Investec Bank Limited salient financial information for the six months ended 30 September 2008

Out of the Ordinary®

Investec

Corporate information

Secretary and Registered Office

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Internet address
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Registration number
1969/004763/06

Auditors
Ernst & Young Inc.
KPMG Inc.

Transfer Secretaries
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107
Telephone (27 11) 370 5000

Directorate

Executive Directors
S Koseff (Chief Executive Officer)
B Kantor (Managing Director)
GR Burger (Group Risk and Finance Director)
DM Lawrence (Deputy Chairman)
B Tapnack

Non-Executive Directors
F Titi (Chairman)
SE Abrahams
RMW Dunne
MP Malungani
KXT Socikwa
PRS Thomas
CB Tsili

RMW Dunne was appointed to the board of directors with effect from 2 June 2008.

For queries regarding information in this document:

Investor Relations
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Internet address: www.investec.com/grouplinks/investorrelations

Contents

Overview

Overview of the Investec group

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist banking group that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a Dual Listed Companies (DLC) structure with linked companies listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in Australia.

What we do

We are organised as a network comprising five business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance business.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist banking group. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Mission statement

We strive to be a distinctive specialist banking group, driven by commitment to our core philosophies and values.

Values

Distinctive Performance

- Outstanding talent - empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Dedicated Partnerships

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

Client Focus

- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

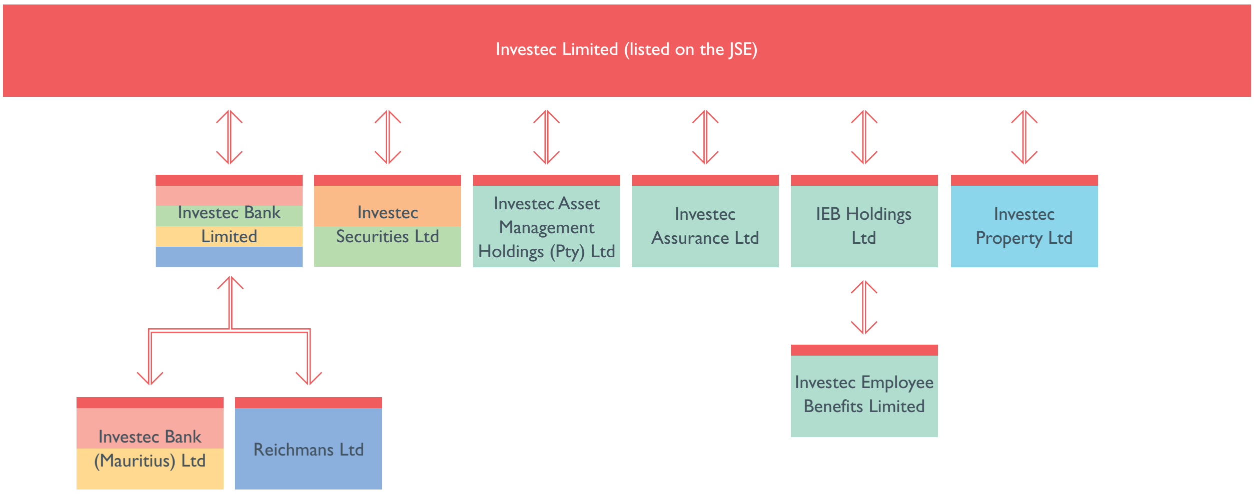
Philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance

Investec Bank Limited organisational structure

In terms of the implementation of the DLC structure Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius. Investec Limited is listed on the JSE Limited South Africa. Investec Bank Limited (referred to in this report as the bank) is a subsidiary of Investec Limited.

As at 30 September 2008



Key: activities conducted

- Private Banking
- Private Client Portfolio Management and Stockbroking
- Capital Markets
- Investment Banking
- Asset Management and Assurance Activities
- Property Activities
- Other Activities

Note:
All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

Overview of Investec Bank Limited

Introduction

The bank's structure comprises three principal business units: Private Banking, Capital Markets and Investment Banking. Each division provides specialised products and services to defined target markets. Our head office also provides certain group-wide integrating functions including Risk Management, Information technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. The office is also responsible for our central funding as well as other activities such as trade finance.

Private Banking

Investec Private Bank provides a range of private banking services, targeting select high income and net worth individuals in chosen niche markets. These services include:

- Banking
- Structured Property Finance
- Growth and Acquisition Finance
- Wealth Management and Advisory
- Trust and Fiduciary

We are the ideal partner for those who require more than traditional banking services. The philosophy of 'out thinking' rather than 'out muscling' underpins all that we do. This means aspiring to be not only better, but more importantly different. We position ourselves as the 'investment bank for private clients', offering both credit and investment services to our select clientele.

This unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. Our principal private banking products and services are described in further detail below.

One of our key strengths is the ability to originate new business by leveraging off our strong client relationships, which we establish through our lending activities. This sets us apart from other private banks that are dependent on the more traditional asset-gathering model.

Finally, not only do we have a presence in each of the major centres of South Africa, but we are strongly integrated with the group's UK and Australian operations.

Banking

This offering comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include lending, foreign exchange, daily transactional banking, mortgages, short-term insurance and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

Structured Property Finance

A key part of our business, we provide senior debt, mezzanine and equity to industry leaders involved in the residential and commercial property markets. Our strong connections within the market and deep relationships with our clients allow us to proactively bring opportunities to them.

Growth and Acquisition Finance

We work with entrepreneurs, management teams and private equity houses to implement acquisition and growth strategies for mid-market and privately owned businesses. Our practitioners work with clients on a long-term basis, creating and realising shareholder value. Using preferred equity, mezzanine debt, integrated finance and/or asset-based lending, we meet the needs of our client base.

Wealth Management and Advisory

We focus exclusively on creating customised global investment strategies for select ultra high net worth entrepreneurs, offering access to sophisticated, institutional opportunities not typically available to private investors. Our model is predicated on the philosophy of 'high touch, high value'. This ensures that each client is allocated an expert investment practitioner who proactively partners with them in achieving their bespoke financial goals.

Our offering focuses on identifying institutional managers who consistently excel in their areas of expertise. We are independent and utilise outstanding traditional and alternative investment products and services from the world's leading financial institutions.

Overview of Investec Bank Limited

Trust and Fiduciary

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates uniquely within the fiduciary market, as a bank owned trust company with the independence to operate with partners best suited to our clients. Working alongside these partners, our focus is on the delivery and administration of complex and effective international financial structures tailored to each individual.

Capital Markets

Our Capital Markets division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of our wholesale debt, structuring, proprietary trading, capital markets and derivatives business.

We focus on the following activities:

Asset and liability management

Treasury provides South African Rand, Sterling, Euro and US Dollar funding to the group and manages liquidity and interest rate risk for the group.

Corporate treasury

Corporate treasury offers corporate and commercial clients a direct dealing capability with a single point of contact for both foreign exchange requirements, and short term international and domestic money market products.

Financial Products

The four businesses comprising Financial Products offer derivative hedging solutions to clients in the interest rate and foreign exchange environment, provide scrip lending services on an agency basis, structure and distribute investment products to individuals and institutions, manage the bank's preference share investments and funding thereof as well as structure equity solutions for individuals, corporates and BEE consortia.

