



# Investec Bank Limited

## Reviewed interim condensed consolidated financial results for the six months to 30 September 2007

### Consolidated income statement

R' million	Reviewed 6 months to 30 Sept. 2007	Reviewed 6 months to 30 Sept. 2006	Audited Year to 31 March 2007
Interest income	6,930	4,374	10,339
Interest expense	(5,342)	(3,174)	(7,785)
<b>Net interest income</b>	<b>1,588</b>	<b>1,200</b>	<b>2,554</b>
Fees and commissions income	463	342	910
Fees and commissions expense	(10)	(20)	(46)
Principal transactions	412	513	1,000
Operating income/(loss) from associates	15	(27)	(10)
<b>Other income</b>	<b>880</b>	<b>808</b>	<b>1,854</b>
<b>Total operating income</b>	<b>2,468</b>	<b>2,008</b>	<b>4,408</b>
Impairment losses on loans and advances	(3)	(90)	(122)
<b>Operating income</b>	<b>2,465</b>	<b>1,918</b>	<b>4,286</b>
Administrative expenses	(1,280)	(995)	(2,150)
Depreciation and amortisation of property, equipment and software	(32)	(20)	(51)
<b>Operating profit</b>	<b>1,153</b>	<b>903</b>	<b>2,085</b>
Profit on disposal of subsidiary*	-	-	39
<b>Profit before taxation</b>	<b>1,153</b>	<b>903</b>	<b>2,124</b>
Taxation	(311)	(210)	(572)
<b>Profit after taxation</b>	<b>842</b>	<b>693</b>	<b>1,552</b>
Earnings attributable to minority interests	-	3	3
Earnings attributable to shareholders	<b>842</b>	<b>690</b>	<b>1,549</b>
	<b>842</b>	<b>693</b>	<b>1,552</b>

\*The group disposed of its investment in Investec Holdings (Botswana) Limited during the prior year to Investec Asset Management Holdings (Pty) Ltd on an arms length basis.

R' million	Reviewed 6 months to 30 Sept. 2007	Reviewed 6 months to 30 Sept. 2006	Audited Year to 31 March 2007
<b>Headline earnings</b>			
Earnings attributable to shareholders	842	690	1,549
Headline adjustments	-	-	(39)
Profit on disposal of subsidiary*	-	-	(39)
<b>Headline earnings attributable to shareholders</b>	<b>842</b>	<b>690</b>	<b>1,510</b>
Preference dividends paid	(69)	(59)	(121)
<b>Headline earnings attributable to ordinary shareholders</b>	<b>773</b>	<b>631</b>	<b>1,389</b>

### Consolidated balance sheet at

R' million	Reviewed 30 Sept. 2007	Audited 31 March 2007	Reviewed 30 Sept. 2006
<b>Assets</b>			
Cash and balances at central banks	2,015	851	1,654
Loans and advances to banks	13,376	20,141	13,597
Cash equivalent advances to customers	9,259	7,214	6,367
Reverse repurchase agreements and cash collateral on securities borrowed	4,307	2,916	2,121
Trading securities	13,969	13,472	11,719
Derivative financial instruments	6,853	5,693	12,630
Investment securities	2	29	27
Loans and advances to customers	79,083	69,174	62,241
Securitised assets	12,170	11,807	8,933
Interest in associated undertakings	250	221	251
Deferred taxation assets	273	263	250
Other assets	1,332	1,062	867
Property and equipment	105	104	99
Investment properties	3	3	1
Intangible assets	72	61	39
Loans to group companies	10,783	9,753	7,512
	<b>153,852</b>	<b>142,764</b>	<b>128,308</b>
<b>Liabilities</b>			
Deposits by banks	9,052	12,959	8,794
Derivative financial instruments	6,951	5,576	10,219
Other trading liabilities	334	255	59
Repurchase agreements and cash collateral on securities lent	3,021	2,378	2,496
Customer accounts	79,877	73,074	61,105
Debt securities in issue	23,735	19,304	18,754
Liabilities arising on securitisation	12,140	11,735	8,917
Current taxation liabilities	456	307	244
Deferred taxation liabilities	351	284	268
Other liabilities	4,086	3,770	4,879
	<b>140,003</b>	<b>129,642</b>	<b>115,735</b>
Subordinated liabilities (including convertible debt)	3,025	3,066	3,105
	<b>143,028</b>	<b>132,708</b>	<b>118,840</b>
<b>Equity</b>			
Ordinary share capital	16	16	16
Share premium	4,732	4,732	4,732
Equity portion of convertible debentures	229	229	229
Perpetual preference shares	1,491	1,491	1,491
Other reserves	824	738	546
Retained income	3,532	2,850	2,443
Shareholders' equity excluding minority interests	10,824	10,056	9,457
Minority interests	-	-	11
<b>Total equity</b>	<b>10,824</b>	<b>10,056</b>	<b>9,468</b>
<b>Total liabilities and equity</b>	<b>153,852</b>	<b>142,764</b>	<b>128,308</b>

### Condensed statement of changes in equity

R' million	Reviewed 6 months to 30 Sept. 2007	Reviewed 6 months to 30 Sept. 2006	Audited Year to 31 March 2007
<b>Balance at the beginning of the period</b>	<b>10,056</b>	<b>8,812</b>	<b>8,812</b>
Foreign currency adjustments	(5)	16	12
Earnings for the period attributable to shareholders	842	690	1,549
Earnings for the period attributable to minority interests	-	3	3
Share based payments adjustments	-	6	-
Dividends paid to ordinary shareholders	-	-	(190)
Dividends paid to perpetual preference shareholders	(69)	(59)	(121)
Fair value gain on available for sale assets	-	-	2
Decrease in minorities on disposals	-	-	(5)
Dividends paid to minorities	-	-	(6)
<b>Balance at the end of the period</b>	<b>10,824</b>	<b>9,468</b>	<b>10,056</b>

