



# Investec Bank Limited

## Reviewed interim condensed consolidated financial results for the six months to 30 September 2008

### Consolidated income statement

R' million	Reviewed 6 months to 30 Sept. 2008	Reviewed 6 months to 30 Sept. 2007	Audited Year to 31 March 2008
Interest income	10,498	6,930	15,731
Interest expense	(8,416)	(5,342)	(12,216)
<b>Net interest income</b>	<b>2,082</b>	<b>1,588</b>	<b>3,515</b>
Fee and commission income	486	463	1,084
Fee and commission expense	(22)	(10)	(30)
Principal transactions	854	412	1,202
Operating (loss)/income from associates	(27)	15	(1)
<b>Other income</b>	<b>1,291</b>	<b>880</b>	<b>2,255</b>
<b>Total operating income</b>	<b>3,373</b>	<b>2,468</b>	<b>5,770</b>
Impairment losses on loans and advances	(178)	(3)	(466)
<b>Operating income</b>	<b>3,195</b>	<b>2,465</b>	<b>5,304</b>
Administrative expenses	(1,445)	(1,280)	(2,713)
Depreciation and amortisation of property, equipment and software	(35)	(32)	(69)
<b>Operating profit</b>	<b>1,715</b>	<b>1,153</b>	<b>2,522</b>
Loss on disposal of group operations*	-	-	(38)
<b>Profit before taxation</b>	<b>1,715</b>	<b>1,153</b>	<b>2,484</b>
Taxation	(410)	(311)	(686)
<b>Profit after taxation</b>	<b>1,305</b>	<b>842</b>	<b>1,798</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.			
<b>Headline earnings</b>			
Earnings attributable to shareholders	1,305	842	1,798
Preference dividends paid	(80)	(69)	(142)
<b>Earnings attributable to ordinary shareholders</b>	<b>1,225</b>	<b>773</b>	<b>1,656</b>
Headline adjustments:	-	-	38
Loss on disposal of group operations	-	-	38
<b>Headline earnings attributable to ordinary shareholders</b>	<b>1,225</b>	<b>773</b>	<b>1,694</b>

### Consolidated balance sheet at

R' million	Reviewed 30 Sept. 2008	Audited 31 March 2008	Reviewed 30 Sept. 2007
<b>Assets</b>			
Cash and balances at central banks	3,103	2,811	2,015
Loans and advances to banks	14,944	14,418	13,376
Cash equivalent advances to customers	6,972	7,782	9,259
Reverse repurchase agreements and cash collateral on securities borrowed	8,223	5,752	4,307
Trading securities	18,021	17,913	13,969
Derivative financial instruments	7,771	9,668	6,853
Investment securities	478	350	2
Loans and advances to customers	105,535	95,021	79,083
Securitized assets	5,675	6,275	12,170
Interest in associated undertakings	167	195	250
Deferred taxation assets	290	285	273
Other assets	1,037	1,056	1,332
Property and equipment	178	144	105
Investment properties	5	5	3
Intangible assets	73	75	72
Loans to group companies	5,717	5,812	10,783
	<b>178,189</b>	<b>167,562</b>	<b>153,852</b>
<b>Liabilities</b>			
Deposits by banks	9,332	9,427	9,052
Derivative financial instruments	7,673	10,152	6,951
Other trading liabilities	805	266	334
Repurchase agreements and cash collateral on securities lent	6,306	1,533	3,021
Customer accounts	122,162	115,654	102,309
Debt securities in issue	3,201	2,524	1,303
Liabilities arising on securitisation	5,185	5,637	12,140
Current taxation liabilities	733	697	456
Deferred taxation liabilities	490	323	351
Other liabilities	3,515	3,679	4,086
	<b>159,402</b>	<b>149,892</b>	<b>140,003</b>
Subordinated liabilities (including convertible debt)	5,091	4,710	3,025
	<b>164,493</b>	<b>154,602</b>	<b>143,028</b>
<b>Equity</b>			
Ordinary share capital	21	19	16
Share premium	7,066	6,786	4,732
Equity portion of convertible debentures	-	22	229
Perpetual preference shares	1,491	1,491	1,491
Other reserves	152	911	824
Retained income	4,961	3,731	3,532
Shareholders' equity excluding minority interests	13,691	12,960	10,824
Minority interests	5	-	-
<b>Total equity</b>	<b>13,696</b>	<b>12,960</b>	<b>10,824</b>
<b>Total liabilities and equity</b>	<b>178,189</b>	<b>167,562</b>	<b>153,852</b>

### Condensed statement of changes in equity

R' million	Reviewed 6 months to 30 Sept. 2008	Audited Year to 31 March 2008	Reviewed 6 months to 30 Sept. 2007
<b>Balance at the beginning of the period</b>	<b>12,960</b>	<b>10,056</b>	<b>10,056</b>
Foreign currency adjustments	-	1	(5)
Profit after taxation	1,305	1,798	842
Dividends paid to ordinary shareholders	(500)	(650)	-
Dividends paid to perpetual preference shareholders	(80)	(142)	(69)
Fair value gain on available for sale assets	6	47	-
Increase in minorities interests on acquisition	5	-	-
Issue of shares	-	1,850	-
<b>Balance at the end of the period</b>	<b>13,696</b>	<b>12,960</b>	<b>10,824</b>