Structured and Asset Finance

This area focuses on structured and conventional lending and debt capital markets, including securitisation, bond origination and principal finance across various asset classes. Structured lending includes asset finance and leasing, preference share finance, LBO's, MBO's and financing solutions for corporate, government and public sector clients.

Project and Infrastructure Finance

We provide advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, defence projects, transport and power.

Commodities and Resource Finance

We are active in the precious and base metals, minerals, oil and gas sectors. The business operates across the debt-equity spectrum and includes advisory services, debt arranging and underwriting, structuring and providing hedging solutions.

Interest Rate Trading

Products include forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements. We act as market makers and trade as principal.

Foreign Exchange Trading

We are a market maker in the spot, forward exchange, currency swaps and currency derivatives markets (options and futures), principally in Rand and G7 currencies.

Overview of Investec Bank Limited

Equity Derivatives Trading

We trade major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. We provide hedging and structuring services directly to financial intermediaries and institutions and indirectly via the Financial Products area to companies and individuals.

Investment Banking

We engage in a range of investment banking activities, including corporate finance, direct investments and private equity.

We are established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of our local knowledge and expertise, we are well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which we have been involved.

Corporate Finance

We focus on the development of our domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice. In addition, since 2006 we have started to focus on initial public offerings and capital raisings as the domestic capital market activity in South Africa has improved.

Direct Investments

As a result of our in-depth market knowledge and local expertise, we are well positioned to take direct positions in predominantly JSE listed shares where we believe that the market is mispricing the value of underlying portfolio of assets. These investment positions will be carefully researched with the intent to stimulate corporate activity. We also continue to pursue opportunities to help to create and grow black owned and controlled companies.

Private Equity

We actively seek and select expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

Group Services and Other Activities

Central Services

Central Services is made up of functional areas that provide services centrally across all our business operations. Consistent with our philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations. While these services do not form part of the operating divisions, we have a policy in place whereby a portion of these costs are allocated to the divisions.

Our principal Central Services, relating to the operations and control of our business, are Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information and Business Intelligence Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

Central Funding

Our business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. We use various sources of funding, depending on the specific financial and strategic requirements we face at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to our principal operating divisions.

Overview of Investec Bank Limited

Other Activities

Other Activities include those operations that are better managed separately due to the specific expertise which would be diluted if incorporated and split across the business operations. Also included are those operations that do not yet fall into one of our principal business divisions and that we have grown organically or retained following acquisition due to their profitability and diversifying effect on our income streams.

International Trade Finance

We acquired our International Trade Finance business, ReichmansCapital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. We offer trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

Commentary on results and salient information

Unless the context indicates otherwise, all comparatives referred to in the commentary below relate to the six months ended 30 September 2007. Operating profit is before taxation and headline adjustments.

Overview performance

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.

R'million	6 months to 30 Sept 2008	6 months to 30 Sept 2007	% Change	Year to 31 March 2008
Profit before taxation	1 715	1 153	48.7%	2 484
Headline earnings attributable to ordinary shareholders	1 225	773	58.5%	1 694
Cost to income ratio	43.9%	53.2%		48.2%
Total capital resources (including subordinated liabilities)	18 787	13 849	35.7%	17 670
Total equity	13 696	10 824	26.5%	12 960
Total assets	178 189	153 852	15.8%	167 562
Capital adequacy ratio*	14.2%	13.5%		14.3%
Tier 1 ratio*	10.3%	9.1%		10.3%

* Capital adequacy figures for 2008 are presented in terms of Basel II and for 2007 in terms of Basel I.

Business unit review

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.

Dividend announcement

Investec Bank Limited

Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Non-redeemable non-cumulative non-participating preference shares
Declaration of dividend number 11

Notice is hereby given that preference dividend number 11 has been declared for the period 1 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 11 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, 9 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

Condensed consolidated interim financial statements for the 6 months ended 30 September 2008 - Investec Bank Limited

Director's responsibility statement

The company's directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, comprising the condensed consolidated balance sheet at 30 September 2008, and the condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period then ended, and the notes to the condensed consolidated interim financial statements, in accordance with International Financial Reporting Standards applicable to interim financial reporting and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditors are responsible for reporting on whether the condensed consolidated interim financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the board of directors on 13 November 2008 and are signed on its behalf by

F Titi
Chairman

S Koseff
Chief Executive Officer

Independent auditors' review report

Report on review of interim financial information to the members of Investec Bank Limited

Introduction

We have reviewed the accompanying consolidated balance sheet of Investec Bank Limited at 30 September 2008, and the related consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the period then ended and selected explanatory notes as set out on pages 14 to 18. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards, which include IAS 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards, which include IAS 34, Interim Financial Reporting.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Per JP Grist
Chartered Accountant (SA)
Registered Auditor
Director
13 November 2008

Wanderers Office Park
52 Corlett Drive
Illovo
2196

KPMG Inc.

KPMG Inc.
Registered Auditor

Per VT Yuill
Chartered Accountant (SA)
Registered Auditor
Director
13 November 2008

KPMG Crescent
85 Empire Road
Parktown
2193

Consolidated income statement

R'million	6 months to 30 Sept 2008	6 months 30 Sept 2007	Year to 31 March 2008
Interest income	10 498	6 930	15 731
Interest expense	(8 416)	(5 342)	(12 216)
Net interest income	**2 082**	**1 588**	**3 515**
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)
Other income	**1 291**	**880**	**2 255**
Total operating income before impairment losses on loans and advances	**3 373**	**2 468**	**5 770**
Impairment losses on loans and advances	(178)	(3)	(466)
Operating income	**3 195**	**2 465**	**5 304**
Administrative expenses	(1 445)	(1 280)	(2 713)
Depreciation, amortisation and impairment of property, equipment and software	(35)	(32)	(69)
Operating profit	**1 715**	**1 153**	**2 522**
Loss on disposal of subsidiary	-	-	(38)
Profit before taxation	**1 715**	**1 153**	**2 484**
Taxation	(410)	(311)	(686)
Profit after taxation	**1 305**	**842**	**1 798**

R'million	6 months to 30 Sept 2008	6 months 30 Sept 2007	Year to 31 March 2008
Calculation of headline earnings			
Earnings attributable to shareholders	1 305	842	1 798
Preference dividends paid	(80)	(69)	(142)
Earnings attributable to ordinary shareholders	**1 225**	**773**	**1 656**
Headline adjustments:	-	-	38
Profit on disposal of group entities	-	-	38
Headline earnings attributable to ordinary shareholders	**1 225**	**773**	**1 694**

Consolidated balance sheet

R'million	30 Sept 2008	31 March 2008	30 Sept 2007
Assets			
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
Securitised assets	5 675	6 275	12 170
Interests 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
	178 189	**167 562**	**153 852**
Liabilities			
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
	159 402	**149 892**	**140 003**
Subordinated liabilities (including convertible debt)	5 091	4 710	3 025
	164 493	**154 602**	**143 028**
Equity			
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 interest	**13 691**	**12 960**	**10 824**
Minority interest	5	-	-
Total equity	**13 696**	**12 960**	**10 824**
Total liabilities and equity	**178 189**	**167 562**	**153 852**

Condensed consolidated statement of changes in equity

R'million	6 months to 30 Sept 2008	Year to 31 March 2008	6 months to 30 Sept 2007
Balance at the beginning of the period	**12 960**	**10 056**	**10 056**
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)
Issue of shares	-	1 850	
Fair value movement on available for sale assets	6	47	-
Increase in minority interests on acquisition	5	-	-
Balance at the end of the period	**13 696**	**12 960**	**10 824**

Condensed consolidated cash flow statement

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

Note:
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).

