



Investec Bank Limited

Reviewed interim condensed consolidated financial results for the six months to 30 September 2010

Consolidated income statement

R' million	Reviewed Six months to 30 Sept. 2010	Reviewed Six months to 30 Sept. 2009	Restated Year to 31 March 2010*
Interest income	7 878	7 581	15 530
Interest expense	(5 953)	(5 796)	(11 599)
Net interest income	1 925	1 785	3 931
Fee and commission income	374	413	921
Fee and commission expense	(47)	(21)	(49)
Principal transactions	729	974	1 629
Operating loss from associates	(17)	(41)	(47)
Other income	1 039	1 325	2 454
Total operating income before impairment losses on loans and advances	2 964	3 110	6 385
Impairment losses on loans and advances	(373)	(415)	(858)
Operating income	2 591	2 695	5 527
Administrative expenses	(1 455)	(1 432)	(2 879)
Depreciation, amortisation and impairment of property, equipment and intangibles	(49)	(53)	(122)
Profit before taxation	1 087	1 210	2 526
Taxation	(192)	(209)	(520)
Profit after taxation	895	1 001	2 006
Losses attributable to minority interests	-	2	1
Earnings attributable to shareholders	895	1 003	2 007
Headline earnings			
Earnings attributable to shareholders	895	1 003	2 007
Preference dividends paid	(61)	(83)	(149)
Earnings attributable to ordinary shareholders	834	920	1 858
Headline adjustments, net of taxation	25	(12)	(13)
Gain on realisation of available for sale financial assets	-	(12)	(13)
Impairment of associate	25	-	-
Headline earnings attributable to ordinary shareholders	859	908	1 845

* As restated for reclassifications detailed in the commentary section of this report.

Condensed consolidated statement of comprehensive income

R' million	Reviewed Six months to 30 Sept. 2010	Reviewed Six months to 30 Sept. 2009	Audited Year to 31 March 2010
Profit after taxation	895	1 001	2 006
Fair value movements on cash flow hedges*	(4)	(7)	18
Fair value movements on available for sale assets*	-	14	29
Gain on realisation of available for sale assets recycled through the income statement*	-	-	(13)
Foreign currency adjustments on translating foreign operations	(85)	(326)	(359)
Total comprehensive income	806	682	1 681

* Net of taxation of (R1 million) (Six months to 30 Sept.: R2 million, Year to 31 March 2010: R10 million).

Consolidated balance sheet

R' million	Reviewed 30 Sept. 2010	Audited 31 March 2010	Reviewed 30 Sept. 2009
Assets			
Cash and balances at central banks	3 770	3 660	3 493
Loans and advances to banks	9 514	13 245	6 595
Cash equivalent advances to customers	5 805	6 455	5 830
Reverse repurchase agreements and cash collateral on securities borrowed	3 761	3 776	2 478
Trading securities	47 948	36 375	32 026
Derivative financial instruments	11 279	7 829	8 818
Investment securities	7 339	3 605	1 372
Loans and advances to customers	113 719	111 919	112 597
Securitised assets	3 287	3 531	3 783
Interest in associated undertakings	128	180	145
Deferred taxation assets	21	22	315
Other assets	808	924	1 005
Property and equipment	170	164	159
Investment properties	5	5	5
Intangible assets	100	96	78
Loans to group companies	5 500	6 093	10 899
	213 154	197 879	189 598
Liabilities			
Deposits by banks	11 845	9 554	10 177
Derivative financial instruments	10 383	7 144	8 294
Other trading liabilities	303	454	442
Repurchase agreements and cash collateral on securities lent	6 202	6 281	3 856
Customer accounts (deposits)	151 222	143 390	136 766
Debt securities in issue	1 574	1 559	1 122
Liabilities arising on securitisation	2 336	2 707	3 216
Current taxation liabilities	787	857	920
Deferred taxation liabilities	654	444	580
Other liabilities	3 247	3 694	3 730
	188 553	176 084	169 103
Subordinated liabilities	6 866	5 341	5 091
	195 419	181 425	174 194
Equity			
Ordinary share capital	26	25	24
Share premium	11 645	10 530	10 054
Other reserves	(152)	(156)	(218)
Retained income	6 212	6 051	5 541
Shareholders' equity excluding minority interests	17 731	16 450	15 401
Minority interests	4	4	3
Total equity	17 735	16 454	15 404
Total liabilities and equity	213 154	197 879	189 598

Condensed consolidated statement of changes in equity

R' million	Reviewed Six months to 30 Sept. 2010	Reviewed Six months to 30 Sept. 2009	Audited Year to 31 March 2010
Balance at the beginning of the period	16 454	14 195	14 195
Total comprehensive income for the period	806	682	1 681
Issue of ordinary shares	1 099	1 000	1 450
Issue of perpetual preference shares	17	-	27
Dividends paid to ordinary shareholders	(580)	(390)	(750)
Dividends paid to perpetual preference shareholders	(61)	(83)	(149)
Balance at the end of the period	17 735	15 404	16 454

Condensed consolidated cash flow statement

R' million	Reviewed Six months to 30 Sept. 2010	Audited Year to 31 March 2010	Reviewed Six months to 30 Sept. 2009
Net cash inflow from operating activities	553	1 368	757
Net cash outflow from investing activities	(59)	(127)	(54)
Net cash inflow from financing activities	2 000	828	527
Effects of exchange rates on cash and cash equivalents	(32)	(47)	-
Net increase in cash and cash equivalents	2 462	2 022	1 230
Cash and cash equivalents at the beginning of the period	10 574	8 552	8 552
Cash and cash equivalents at the end of the period	13 036	10 574	9 782

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).