### Condensed consolidated cash flow statement

R' million	Reviewed 6 months to 30 Sept. 2008	Audited Year to 31 March 2008	Reviewed 6 months to 30 Sept. 2007
Net cash inflow from operating activities	1,724	2,792	958
Net cash (outflow)/inflow from banking activities	(838)	(3,017)	3,447
Net cash outflow from investing activities	(67)	(99)	(58)
Net cash (outflow)/inflow from financing activities	(180)	2,678	(1,035)
<b>Net increase in cash and cash equivalents</b>	<b>639</b>	<b>2,354</b>	<b>3,312</b>
Cash and cash equivalents at the beginning of the period	10,314	7,960	7,960
<b>Cash and cash equivalents at the end of the period</b>	<b>10,953</b>	<b>10,314</b>	<b>11,272</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 2008

R' million	Private Client Activities	Capital Markets	Investment Banking	Group Services and Other	Total
Operating income	1,004	904	695	592	3,195
Operating expenses	(704)	(455)	(146)	(175)	(1,480)
<b>Operating profit</b>	<b>300</b>	<b>449</b>	<b>549</b>	<b>417</b>	<b>1,715</b>
Cost to income ratio (%)	63.5	47.9	21.0	28.3	43.9

For the 6 months to 30 September 2007

R' million	Private Client Activities	Capital Markets	Investment Banking	Group Services and 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

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 58.5% from R773 million to R1,225 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 2007. Operating profit is before taxation and headline adjustments.

Salient operational features of the period under review include:

- The Private Client Activities division posted a decrease in operating profit of 8.0% to R300 million (2007: R326 million). Higher average advances and a diversified set of revenues supported a 10.0% increase in operating income, however, impairment losses on loans and advances have increased as a result of the weaker credit environment. The private client core lending book grew by 8.3% to R79,7 billion (31 March 2008: R73,6 billion) and the division increased its retail deposit book by 11.0% to R39,8 billion (31 March 2008: R35,9 billion). Funds under advice decreased 4.1% to R24,8 billion (31 March 2008: R25,8 billion).
- The Capital Markets division posted operating profit in line with the prior period of R449 million (2007: R451 million). The division's advisory, treasury and trading activities continued to perform well. The division's lending book has grown by 14.6% to R30,7 billion (31 March 2008: R26,8 billion).
- Operating profit of the Investment Banking division increased significantly to R549 million (2007: R107 million). The performance of the Corporate Finance division was negatively impacted as a result of fewer transactions completed compared to the prior year. The investments held within the Direct Investment and Private Equity portfolios performed well.
- Other Activities contributed R417 million (2007: R269 million) largely as a result of increased cash holdings and higher interest rates.

#### 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 2008 are consistent with those adopted in the financial statements for the year ended 31 March 2008.

#### Reclassification to prior period balance sheet

Following the implementation of IFRS 7 disclosure requirements in the 31 March 2008 financial year, the classification of certain financial instruments into balance sheet classes was refined to achieve more appropriate disclosure. The adjustments to the 30 September 2007 balance sheet comprised R22,432 million, reclassified from debt securities in issue to customer accounts, as these balances are seen as term deposits rather than debt instruments in issue.

#### Compulsorily convertible debentures

The compulsorily convertible debentures that were outstanding at 31 March 2008 were converted to shares on 31 July 2008. This resulted in an increase in share capital and share premium with no impact on total equity.

On behalf of the Board of Investec Bank Limited

**Fani Titi** **Stephen Koseff** **Bernard Kantor**  
Chairman Chief Executive Officer Managing Director

13 November 2008

### Review conclusion

KPMG Inc and Ernst & Young Inc., the company's independent auditors, have reviewed the condensed consolidated interim financial statements contained in this interim report and have expressed an unmodified conclusion on the condensed consolidated interim financial statements. Their review report is available inspection at the company's registered office.

### Non-redeemable non-cumulative non-participating preference shares

#### Declaration of dividend number II

Notice is hereby given that preference dividend number II has been declared for the period 01 April 2008 to 30 September 2008 amounting to 574,32 cents per share 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, 28 November 2008.

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

Last day to trade cum-dividend	Friday, 21 November 2008
Shares commence trading	
ex-dividend	Monday, 24 November 2008
Record date	Friday, 28 November 2008
Payment date	Tuesday, 09 December 2008

Share certificates may not be dematerialised or rematerialised between Monday, 24 November 2008 and Friday, 28 November 2008, both dates inclusive.

By order of the board

#### B Coetsee

Company Secretary 13 November 2008

#### Registered office

100 Grayston Drive  
Sandown  
Sandton  
2196

#### Transfer secretaries

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

Investec Bank Limited  
(Registration number 1969/004763/06)  
Share Code: INLP ISIN: ZAE000048393  
Directors: F Titi (Chairman), D M Lawrence\* (Deputy Chairman),  
S Koseff\* (Chief Executive), B Kantor\* (Managing Director), S E Abrahams, G R Burger\*,  
R M W Dunne, M P Malungani, K X T Socikwa, B Tapnack\*, P R S Thomas, C B Tshili.  
\*Executive  
Company Secretary: B Coetsee

R M W Dunne was appointed to the board of directors with effect from 02 June 2008.