Notes to the interim financial statements

1 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.

2 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.

3.1 Segmental information - business analysis

For the six months to 30 September 2008

R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services and Other Activities	Total group
Net interest income	**884**	**547**	**18**	**633**	**2 082**
Fee and commission income	213	201	61	11	486
Fee and commission expense	(9)	(7)	3	(9)	(22)
Principal transactions	21	209	613	11	854
Operating loss from associates	-	-	-	(27)	(27)
Other income	**225**	**403**	**677**	**(14)**	**1 291**
Total operating income before impairment losses on loans and advances	**1 109**	**950**	**695**	**619**	**3 373**
Impairment losses on loans and advances	(105)	(46)	-	(27)	(178)
Operating income	**1 004**	**904**	**695**	**592**	**3 195**
Administrative expenses	(690)	(454)	(146)	(155)	(1 445)
Depreciation, amortisation and impairment of property, equipment and software	(14)	(1)	-	(20)	(35)
Profit before taxation	**300**	**449**	**549**	**417**	**1 715**
Cost to income ratio	63.5%	47.9%	21.0%	28.3%	43.9%

Notes to the interim financial statements

3.2 Segmental information - business analysis (continued)

For the six months to 30 September 2007

R'million	Private Client Activities	Capital Markets	Investment Banking	Group Services and Other Activities	Total group
Net interest income	**763**	**361**	**19**	**445**	**1 588**
Fee and commission income	181	173	101	8	463
Fee and commission expense	(2)	(5)	9	(12)	(10)
Principal transactions	66	254	103	(11)	412
Operating income from associates	-	-	-	15	15
Other income	**245**	**422**	**213**	**-**	**880**
Total operating income before impairment losses on loans and advances	**1 008**	**783**	**232**	**445**	**2 468**
Impairment losses on loans and advances	(39)	56	(16)	(4)	(3)
Operating income	**969**	**839**	**216**	**441**	**2 465**
Administrative expenses	(632)	(387)	(109)	(152)	(1 280)
Depreciation, amortisation and impairment of property, equipment and software	(11)	(1)	-	(20)	(32)
Profit before taxation	**326**	**451**	**107**	**269**	**1 153**
Cost to income ratio	63.8%	49.6%	47.0%	38.7%	53.2%

3.3 Segmental analysis of operating profit before non-operating items and taxation

R'million	6 months to 30 Sept 2008	6 months to 30 Sept 2007	% Change
Private Client Activities	**300**	**326**	**(8.0%)**
Capital Markets	**449**	**451**	**(0.4%)**
Investment Banking			
Corporate Finance	28	63	(55.6%)
Direct Investments	97	87	11.5%
Private Equity	425	(43)	>100.0%
	550	**107**	**>100.0%**
Group Services and Other Activities			
International Trade Finance	29	21	38.1%
Central Funding	544	402	35.3%
Central Services Costs	(157)	(154)	1.9%
	416	**269**	**54.6%**
Total group	**1 715**	**1 153**	**48.7%**

Risk management and capital information

Risk management

As per Basel II regulations, the following risk management and capital section will provide detail on the quantitative risk disclosures required on a semi-annual basis. For any additional qualitative disclosures, definitions and descriptions, please refer to our Annual Financial Statements for the year ended 31 March 2008.

Credit and counterparty risk management

Credit and counterparty risk is defined as the current and prospective risk to earnings or capital arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any obligation to us or otherwise to perform as agreed. Credit and counterparty risk arises when our funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received;
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to finalise the transaction.

Credit and counterparty risk can manifest as country risk as a result of the geopolitical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

Credit and counterparty risk may also arise in other ways and it is the role of the various independent credit committees, assisted by Credit Risk Management, to identify situations falling outside these definitions where credit risk may also be present.

Risk management

The tables that follow provide an analysis of our credit and counterparty risk exposures.

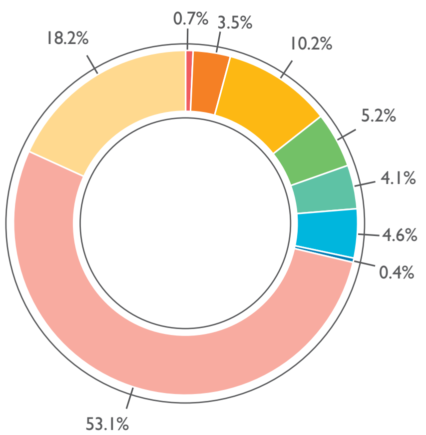
An analysis of gross credit and counterparty exposures

R'million	30 Sept 2008	31 March 2008	% change since 31 March 2008	Average*
On-balance sheet exposures	**164 918**	**152 025**	**8.5%**	**158 474**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	1 494	653	>100.0%	1 074
Rated instruments	250	-	-	125
Unrated instruments	302	205	47.3%	254
Other	942	448	>100.0%	695
Debt instruments (NCDs, bonds held, debentures)	7 113	8 051	(11.7%)	7 582
Bank placements	20 525	18 828	9.0%	19 677
Sovereign, government placements	10 436	6 251	66.9%	8 344
Call facilities (non-bank entities)	8 329	7 975	4.4%	8 152
Trading exposures (positive fair value excluding potential future exposures)	9 262	12 737	(27.3%)	11 000
Other credit exposures	785	369	>100.0%	577
Gross core loans and advances to customers**	106 974	97 161	10.1%	102 068
Off-balance sheet exposures	**36 588**	**35 031**	**4.4%**	**35 810**
Guarantees	9 099	5 467	66.4%	7 283
Contingent liabilities, committed facilities and other	27 489	29 564	(7.0%)	28 527
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**201 506**	**187 056**	**7.7%**	**194 284**

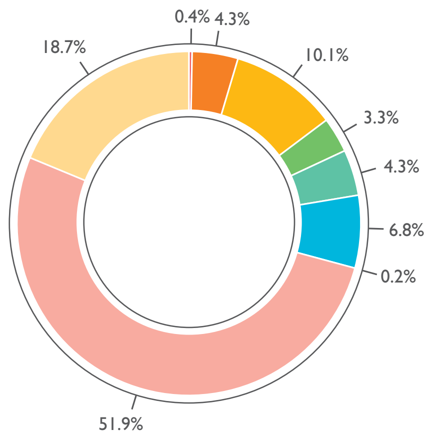
* Where the average is based on a straight line average for the period 31 March 2008 to 30 September 2008.