Condensed consolidated segmental information

For the six months to 30 September 2010

Reviewed	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total
R' million					
Operating income	854	519	944	274	2 591
Operating expenses	(688)	(98)	(508)	(210)	(1 504)
Operating profit	166	421	436	64	1 087
Cost to income ratio (%)	59.0	19.0	53.5	63.3	50.7

For the six months to 30 September 2009

Reviewed	Private Banking	Investment Banking	Capital Markets	Group Services and Other Activities	Total
R' million					
Operating income	709	481	795	710	2 695
Operating expenses	(615)	(152)	(472)	(246)	(1 485)
Operating profit	94	329	323	464	1 210
Cost to income ratio (%)	65.8	31.6	53.8	30.1	47.7

These interim condensed consolidated 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

Investec Bank Limited, a subsidiary of Investec Limited, posted a decrease in headline earnings attributable to ordinary shareholders of 5.4% to R859 million (2009: R908 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 2009. Operating profit is before taxation and headline adjustments.

Salient operational features of the period under review include:

- The Private Banking division posted an increase in operating profit of 76.6% to R166 million (2009: R94 million) largely as a result of margins normalising. Since 31 March 2010 the private client core lending book grew by 2.3% from R79.6 billion to R81.4 billion and the deposit book grew by 5.3% from R51.2 billion to R53.9 billion.
- Operating profit of the Investment Banking division increased by 28.0% to R421 million (2009: R329 million). The investments held within the Principal Investment portfolio generated a solid performance. The Corporate Finance division has benefitted from a steady deal pipeline with fees and commissions earned in line with the prior year.
- The Capital Markets division posted an increase in operating profit of 35.0% to R436 million (2009: R323 million) benefitting from lower impairments. Corporate activity levels, however, remain depressed and the division's lending book decreased marginally to R28.6 billion (31 March 2010: R28.8 billion). The bank continued to hold significant surplus liquidity and remains a net provider of liquidity to the South African interbank market.
- Operating profit from the Group Services and Other Activities division decreased by 86.2% from R464 million to R64 million largely as a result of a lower return generated on cash balances held within the Central Funding portfolio and lower foreign currency gains.

Accounting policies and disclosures

These reviewed interim condensed consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS34, Interim Financial Reporting.

The accounting policies applied in the preparation of the results for the period ended 30 September 2010 are consistent with those adopted in the financial results for the year ended 31 March 2010.

Restatements

On review, it was detected that the gross interest income and expense, as reported at 31 March 2010, had not appropriately netted certain intergroup interest income and expense between the two line items. Whilst net interest income was correctly reported, the restatement to interest income and expense is noted below:

R'million	31 March 2010
Restated	
Interest income	15 530
Interest expense	(11 599)
Net interest income	3 931
As previously reported	
Interest income	23 494
Interest expense	(19 563)
Net interest income	3 931
Changes to previously reported	
Interest income	(7 964)
Interest expense	7 964
Net interest income	-

The above change has no impact to the income statement (other than as noted above), balance sheet or cash flow statement.

On behalf of the Board of Investec Bank Limited

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

18 November 2010

Review conclusion

KPMG Inc. and Ernst & Young Inc., the Group's independent auditors, have reviewed the interim condensed consolidated financial results and have expressed an unmodified review conclusion on the interim condensed consolidated financial results, which is available for inspection at the company's registered office.

Non-redeemable non-cumulative non-participating preference shares

Declaration of dividend number 15

Notice is hereby given that preference dividend number 15 has been declared for the period 01 April 2010 to 30 September 2010 amounting to 373.87 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, 03 December 2010.

The relevant dates for the payment of dividend number 15 are as follows:

Last day to trade cum-dividend	Friday, 26 November 2010
Shares commence trading	Friday, 03 December 2010
ex-dividend	Monday, 29 November 2010
Record date	Friday, 03 December 2010
Payment date	Tuesday, 14 December 2010

Share certificates may not be dematerialised or rematerialised between Monday, 29 November 2010 and Friday, 03 December 2010, both dates inclusive.

By order of the board

B Coetsee

Company Secretary 18 November 2010

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*, M P Malungani, K X T Socikwa, B Tapnack*, P R S Thomas, C B Tshili.

*Executive

Company Secretary: B Coetsee