

Investec Bank Limited salient financial information for the six months ended
30 September 2006



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Registration Number

Investec Bank Limited Reg. No. 1969/004763/06

Auditors

Ernst & Young Inc.
KPMG Inc.

Transfer Secretaries

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Directorate

Executive Directors

S Koseff (Chief Executive Officer)
B Kantor (Managing Director)
GR Burger
DM Lawrence (Deputy Chairman)
B Tapnack

Non-Executive Directors

HS Herman (Chairman)
SE Abrahams
DE Jowell
MP Malungani
KPXT Socikwa*
PRS Thomas
F Titi
CB Tshili*

* Appointed to the board on 18 July 2006.

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 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 South Africa and the UK and select activities in Australia.

We are organised as a network comprising five business divisions: Private Client Activities, Treasury and Specialised Finance, 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

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

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

Distinctive Performance

Dedicated Partnerships

Client Focus

Cast-iron Integrity

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

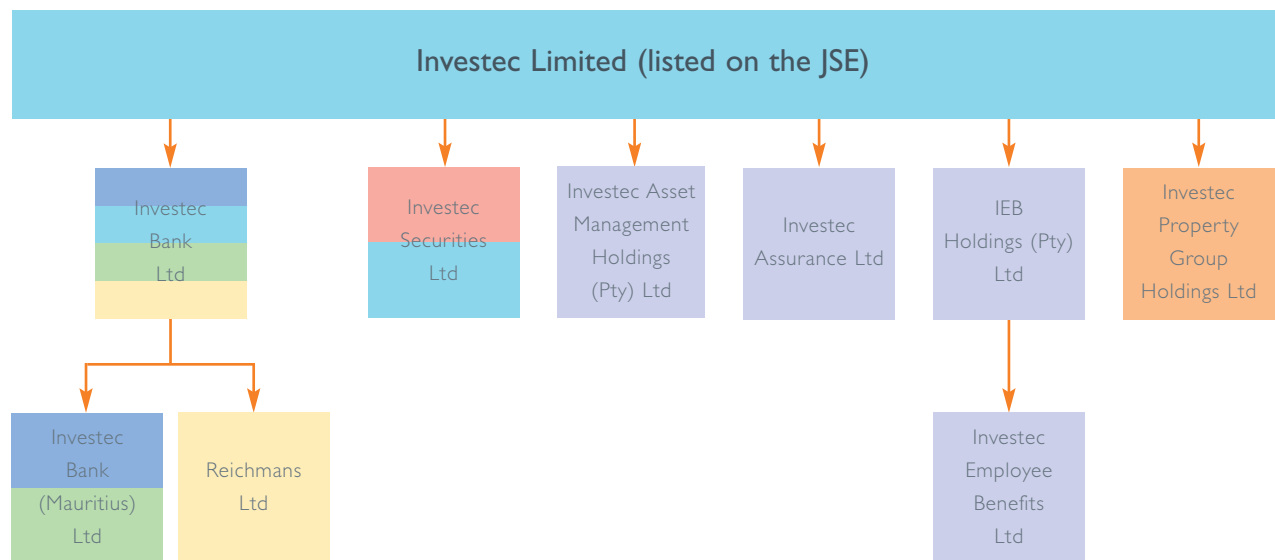
- Moral strength
- Risk consciousness
- Highest ethical standards

Investec Limited and Investec Bank Limited

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 2006



Key: activities conducted

- | | |
|---|---|
| ■ Private Banking | ■ Asset Management and Assurance Activities |
| ■ Private Client Portfolio Management and Stockbroking | ■ Property Activities |
| ■ Treasury and Specialised Finance | ■ Other Activities |
| ■ Investment Banking | |

Note:

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

Introduction

The bank's structure comprises three principal business units: Private Banking, Treasury and Specialised Finance 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 Organisation 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
- Investment Management and Advisory
- Trust and Fiduciary

We position ourselves as "an investment bank for private clients" in the high value advisory market, striving to "out think" not "out muscle" our competitors.

The division's distinctive focus is on wealth creation through gearing, driven by the predominance of active over passive high net worth individuals in South Africa. These individuals gain access to structured property and growth and acquisition finance. Ultra high net worth clients receive these products and services, as well as a comprehensive wealth management, advisory and trust and fiduciary service. In addition, we provide banking products and services to high income earning clients.

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, short-term insurance and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

Structured Property Finance

Structured property finance, a key part of our business, provides senior debt, mezzanine and equity to high net worth individuals involved in residential and commercial property markets.