** As calculated on page 26.

30 Sept 2008



31 March 2008



Securitisation exposures
Debt instruments
Bank placements
Sovereign, government placements
Call facilities (non-bank entities)
Trading exposures
Other credit exposures
Gross core loans and advances to customers
Off-balance sheet exposures

Risk management

A further analysis of our on-balance sheet credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) our on-balance sheet credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

R'million	Securitisation exposures arising from securitisation/principal finance activities				Debt instru-ments (NCDs, bonds held, debentures)
	Total	Rated instruments	Unrated instruments	Other	
As at 30 Sept 2008					
Cash and balances at central banks	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-
Cash equivalent advances to customers	-	-	-	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-
Trading securities	210	-	179	31	7 113
Derivative financial instruments	-	-	-	-	-
Investment securities	-	-	-	-	-
Loans and advances to customers	802	-	20	782	-
Securitised assets	482	250	103	129	-
Deferred taxation assets	-	-	-	-	-
Other assets	-	-	-	-	-
Interests in associated undertakings	-	-	-	-	-
Property and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Intangible assets	-	-	-	-	-
Intergroup	-	-	-	-	-
Total	1 494	250	302	942	7 113
As at 31 March 2008					
Cash and balances at central banks	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-
Cash equivalent advances to customers	-	-	-	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-
Trading securities	205	-	205	-	8 051
Derivative financial instruments	-	-	-	-	-
Investment securities	-	-	-	-	-
Loans and advances to customers	448	-	-	448	-
Securitised assets	-	-	-	-	-
Deferred taxation assets	-	-	-	-	-
Other assets	-	-	-	-	-
Interests in associated undertakings	-	-	-	-	-
Property and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Intangible assets	-	-	-	-	-
Intergroup	-	-	-	-	-
Total	653	-	205	448	8 051

* Relates to impairments.

** Largely includes liquidity facilities provided to third party corporate securitisation vehicles. These facilities have remained undrawn and are reflected as a contingent liability i.e. off-balance sheet exposure of the bank.

Bank placements	Sovereign, government placements	Call facilities (non-bank entities)	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers (before impairments)	Total credit and counter-party exposure	Assets that we deem to have no credit exposure	Total balance sheet
32	3 071	-	-	-	-	3 103	-	3 103
14 515	-	-	429	-	-	14 944	-	14 944
-	-	6 972	-	-	-	6 972	-	6 972
5 977	-	1 357	889	-	-	8 223	-	8 223
-	7 365	-	41	207	-	14 936	3 085	18 021
-	-	-	7 613	3	-	7 616	155	7 771
-	-	-	-	408	-	408	70	478
-	-	-	-	-	105 315	106 117	* (582)	105 535
-	-	-	-	-	1 659	2 141	** 3 534	5 675
-	-	-	-	-	-	-	290	290
1	-	-	290	167	-	458	579	1 037
-	-	-	-	-	-	-	167	167
-	-	-	-	-	-	-	178	178
-	-	-	-	-	-	-	5	5
-	-	-	-	-	-	-	73	73
-	-	-	-	-	-	-	5 717	5 717
20 525	**10 436**	**8 329**	**9 262**	**785**	**106 974**	**164 918**	**13 272**	**178 189**
10	2 777	-	24	-	-	2 811	-	2 811
13 957	-	-	461	-	-	14 418	-	14 418
-	-	7 782	-	-	-	7 782	-	7 782
1 627	-	193	2 576	-	-	4 396	1 356	5 752
3 232	3 474	-	25	239	-	15 226	2 687	17 913
-	-	-	9 464	-	-	9 464	204	9 668
-	-	-	-	-	-	-	350	350
-	-	-	-	-	95 010	95 458	* (437)	95 021
-	-	-	-	-	2 151	2 151	** 4 124	6 275
-	-	-	-	-	-	-	285	285
2	-	-	187	130	-	319	737	1 056
-	-	-	-	-	-	-	195	195
-	-	-	-	-	-	-	144	144
-	-	-	-	-	-	-	5	5
-	-	-	-	-	-	-	75	75
-	-	-	-	-	-	-	5 812	5 812
18 828	**6 251**	**7 975**	**12 737**	**369**	**97 161**	**152 025**	**15 537**	**167 562**

Risk management

Breakdown of gross credit and counterparty exposures by industry

R'million	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service
As at 30 Sept 2008					
On-balance sheet exposures	**72 757**	**288**	**1 390**	**1 070**	**3 348**
Securitisation exposures arising from securitisation/principal finance activities	7	-	3	99	945
Rated instruments	-	-	2	81	-
Unrated instruments	7	-	1	18	3
Other	-	-	-	-	942
Debt instruments (NCDs, bonds held, debentures)	-	-	21	2	-
Bank placements	-	-	-	-	-
Sovereign, government placements	-	-	-	-	-
Call facilities (non-bank entities)	-	111	287	-	594
Trading exposures (positive fair value excluding potential future exposures)	179	-	7	-	126
Other credit exposures	421	-	-	6	148
Gross core loans and advances to customers	72 150	177	1 072	963	1 535
Off-balance sheet exposures	**27 372**	**-**	**-**	**-**	**17**
Guarantees	7 076	-	-	-	17
Contingent liabilities, committed facilities and other	20 296	-	-	-	-
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**100 129**	**288**	**1 390**	**1 070**	**3 365**
As at 31 March 2008					
On-balance sheet exposures	**61 797**	**1 118**	**459**	**1 304**	**6 185**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	-	-	-	-	-
Rated instruments	-	-	-	-	-
Unrated instruments	-	-	-	-	-
Other	-	-	-	-	-
Debt instruments (NCDs, bonds held, debentures)	-	-	43	53	-
Bank placements	-	-	-	-	-
Sovereign, government placements	-	-	-	-	-
Call facilities (non-bank entities)	-	282	62	15	1 175
Trading exposures (positive fair value excluding potential future exposures)	-	10	19	142	16
Other credit exposures	-	-	-	-	207
Gross core loans and advances to customers	61 797	826	335	1 094	4 787
Off-balance sheet exposures	**25 167**	**-**	**1**	**32**	**2**
Guarantees	4 065	-	1	32	2
Contingent liabilities, committed facilities and other	21 102	-	-	-	-
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**86 964**	**1 118**	**460**	**1 336**	**6 187**

* Includes securitised exposures where the industry is not clearly defined.

Finance and insurance (including central banks)	Retailers and whole-salers	Manu-facturing and commerce	Real estate	Mining and resources	Leisure, enter-tainment and tourism	Transport and communi-cation	Other*	Total
58 145	**5 041**	**4 898**	**5 018**	**4 169**	**3 075**	**5 540**	**179**	**164 918**
79	80	52	-	12	15	23	179	1 494
34	58	38	-	9	11	17	-	250
45	22	14	-	3	4	6	179	302
-	-	-	-	-	-	-	-	942
7 061	-	-	-	-	-	29	-	7 113
20 525	-	-	-	-	-	-	-	20 525
10 436	-	-	-	-	-	-	-	10 436
3 140	1 058	2 015	-	498	-	626	-	8 329
8 276	25	61	392	185	5	6	-	9 262
105	7	44	24	25	1	4	-	785
8 523	3 871	2 726	4 602	3 449	3 054	4 852	-	106 974
6 670	**756**	**116**	**146**	**745**	**118**	**648**	**-**	**36 588**
1 404	516	3	-	79	-	4	-	9 099
5 266	240	113	146	666	118	644	-	27 489
64 815	**5 797**	**5 014**	**5 164**	**4 914**	**3 193**	**6 188**	**179**	**201 506**
56 540	**3 523**	**8 083**	**3 399**	**2 288**	**2 176**	**4 948**	**205**	**152 024**
448	-	-	-	-	-	-	205	653
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	205	205
448	-	-	-	-	-	-	-	448
7 955	-	-	-	-	-	-	-	8 051
18 828	-	-	-	-	-	-	-	18 828
6 251	-	-	-	-	-	-	-	6 251
1 499	1 442	2 454	25	41	-	980	-	7 975
11 757	46	129	307	310	-	1	-	12 737
108	6	43	-	-	-	5	-	369
9 694	2 029	5 457	3 067	1 937	2 176	3 962	-	97 161
6 636	**84**	**1 216**	**240**	**485**	**81**	**1 087**	**-**	**35 031**
482	84	495	213	93	-	-	-	5 467
6 154	-	721	27	392	81	1 087	-	29 564
63 176	**3 607**	**9 299**	**3 639**	**2 773**	**2 257**	**6 035**	**205**	**187 056**