### Condensed consolidated cash flow statement

R' million	Reviewed 6 months to 30 Sept. 2007	Reviewed 6 months to 30 Sept. 2006	Audited Year to 31 March 2007
Net cash inflow from operating activities	958	653	1,295
Net cash inflow from banking activities	3,447	1,332	2,521
Net cash outflow from investing activities	(58)	(315)	(284)
Net cash outflow from financing activities	(1,035)	(988)	(3,251)
<b>Net increase in cash and cash equivalents</b>	<b>3,312</b>	<b>682</b>	<b>281</b>
Cash and cash equivalents at the beginning of the period	7,960	7,679	7,679
<b>Cash and cash equivalents at the end of the period</b>	<b>11,272</b>	<b>8,361</b>	<b>7,960</b>

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).

### Segmental information

For the 6 months to 30 September 2007

R' million	Private Client Activities	Capital Markets	Investment Banking	Other	Total
Operating income	969	839	216	441	2,465
Operating expenses	(643)	(388)	(109)	(172)	(1,312)
<b>Operating profit</b>	<b>326</b>	<b>451</b>	<b>107</b>	<b>269</b>	<b>1,153</b>
Cost to income ratio (%)	63.8	49.6	47.0	38.7	53.2

For the 6 months to 30 September 2006

R' million	Private Client Activities	Capital Markets	Investment Banking	Other	Total
Operating income	693	672	202	351	1,918
Operating expenses	(467)	(293)	(76)	(179)	(1,015)
<b>Operating profit</b>	<b>226</b>	<b>379</b>	<b>126</b>	<b>172</b>	<b>903</b>
Cost to income ratio (%)	64.2	40.1	37.6	51.4	50.5

These consolidated interim 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

We are pleased to announce that Investec Bank Limited, a subsidiary of Investec Limited, posted an increase in headline earnings attributable to ordinary shareholders of 22.5% from R631 million to R773 million. 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 six months ended 30 September 2006 and operating profit is before taxation.

Salient operational features of the period under review include:

- The Private Client Activities division posted an increase of 44.2% in operating profit to R326 million (2006: R226 million). The Private Bank has benefited from strong growth in advances, non-interest income and a solid performance recorded across its areas of specialisation. Since 31 March 2007 the Private Client lending book has grown by 15.7% to R64.5 billion and the division increased its retail deposit book by 20.7% to R31.7 billion.
- The Capital Markets division posted operating profit of R451 million (2006: R379 million), an increase of 19.0%. Growth was underpinned by a good performance from the division's advisory, structuring, asset creation and distribution activities. Since 31 March 2007 the division's lending book has grown by 5.7% to R21.4 billion.
- Operating profit of the Investment Banking division decreased by 15.1% to R107 million (2006: R126 million). The Corporate Finance division benefited from a high level of activity and the Direct Investments portfolio performed well. The Private Equity division within the Investec Bank Limited Group, however, recorded lower profits than in the prior period.
- Other Activities posted a 56.4% increase in operating profit to R269 million (2006: R172 million) largely as a result of a strong increase in net interest income and a solid performance from some of the investments within the central funding portfolio.

#### Accounting policies and disclosures

The interim results are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the results for the six months ended 30 September 2007 are consistent with those adopted in the financial statements for the year ended 31 March 2007.

#### Securitised assets and related liabilities disclosure

Securitized assets and related liabilities, which continue to be recognised on balance sheet, are now disclosed as separate line items on the face of the balance sheet. In prior periods, securitized assets were included within loans and advances to customers and trading securities and liabilities arising on securitisation were included in debt securities in issue. This change in disclosure is to provide more relevant and useful information to users.

On behalf of the Board of Investec Bank Limited

Fani Titi

Chairman

Stephen Koseff

Chief Executive Officer

Bernard Kantor

Managing Director

15 November 2007

KPMG Inc. and Ernst & Young Inc, the company's independent auditors, have reviewed the interim condensed consolidated financial statements contained in this interim report and have expressed an unmodified conclusion on the interim condensed consolidated financial statements.

Their review report is available for inspection at the company's registered office.

#### Non-redeemable non-cumulative non-participating preference shares declaration of dividend number 9

Notice is hereby given that preference dividend number 9 amounting to 486.47 cents per share has been declared for the period 1 April 2007 to 30 September 2007. The dividend is 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 30 November 2007.

The relevant dates for the payment of dividend number 9 are as follows:

Last day to trade cum-dividend	Friday, 23 November 2007
Shares trade ex-dividend	Monday, 26 November 2007
Record date	Friday, 30 November 2007
Payment date	Tuesday, 11 December 2007

Share certificates may not be dematerialised or rematerialised between Monday, 26 November 2007 and Friday, 30 November 2007, both dates inclusive.

By order of the board

B Coetsee

Company Secretary

Sandton

15 November 2007

#### Registered office

100 Grayston Drive  
Sandown  
Sandton  
2196

#### Transfer secretaries

Computershare Investor Services  
2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg 2001

Investec Bank Limited  
(Registration number 1969/004763/06)  
JSE Code: INLP ISIN: ZAE000048393

Directors: F Titi (Chairman), D M Lawrence\* (Deputy Chairman),  
S Koseff\* (Chief Executive), B Kantor\* (Managing), S E Abrahams, G R Burger\*,  
M P Malungani, K X T Socikwa, B Tapnack\*, P R S Thomas, C B Tshili.

\*Executive

D E Jowell retired as a board member with effect 30 September 2007.

Company Secretary: B Coetsee