Growth and Acquisition Finance

We provide private empowerment consortia, family businesses, entrepreneurs and management teams with senior, mezzanine or composite debt funding and minority equity investment solutions. Flexible and bespoke finance is available for implanting acquisition and organic growth strategies for South African based, privately owned, mid-market companies with a net asset value of less than R125 million.

Investment Management

We offer ultra high net worth private clients an independent wealth management service. Driven by an individual's specific requirements, the offering represents a bespoke strategic asset allocation where a dedicated investment practitioner proactively partners clients in line with their changing needs.

Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, blending both traditional and alternative investments in accordance with the targeted risk profile and agreed objectives.

Our investment methodology, detailed qualitative and quantitative due diligence process and access to the expertise of some of the world's leading financial institutions enable us to offer clients products and services that are often exclusive and institutional in nature.

Trust and Fiduciary Services

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates in a unique space in the fiduciary market, as a bank owned trust company with the independence to work with partners best suited to client needs. Working alongside these partners, the focus is on the delivery and administration of complex and effective international financial structures.

Treasury and Specialised Finance

Our Treasury and Specialised Finance 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:

Corporate treasury and 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. We offer a broad range of treasury products and services to the corporate and public sector markets.

Financial Products

We are involved in commercial paper and bond origination, securitisation, financial engineering, preference share investments and structures, equities scrip lending, collateralised debt obligation structures, credit derivatives and the development of investment products.

Structured and Asset Finance

This area focuses on structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, mezzanine debt financing, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

Project 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 a participant in the precious and base metals markets, and provide hedging and structured trades for clients in the spot and derivatives markets. We also offer advisory services, debt arranging and underwriting, equity raising in the mining resources industry and structured hedging solutions.

Interest Rates

This unit is involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

Foreign Exchange

We are a participant in the spot, forward exchange, currency swaps and currency derivatives markets, principally in Rand and G7 currencies and certain emerging markets currencies.

Equity Derivatives

Our focus is on major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. We provide hedging and structuring services to financial intermediaries, institutions and companies.

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

Since 1999, domestic capital market activity in South Africa has been limited. Accordingly, we have focused 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.

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.

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.

Introduction

The financial information contained in this commentary is prepared in accordance with International Financial Reporting Standards (IFRS). Unless the context indicates otherwise, all comparatives referred to in the business unit review, relate to the six months ended 30 September 2005. Operating profit is before taxation and after headline adjustments.

Overall 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 13.3% from R557 million to R631 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 2006	6 months to 30 Sept 2005	% Change
Operating profit before goodwill, non-operating items and taxation	903	800	12.9%
Headline earnings attributable to ordinary shareholders	631	557	13.3%
Cost to income ratio	50.5%	48.6%	N/A
Total capital resources (including subordinated liabilities) (R'million)	12 573	11 735	7.1%
Total shareholders' equity (including minority interest) (R'million)	9 468	8 562	10.6%
Total assets (R'million)	128 308	98 112	30.8%
Loans and advances to customers (R'million)	69 027	53 037	30.1%
Loans and advances to customers as a percentage of total assets	53.8%	54.1%	(0.5%)
Capital adequacy ratio	15.0%	18.2%	N/A
Tier 1 ratio	9.7%	11.0%	N/A

Business unit review

Salient operational features of the period under review include:

- The Private Client Activities division posted an increase of 49.7% in operating profit from R151 million to R226 million. The Private Bank has benefited from strong growth in advances, non-interest income and a solid performance recorded across its areas of specialisation. The average private client lending book has grown by 39.6% to R44.5 billion (2005: R31.9 billion) and the division increased its average retail deposit book by 55.3% to R20.4 billion (2005: R13.1 billion).
- The Treasury and Specialised Finance division posted operating profit of R379 million (2005: R276 million), an increase of 37.3%. Growth was underpinned by a strong performance from the division's advisory, structuring, trading, asset creation and distribution activities with average advances increasing by 21.4% to R19.1 billion.
- Operating profit of the Investment Banking division decreased by 22.2% to R126 million (2005: R162 million). The Corporate Finance division benefited from a high level of activity. The results of the Private Equity division are not comparable to the previous period as certain of the recent Private Equity investments have been acquired by other subsidiaries of Investec Limited.
- Other Activities posted a 18.5% decrease in operating profit to R172 million (2005: R211 million) largely as a result of a decline in the value of some of the investments within the central funding portfolio.