Risk management

Breakdown of gross credit and counterparty exposures by industry

R'million	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2008	31 March 2008	30 Sept 2008	31 March 2008	30 Sept 2008	31 March 2008
HNW and professional individuals	72 150	61 797	27 979	25 167	100 129	86 964
Agriculture	177	826	111	292	288	1 118
Electricity, gas and water (utility services)	1 072	335	318	125	1 390	460
Public and non-business services	963	1 094	107	242	1 070	1 336
Business service	1 535	4 787	1 830	1 400	3 365	6 187
Finance and insurance (including central banks)	8 523	9 694	56 292	53 482	64 815	63 176
Retailers and wholesalers	3 871	2 029	1 926	1 578	5 796	3 607
Manufacturing and commerce	2 726	5 457	2 288	3 842	5 014	9 299
Real estate	4 602	3 067	562	572	5 164	3 639
Mining and resources	3 449	1 937	1 465	836	4 914	2 773
Leisure, entertainment and tourism	3 054	2 176	139	81	3 193	2 257
Transport and communication	4 852	3 962	1 336	2 073	6 188	6 035
Other*	-	-	179	205	179	205
Total	**106 974**	**97 161**	**94 532**	**89 895**	**201 506**	**187 056**

* Includes securitised exposures where the industry is not clearly defined.

Breakdown of gross credit and counterparty exposures by residual contractual maturity

Refer to page 40.

Asset quality and impairments

Core loans and advances to customers

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a value that reflects actual core lending activities. In this regard the following methodology has been applied:

- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.
- Warehouse funding facilities and warehouse assets arising out of our securitisation and principal finance activities have been deducted.

Calculation of core loans and advances to customers

R'million	30 Sept 2008	31 March 2008
Loans and advances to customers per balance sheet (after impairments)	105 535	95 021
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities	(700)	(383)
Add: own-originated securitised assets	1 653	2 151
Net core loans and advances to customers	**106 488**	**96 789**

The tables that follow provide information with respect to the asset quality of our core loans and advances to customers.

Overall asset quality

R'million	30 Sept 2008	31 March 2008
Gross core loans and advances to customers	**106 974**	**97 161**
Total impairments	**(486)**	**(372)**
Portfolio impairments	(69)	(72)
Specific impairments	(417)	(300)
Net core loans and advances to customers	**106 488**	**96 789**
Current loans and advances to customers	103 412	94 834
Total gross non-current loans and advances to customers	3 562	2 327
Past due loans and advances to customers (1-60 days and management not concerned)	1 705	1 132
Special mention loans and advances to customers	277	222
Default loans and advances to customers	1 580	973
Gross core loans and advances to customers as at end of the month	**106 974**	**97 161**
Total gross non-current core loans and advances to customers (actual capital exposure)	**3 562**	**2 327**
Watchlist loans neither past due nor impaired	452	-
Gross core loans and advances to customers that are past due but not impaired	2 132	1 354
Gross core loans and advances to customers that are impaired	978	973
Total gross non-current core loans and advances to customers (actual amount in arrears)	**764**	**565**
Bad debts written off during the period	**(5)**	**(333)**
Gross default loans and advances to customers	1 580	973
Less: Collateral and other credit enhancements	1 483	1 281
Specific impairments	(417)	(300)
Net default loans and advances to customers (limited to zero)	**-**	**-**
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	0.39%	0.31%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.07%
Specific impairments as a % of gross default loans	26.39%	30.83%
Gross defaults as a % of gross core loans and advances to customers	1.48%	1.00%
Net defaults as a % of gross core loans and advances to customers	-	-

Risk management

An analysis of core loans and advances to customers

R'million	Gross core loans and advances that are neither past due nor impaired	Watchlist loans neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)
As at 30 Sept 2008					
Current core loans and advances	103 412	-	-	-	103 412
Past due (1-60 days and management not concerned)	-	-	1 705	-	1 705
Special mention	-	79	198	-	277
Special mention (1 - 60 days in arrears and management concerned)	-	-	12	-	12
Special mention (61 - 90 days and item well secured)	-	-	175	-	175
Special mention - watchlist		79	11	-	90
Default	-	373	229	978	1 580
Sub-standard		26	229	12	267
Doubtful		345	-	921	1 266
Loss		2	-	45	47
Total	103 412	452	2 132	978	106 974
As at 31 March 2008					
Current core loans and advances	94 834	-	-	-	94 834
Past due (1-60 days and management not concerned)	-	-	1 132	-	1 132
Special mention	-	-	222	-	222
Special mention (1 - 60 days in arrears and management concerned)	-	-	75	-	75
Special mention (61 - 90 days and item well secured)	-	-	147	-	147
Special mention - watchlist	-	-	-	-	-
Default	-	-	-	973	973
Sub-standard	-	-	-	330	330
Doubtful	-	-	-	622	622
Loss	-	-	-	21	21
Total	94 834	-	1 354	973	97 161

Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears	Bad debts written off or recovered during the period
-	(65)	103 347	-	-
-	(3)	1 702	195	-
-	(1)	276	55	-
-	-	12	1	-
-	(1)	174	54	-
-	-	90	-	-
(417)	-	1 163	514	(5)
(1)	-	266	151	(5)
(386)	-	880	318	-
(30)	-	17	45	-
(417)	(69)	106 488	764	(5)
-	(44)	94 790	-	46
-	(26)	1 106	177	-
-	(2)	220	47	-
-	(1)	74	19	-
-	(1)	146	28	-
-	-	-	-	-
(300)	-	673	342	(379)
-	-	330	131	-
(288)	-	334	210	(28)
(12)	-	9	-	(351)
(300)	(72)	96 789	565	(333)

Risk management

An analysis of core loans and advances to customers and impairments by counterparty type

R'million	Current core loans and advances	Past due (1 - 60 days and management concerned)	Special mention (1 - 60 days in arrears and management concerned)	Special mention (61 - 90 days and item well secured)	Special mention - watchlist
As at 30 Sept 2008					
Private Banking professional and HNW individuals	68 849	1 586	12	109	90
Corporate sector	24 898	-	-	-	-
Banking, insurance, financial services (excluding sovereign)	8 522	-	-	-	-
Public and government sector (including central banks)	178	-	-	-	-
Trade finance	965	119	-	66	-
Total	103 412	1 705	12	175	90
As at 31 March 2008					
Private Banking professional and HNW individuals	64 338	1 021	75	128	-
Corporate sector	18 892	-	-	-	-
Banking, insurance, financial services (excluding sovereign)	9 694	-	-	-	-
Public and government sector (including central banks)	1 094	-	-	-	-
Trade finance	814	111	-	19	-
Other	2	-	-	-	-
Total	94 834	1 132	75	147	-

