,3	0,8	0,8
Effective tax excluding indirect tax (%)	28,6	26,7	28,0	27,2	26,5	28,3
Effective tax including indirect tax (%)	31,5	29,3	34,4	33,0	34,1	34,9
Statement of financial position						
Return on assets (%)	8,2	8,4	6,8	8,8	6,8	9,5
Return on equity (%)	33,2	21,9	17,4	15,0	11,0	17,0
Return on risk-weighted assets (%)	3,0	4,0	3,7	7,9	17,1	20,1
Loans to deposits (%)	107,4	71,9	115,7	191,7	171,6	125,1
Regulatory capital to risk-weighted assets (%)	21,9	12,8	12,5	27,7	114,8	97,0
Financial leverage (times)	3,3	2,6	2,6	1,7	1,6	1,8

* 2010 pro-forma assuming full year inclusion of subsidiary results

Statistics, return and capital adequacy

Six year review

Statistical review

Statement of comprehensive income

Statistical information

	2010*	2009	2008	2007	2006	2005
Number of employees	997	699	550	478	464	458
Number of branches	89	79	65	61	55	53
Income per employee (R'000)	791	660	616	568	478	465
Expense per employee (R'000)	414	389	374	365	356	355
Profit before taxation per employee (R'000)	349	268	227	183	119	109

Capital adequacy

Total assets (R'm)	3 248	1 575	1 204	667	534	342
Risk-weighted assets (R'm)	3 201	3 409	3 164	1 213	265	162
Regulatory capital (R'm)	702	436	397	336	305	157

Market indicators

Exchange rates at June 30

USD	7,67	7,71	7,85	7,04	7,14	6,68
GBP	11,48	12,75	15,66	14,12	13,17	11,97
EURO	9,39	10,86	12,38	9,51	9,11	8,07

Average exchange rates

USD	7,59	9,04	7,30	7,22	6,43	6,21
GBP	12,01	14,30	14,64	13,95	11,44	11,93
EURO	10,56	12,01	10,76	9,41	7,82	7,89
Prime overdraft rate (%)	10,00	11,00	15,50	13,00	11,00	10,50

* 2010 pro-forma assuming full year inclusion of subsidiary results

Contact

Board of directors

Mrs L T de Waal

Mr L I Jacobs

Mr B Joffe

Mr P Nyman

Mr J L Pamensky (chairman)

Mr N G Payne

Mr J H Postmus

Mr A C Salomon

Mr R G H Smith

Company secretary and registered office

D J Crawley

Bidvest House

18 Crescent Drive, Melrose Arch

Johannesburg

2196 South Africa

Registration Number 2000/006478/06

Corporate office

11th Floor, Rennie House

19 Ameshoff Street

Braamfontein

2001, Johannesburg

Postal address

PO Box 185

2000 Johannesburg

Telephone

Corporate Office

+27 (0)11 407 3000

Call Centre

+27 (0)860 11 11 77

Facsimile

+27 (0)11 407 3322

Website

Refer to www.bidvestbank.co.za for full set of audited results

Products and Services

Corporate Foreign Exchange

- fxpaynet™ online foreign exchange platform
- Treasury solutions
- Foreign currency payments and receipts
- Spot and forward exchange contracts
- Settlement facilities
- Foreign currency accounts

Trade services

- Customer foreign currency accounts (CFC)
- Foreign bills for collection
- Guarantees
- Letters of credit

Travel Foreign Exchange - leisure

- World Currency Cards
- Bank notes in over 60 currencies
- American Express Travellers Cheques
- Cash Passport

Travel Foreign Exchange - business

- Dedicated relationship manager
- Payment facilities
- Delivery and collection services
- Management reports
- Omnibus approvals
- Exchange control regulatory services
- After hours support

Foreign Money Transfers

- Bank drafts
- MoneyGram
- Telegraphic transfers

Fleet and Asset Finance

- Full maintenance leasing
- Operating rentals
- Maintenance contracts
- Managed maintenance
- Instalment sale or financial lease

Corporate Loans and Advances

- General banking facilities
- Debtor finance
- Structured finance
- Equipment and asset-based finance
- Capital raising finance

Deposits and Investments

- Savings/transactional accounts
- Call accounts
- Fixed deposit accounts
- Notice accounts

Corporate Card

- Corporate Payment Card solution