This interim financial report is set out on pages 11 to 14 and was approved by the Board of Directors on 16 November 2006 and is signed on its behalf by:



Hugh Herman
Chairman
16 November 2006



Stephen Koseff
Chief Executive Officer
16 November 2006

R'million	6 months to 30 Sept 2006	6 months to 30 Sept 2005	Year to 31 March 2006
Interest received	4 374	3 639	7 827
Interest paid	(3 174)	(2 644)	(5 827)
Net interest income	1 200	995	2 000
Fees and commissions receivable	342	323	647
Fees and commissions payable	(20)	(21)	(28)
Principal transactions	513	331	637
Operating losses from associates	(27)	-	-
Other income	808	633	1 256
Total operating income	2 008	1 628	3 256
Impairment losses on loans and advances	(90)	(37)	17
Net operating income	1 918	1 591	3 273
Administrative expenses	(995)	(773)	(1 722)
Depreciation and amortisation of property, equipment and software	(20)	(18)	(38)
Profit before taxation	903	800	1 513
Taxation	(210)	(178)	(305)
Profit after taxation	693	622	1 208
Earnings attributable to minority interests	3	3	32
Profit attributable to shareholders	690	619	1 176
Profit attributable to shareholders' equity	693	622	1 208
Calculation of headline earnings			
Earnings attributable to shareholders	690	619	1 176
Headline adjustments	-	-	(1)
Realisation of available for sale financial asset	-	-	(1)
Headline earnings attributable to shareholders	690	619	1 175
Preference dividends paid	(59)	(62)	(121)
Headline earnings attributable to ordinary shareholders	631	557	1 054

R'million	30 Sept 2006	31 March 2006	30 Sept 2005
Assets			
Cash and balances at central banks	1 654	1 930	1 249
Loans and advances to banks	13 831	12 473	9 214
Cash equivalent advances to customers	6 367	5 217	4 806
Reverse repurchase agreements and cash collateral on securities borrowed	2 121	1 224	793
Trading securities	13 599	12 208	10 023
Derivative financial instruments	12 630	9 032	7 889
Investment securities	27	31	1 361
Loans and advances to customers	69 027	62 885	53 037
Interests in associated undertakings	251	-	-
Deferred taxation asset	250	241	201
Other assets	900	682	621
Property and equipment	99	83	95
Investment properties	1	7	9
Intangible assets	39	26	18
Loans to group companies	7 512	6 508	8 796
	128 308	112 547	98 112
Liabilities			
Deposits by banks	8 794	7 776	4 867
Derivative financial instruments	10 219	7 138	6 476
Other trading liabilities	59	266	321
Repurchase agreements and cash collateral on securities lent	2 496	919	582
Customer accounts	61 105	56 201	52 105
Debt securities in issue	27 531	23 502	17 396
Current taxation liabilities	244	422	295
Deferred taxation liabilities	268	164	244
Other liabilities	5 019	4 207	4 091
	115 735	100 595	86 377
Subordinated liabilities (including convertible debt)	3 105	3 140	3 173
	118 840	103 735	89 550
Equity			
Called up share capital	16	16	16
Share premium account	4 732	4 732	4 732
Equity portion of convertible debentures	229	229	229
Perpetual preference shares	1 491	1 491	1 491
Other reserves	546	512	438
Profit and loss account	2 443	1 824	1 554
Shareholders' equity excluding minority interests	9 457	8 804	8 460
Minority interests	11	8	102
Total shareholders' equity	9 468	8 812	8 562
Total liabilities and shareholders' equity	128 308	112 547	98 112

R'million	6 months to 30 Sept 2006	Year to 31 March 2006	6 months to 30 Sept 2005
Balance at the beginning of the period	8 812	8 459	8 459
Foreign currency adjustments	16	(6)	(3)
Earnings for the period attributable to shareholders	690	1 176	619
Earnings for the period attributable to minority interests	3	32	3
Share based payments adjustments	6	-	-
Dividends paid to ordinary shareholders	-	(640)	(440)
Dividends paid to Perpetual preference shareholders	(59)	(121)	(62)
Cash flow hedge fair value movement	-	16	(33)
Movement of minorities on disposals and acquisitions	-	(104)	19
Balance at the end of the period	9 468	8 812	8 562