An analysis of gross core loans and advances to customers by counterparty type

R'million	30 Sept 2008	31 March 2008
Private Banking professional and HNW individuals	72 150	66 460
Corporate sector	24 918	18 911
Banking, insurance, financial services (excluding sovereign)	8 522	9 694
Public and government sector (including central banks)	178	1 094
Trade finance	1 206	1 000
Other		2
Total gross core loans and advances to customers	106 974	97 161

Risk management

Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Secific impairments	Total impairments	Bad debts written off or recovered during the period
265	1 192	47	72 150	(45)	(355)	(400)	(5)
-	20	-	24 918	(15)	(20)	(35)	-
-	-	-	8 522	(9)	-	(9)	-
-	-	-	178	-	-	-	-
2	54	-	1 206	-	(42)	(42)	-
267	**1 266**	**47**	**106 974**	**(69)**	**(417)**	**(486)**	**(5)**
330	547	21	66 460	(40)	(252)	(292)	(49)
-	19	-	18 911	(27)	(19)	(46)	(284)
-	-	-	9 694	-	-	-	-
-	-	-	1 094	-	-	-	-
-	56	-	1 000	-	(29)	(29)	-
-	-	-	2	(5)	-	(5)	
330	**622**	**21**	**97 161**	**(72)**	**(300)**	**(372)**	**(333)**

An age analysis of gross non-current core loans and advances to customers

R'million	30 Sept 2008	31 March 2008
Watchlist loans neither past due nor impaired	792	-
1 - 60 days	1 788	1 636
61 - 90 days	223	186
91 - 180 days	301	207
181 - 365 days	233	124
>365 days	225	174
Total gross non-current loans and advances to customers (actual capital exposure)	3 562	2 327
1 - 60 days	223	209
61 - 90 days	79	54
91 - 180 days	140	124
181 - 365 days	146	51
>365 days	176	127
Total gross non-current loans and advances to customers (actual amount in arrears)	764	565

A further age analysis of gross non-current core loans and advances to customers

R'million	Watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
As at 30 Sept 2008							
Watchlist loans that are neither past due nor impaired							
Total capital exposure	452						452
Amount in arrears	-						-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 721	195	116	47	53	2 131
Amount in arrears	-	196	61	88	35	33	413
Gross core loans and advances to customers that are impaired							
Total capital exposure	340	67	28	185	186	172	978
Amount in arrears	-	27	18	52	111	143	351
As at 31 March 2008							
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 156	147	9	19	24	1 345
Amount in arrears	-	177	28	4	13	2	224
Gross core loans and advances to customers that are impaired							
Total capital exposure	-	480	39	198	105	150	972
Amount in arrears	-	32	26	120	38	125	341

A further age analysis based of gross non-current core loans and advances to customers as at 30 September 2008 (based on total capital exposure)

R'million	Watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days and management not concerned)	-	1 705	-	-	-	-	1 705
Special mention	79	10	182	1	5	-	277
Special mention (1 - 60 days in arrears and management concerned)	-	6	-	*1	*5	-	12
Special mention (61 - 90 days and item well secured)	-	-	175	-	-	-	175
Special mention - watchlist	79	4	7	-	-	-	90
Default	713	73	41	300	228	225	1 580
Sub-standard	27	6	13	126	42	53	267
Doubtful	684	67	28	170	156	161	1 266
Loss	2	-	-	4	30	11	47
Total	792	1 788	223	301	233	225	3 562

A further age analysis based of gross non-current core loans and advances to customers as at 30 September 2008 (based on actual amount in arrears)

R'million	Watchlist loans	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days and management not concerned)	-	195	-	-	-	-	195
Special mention	-	-	54	-	1	-	55
Special mention (1 - 60 days in arrears and management concerned)	-	-	-	-	*1	-	1
Special mention (61 - 90 days and item well secured)	-	-	54	-	-	-	54
Special mention - watchlist	-	-	-	-	-	-	-
Default	-	28	25	140	145	176	514
Sub-standard	-	1	8	72	17	53	151
Doubtful	-	27	17	62	100	112	318
Loss	-	-	-	6	28	11	45
Total	-	223	79	140	146	176	764

* Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of control of Investec, our regulatory audit partner has agreed that these exposures could be classified as special mention and remain there until settled or their credit quality deteriorates.

Risk management

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on total capital exposure)

R'million	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days and management not concerned)	**1 132**	**-**	**-**	**-**	**-**	**1 132**
Special mention	**23**	**147**	**9**	**19**	**24**	**222**
Special mention (1 - 60 days in arrears and management concerned)	23	-	* 9	*19	*24	75
Special mention (61 - 90 days and item well secured)	-	147	-	-	-	147
Special mention - watchlist	-	-	-	-	-	-
Default	**481**	**39**	**198**	**105**	**150**	**973**
Sub-standard	127	6	91	48	58	330
Doubtful	333	33	107	57	92	622
Loss	21	-	-	-	-	21
Total	**1 636**	**186**	**207**	**124**	**174**	**2 327**

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on actual amount in arrears)

R'million	1 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days and management not concerned)	**177**	**-**	**-**	**-**	**-**	**177**
Special mention	**-**	**28**	**4**	**13**	**2**	**47**
Special mention (1 - 60 days in arrears and management concerned)	-	-	*4	*13	*2	19
Special mention (61 - 90 days and item well secured)	-	28	-	-	-	28
Special mention - watchlist	-	-	-	-	-	-
Default	**32**	**26**	**120**	**38**	**125**	**341**
Sub-standard	10	1	59	12	49	131
Doubtful	22	25	61	26	76	210
Loss	-	-	-	-	-	-
Total	**209**	**54**	**124**	**51**	**127**	**565**

* Relates to solvent deceased estates and bonds under registration at the deeds office. Due to the lengthy external process with respect to these exposures, which is out of control of Investec, our regulatory audit partner has agreed that these exposures could be classified as special mention and remain there until settled or their credit quality deteriorates

Collateral

R'million	Collateral held against Gross core loans and advances	Collateral held against Other credit and and counterparty exposures*	Total
As at 30 Sept 2008			
Eligible financial collateral	**7 528**	**6 077**	**13 605**
Listed shares	5 647	1 255	6 902
Cash	1 752	4 822	6 574
Debt securities issued by sovereigns	129	-	129
Mortgage bonds	**112 259**	**491**	**112 750**
Residential mortgages	42 424	399	42 823
Residential development	6 004	-	6 004
Commercial property investments	63 831	92	63 923
Other collateral	**41 031**	**8 196**	**49 227**
Unlisted shares	2 933	115	3 048
Bonds other than mortgage bonds	4 863	6 783	11 646
Asset backed lending	6 430	-	6 430
Guarantees	11 172	805	11 977
Credit derivatives	211	-	211
Other	15 422	493	15 915
Total collateral	**160 818**	**14 764**	**175 582**
Suretyships	32 763	-	32 763
Collateral including suretyships	**193 581**	**14 764**	**208 345**
As at 31 March 2008			
Eligible financial collateral	**15 157**	**5 294**	**20 451**
Listed shares	12 787	3 280	16 067
Cash	2 233	259	2 492
Debt securities issued by sovereigns	137	1 755	1 892
Mortgage bonds	**112 921**	**65**	**112 986**
Residential mortgages	40 266	42	40 308
Residential development	3 614	-	3 614
Commercial property investments	69 041	23	69 064
Other collateral	**69 999**	**4 698**	**74 697**
Unlisted shares		-	-
Bonds other than mortgage bonds	5 191	-	5 191
Asset backed lending	620	-	620
Guarantees	9 384	-	9 384
Credit derivatives	442	-	442
Other	54 362	4 698	59 060
Total collateral	**198 077**	**10 057**	**208 134**

* A large percentage of these exposures (for example bank placements) are to highly rated financial institutions where limited collateral would be required due to the nature of the exposure.

Risk management

Traded market risk management

Traded market risk is a measure of potential change in the value of a portfolio of instruments as a result of changes in the financial environment (resulting in changes in underlying market risk factors such as interest rates, equity markets, bond markets, commodity markets, exchange rates and volatilities) between now and a future point in time. The Market Risk Management team identifies, quantifies and manages the effects of these potential changes in accordance with Basel II and policies determined by the board.

Within our trading activities, we act as principal with clients or the market. Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The focus of these businesses is primarily on supporting client activity. Our philosophy is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution.

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR) and Expected Tail Loss (ETL). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals. ETLs are monitored at the 95% and 99% levels. Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. Included in our scenario analysis are for example the following; October 1987 (Black Monday), 11 September 2001 and the December Rand crisis in 2001.

All VaR models, while forward-looking, are based on past events and depend on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored through back testing. This involves comparing the actual trading revenues arising from the previous day's closing positions with the one-day VaR calculated for the previous day on these same positions. If the revenue is negative and exceeds the one-day VaR, a "back testing breach" is considered to have occurred.

VaR 95% (one-day)

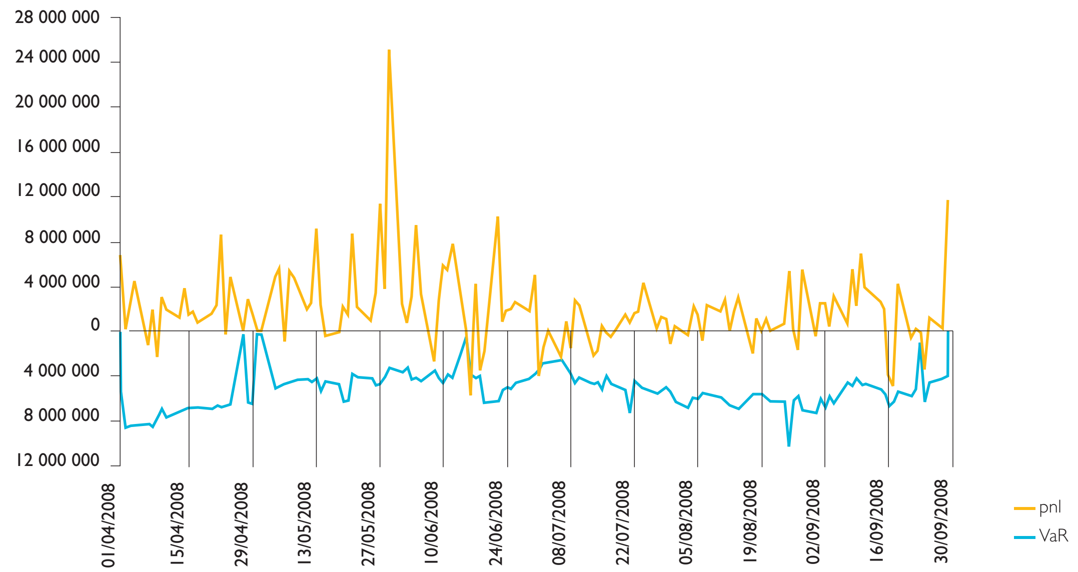
R'million	30 Sept 2008	31 March 2008
Commodities	0.5	0.4
Equity derivatives	1.8	3.1
Foreign exchange	1.1	1.8
Interest rates	1.3	0.4
Consolidated*	**3.0**	**2.5**
High	9.8	8.6
Low	1.3	1.4
Average	3.7	3.8

* The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.

Investec Bank Limited

The graph below shows total daily VaR and profit and loss (pnl) figures for our trading activities over the reporting period. The values are for the 99% one-day VaR i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on this graph, we can gauge the accuracy of the VaR figures.

99% 1-day VaR backtesting (Rands)



There were two exceptions over the time period. These were caused mainly by extreme adverse moves in ZAR and USD interest rates.

ETL 95% (one day)

R'million	30 Sept 2008	31 March 2008
Commodities	0.7	0.5
Equity derivatives	3.0	5.0
Foreign exchange	1.9	2.7
Interest rates	2.1	0.7
Consolidated*	**5.3**	**4.2**

* The consolidated ETL for each desk and each entity is lower than the sum of the individual ETLs. This arises from the correlation offset between various asset classes.

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions (15 standard deviations).

R'million	30 Sept 2008	31 March 2008
Commodities	3.7	3.1
Equity derivatives	13.5	23.7
Foreign exchange	8.4	13.8
Interest rates	9.9	3.1
Consolidated	**23.0**	**43.7**

Risk management

Balance sheet risk management

Balance sheet risk description

Balance sheet risk management encompasses the financial risks relating to our asset and liability portfolios, comprising market liquidity, funding, concentration and non-trading interest rate risks on balance sheet.

Non-trading interest rate risk description

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of increases or decreases in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of banking-related risk exposures include potential adverse effect of volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest income and the economic value of equity. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

South Africa - interest rate sensitivity gap

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.

R'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short-term funds - banks	14 406	-	-	-	-	3 162	17 568
Cash and short-term funds - non-banks	6 476	-	-	-	-	-	6 476
Investment/trading assets and statutory liquids	10 803	2 277	866	629	12	4 231	18 818
Securitised assets	5 674	-	-	-	1	-	5 675
Advances	86 839	1 179	1 462	11 342	4 713	-	105 535
Non-rate assets	96	-	-	-	-	1 127	1 223
Assets	**124 294**	**3 456**	**2 328**	**11 971**	**4 726**	**8 520**	**155 295**
Deposits - banks	(8 174)	(1 084)	(45)	-	-	(31)	(9 334)
Deposits - non-banks	(95 562)	(11 958)	(8 519)	(1 998)	(582)	(2 143)	(120 762)
Negotiable paper	(800)	(800)	(1 601)	-	-	-	(3 201)
Securitised liabilities	(4 917)	(268)	-	-	-	-	(5 185)
Investment/trading liabilities	(11)	-	-	-	-	(61)	(72)
Subordinated liabilities	(1 141)	-	-	(3 750)	(200)	-	(5 091)
Other liabilities	(805)	(82)	(93)	(432)	(176)	(2 833)	(4 421)
Liabilities	**(111 410)**	**(14 192)**	**(10 258)**	**(6 180)**	**(958)**	**(5 068)**	**(148 066)**
Net intercompany loans	5 257	349	(123)	(101)	99	1 106	6 587
Shareholders funds	**(1 514)**	**-**	**(76)**	**-**	**12**	**(12 092)**	**(13 670)**
Balance sheet	**16 627**	**(10 387)**	**(8 129)**	**5 690**	**3 879**	**(7 534)**	**146**
Hedges	(5 427)	3 891	6 859	(1 901)	(3 568)	-	(146)
Repricing gap	**11 200**	**(6 496)**	**(1 270)**	**3 789**	**311**	**(7 534)**	**-**
Cumulative repricing gap	**11 200**	**4 704**	**3 434**	**7 223**	**7 534**	**-**	**-**

Risk management

Economic value sensitivity

Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates i.e. the numbers represent the change in our net asset value should such a scenario arise.

'million	Sensitivity to the following interest rates (expressed in original currencies)						Total
	ZAR	GDP	USD	EUR	AUD	Other (in Rands)	(in Rands)
200bp Down	73.7	3.2	(8.3)	1.6	0.5	(1.1)	74.0
200bp Up	(60.3)	(1.4)	2.8	-	(0.2)	1.1	(58.3)

Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, including repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans.

Liquidity mismatch

The tables that follow show our liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.
- As an integral part of the broader liquidity generation strategy (as mentioned above), we maintain a liquidity buffer in the form of unencumbered, cash, high quality liquid assets and near cash as a buffer against both expected and unexpected cash flows. As the actual contractual profile of this asset class is of little consequence, we have:
  - Set the time horizon to one month to monetise our cash and near cash portfolio of "available for sale" discretionary treasury assets, where there are deep secondary markets for this elective asset class.
  - Set the time horizon to "on demand" to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank.
  - Reported the "contractual" profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the "behavioural mismatch". To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

South Africa

Contractual maturity

R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks *	5 652	7 027	4 765	18	37	362	186	18 047
Cash and short-term funds - non-banks	6 955	-	17	-	-	-	-	6 972
Investment/trading assets and statutory liquids **	9 545	13 557	1 496	679	1 307	6 833	1 249	34 666
Securitised assets	39	18	214	79	306	4 153	866	5 675
Advances	3 470	4 523	11 018	9 486	11 927	35 706	29 405	105 535
Non-rate assets	377	-	-	-	-	2	1 198	1 577
Assets	**26 038**	**25 125**	**17 510**	**10 262**	**13 577**	**47 056**	**32 904**	**172 472**
Deposits - banks	(470)	(463)	(4 027)	(751)	(128)	(3 493)	-	(9 332)
Deposits - non-banks	(34 830)	(31 638)	(22 293)	(16 158)	(13 056)	(3 796)	391	(122 162)
Negotiable paper	-	(266)	(534)	(800)	(1 601)	-	-	(3 201)
Securitised liabilities	-	(1 818)	(2 141)	(268)	-	(932)	(26)	(5 185)
Investment/trading liabilities	(281)	(4 501)	(963)	(705)	(1 273)	(7 061)	-	(14 784)
Subordinated liabilities	-	-	-	-	-	(4 691)	(400)	(5 091)
Other liabilities	(123)	(34)	-	(185)	(42)	(1 015)	(3 339)	(4 738)
Liabilities	**(35 704)**	**(38 720)**	**(29 958)**	**(18 867)**	**(16 100)**	**(20 988)**	**(4 156)**	**(164 493)**
Net intercompany loans	1 384	9	28	150	321	1 681	2 144	5 717
Shareholders funds	**-**	**-**	**-**	**-**	**-**	**-**	**(13 696)**	**(13 696)**
Balance sheet	**(8 282)**	**(13 586)**	**(12 420)**	**(8 455)**	**(2 202)**	**27 749**	**17 196**	**-**
Contractual liquidity gap	**(8 282)**	**(13 586)**	**(12 420)**	**(8 455)**	**(2 202)**	**27 749**	**17 196**	**-**
Cumulative liquidity gap	**(8 282)**	**(21 868)**	**(34 288)**	**(42 743)**	**(44 945)**	**(17 196)**	**-**	

Note: contractual liquidity adjustments (as discussed on page 39)

R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
*Cash and short-term funds - banks	2 581	7 027	4 765	18	37	362	3 257	18 047
**Investment/trading assets and statutory liquids	1 760	9 700	5 111	3 213	5 973	7 660	1 249	34 666

Behavioural liquidity (as discussed on page 39)

R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**5 343**	**4 164**	**6 795**	**(2 807)**	**(36 352)**	**2 590**	**20 267**	**-**
Cumulative	5 343	9 507	16 302	13 495	(22 857)	(20 267)	-	-

Capital adequacy

We have successfully implemented Basel II on the standardised approach and are comfortably meeting these new requirements. Investec aims to maintain a capital adequacy ratio on a consolidated basis for Investec plc and Investec Limited of 14% to 17%, and targets a Tier 1 ratio in excess of 11%.

R'million	30 Sept 2008	31 March 2008
Regulatory capital		
Tier 1		
Share capital	21	19
Share premium	7 066	6 786
Non-redeemable, non-cumulative, non-participating preference shares	1 491	1 491
Retained income	5 029	4 328
Treasury shares	-	-
Other reserves	6	5
Minority interests in subsidiaries	-	-
Less: impairments (goodwill and other deductions)	(354)	(403)
	13 259	**12 226**
Tier 2		
Aggregate amount	5 088	5 006
Less: deductions	(171)	(204)
	4 917	**4 802**
Total eligible capital	**18 176**	**17 028**
Risk-weighted assets (banking and trading)	**128 203**	**118 792**
Credit risk - prescribed standardised exposure classes	112 676	105 593
Corporates	89 690	81 278
Secured on real estate property	8 214	7 935
Counterparty risk on trading positions	3 924	5 104
Short term claims on institutions and corporates	2 175	2 606
Retail	2 793	3 293
Institutions	4 842	4 430
Other exposure classes	1 038	947
Equity risk - standardised approach	4 795	3 644
Market risk - portfolios subject to internal models approach	826	605
Interest rate	124	95
Foreign Exchange	246	184
Commodities	52	36
Equities	404	290
Operational risk - standardised approach	9 906	8 949
Capital requirements	**12 179**	**11 285**
Credit risk - prescribed standardised exposure classes	10 704	10 031
Corporates	8 520	7 721
Secured on real estate property	780	753
Counterparty risk on trading positions	373	485
Short term claims on institutions and corporates	207	248
Retail	265	313
Institutions	460	421
Other exposure classes	99	90
Equity risk - standardised approach	456	346
Market risk - portfolios subject to internal models approach	78	58
Interest rate	12	9
Foreign Exchange	23	18
Commodities	5	3
Equities	38	28
Operational risk - standardised approach	941	850
Capital adequacy ratio	**14.2%**	**14.3%**
Tier 1 ratio	10.3%	10.3%
Capital adequacy ratio - pre operational risk	**15.4%**	**15.5%**
Tier 1 ratio - pre operational risk	11.2%	11.1%

Notes

Notes

Notes

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