R'million	6 months to 30 Sept 2006	6 months to 30 Sept 2005	Year to 31 March 2006
Net cash flow from operating activities	653	202	470
Net cash outflow from investing activities	(315)	(19)	(78)
Net cash inflow/(outflow) from banking activities	1 332	947	(34)
Net cash (outflow)/inflow from financing activities	(988)	(299)	1 963
Net increase in cash and cash equivalents	682	831	2 321
Cash and cash equivalents at the beginning of the period	7 679	5 358	5 358
Cash and cash equivalents at the end of the period	8 361	6 189	7 679

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 - business analysis

For the 6 months to 30 September 2006

R'million	Private Client Activities	Treasury and Specialised Finance	Investment Banking	Group Services and Other Activities	Total group
Net interest income	590	298	9	303	1 200
Fees and commissions receivable	104	150	75	13	342
Fees and commissions payable	(7)	(16)	-	3	(20)
Principal transactions	40	299	118	56	513
Operating losses from associates	-	-	-	(27)	(27)
Other income	137	433	193	45	808
Total operating income	727	731	202	348	2 008
Impairment losses on loans and advances	(34)	(59)	-	3	(90)
Net operating income	693	672	202	351	1 918
Administrative expenses	(460)	(292)	(76)	(167)	(995)
Depreciation and amortisation of property, equipment and software	(7)	(1)	-	(12)	(20)
Operating profit before taxation	226	379	126	172	903
Cost to income ratio	64.2%	40.1%	37.6%	51.4%	50.5%

For the 6 months to 30 September 2005

R'million	Private Client Activities	Treasury and Specialised Finance	Investment Banking	Group Services and Other Activities	Total group
Net interest income	383	239	15	358	995
Fees and commissions receivable	74	163	45	41	323
Fees and commissions payable	(3)	(16)	-	(2)	(21)
Principal transactions	5	148	188	(10)	331
Other income	76	295	233	29	633
Total operating income	459	534	248	387	1 628
Impairment losses on loans and advances	(2)	(27)	(6)	(2)	(37)
Net operating income	457	507	242	385	1 591
Administrative expenses	(300)	(230)	(80)	(163)	(773)
Depreciation and amortisation of property, equipment and software	(6)	(1)	-	(11)	(18)
Operating profit before taxation	151	276	162	211	800
Cost to income ratio	66.7%	43.3%	32.3%	45.0%	48.6%

Segmental analysis of operating profit before goodwill, non-operating items and taxation

R'million	6 months to 30 Sept 2006	6 months to 30 Sept 2005	% Change
Private Client Activities	226	151	49.7%
Treasury and Specialised Finance	379	276	37.3%
Investment Banking			
Corporate Finance	43	25	72.0%
Direct Investments	50	48	4.2%
Private Equity	33	89	(62.9%)
	126	162	(22.2%)
Group Services and Other Activities			
International Trade Finance	11	9	22.2%
Asset Management Activities	8	7	14.3%
Central Funding	300	346	(13.3%)
Central Services Costs	(147)	(151)	(2.6%)
	172	211	(18.5%)
Total group	903	800	12.9%

Asset quality

R'million	30 Sept 2006	30 March 2006	30 Sept 2005
Total loans and advances to customers (gross of impairments)	69 402	63 213	53 364
Managed book	(1 116)	(671)	(547)
Net loans and advances to customers	68 286	62 542	52 817
Specific impairments	274	237	237
Portfolio impairments	101	91	90
Total impairments	375	328	327
Gross non-performing loans	675	354	298
Less: security	(535)	(183)	(106)
Net non-performing loans	140	171	192
Adequacy of impairments			
Specific impairments as a % of loans and advances to customers	0.39%	0.37%	0.44%
Portfolio impairments as a % of net loans and advances to customers	0.15%	0.15%	0.17%
Total impairments as a % of loans and advances to customers	0.54%	0.52%	0.61%
Total impairments as a % gross non-performing loans	55.56%	92.7%	109.7%
Total impairments as a % of net non-performing loans	267.86%	191.8%	170.3%
Specific impairments as a % of gross non-performing loans	40.59%	66.9%	79.5%
Specific impairments as a % of net non-performing loans	195.71%	138.6%	123.4%
Gross non-performing loans as a % of loans and advances to customers	0.97%	0.56%	0.56%

Capital adequacy

R'million	30 Sept 2006	30 March 2006	30 Sept 2005
Risk-weighted assets	76 974	68 517	58 789
Tier 1	7 443	6 860	6 442
Tier 2	4 100	4 175	4 241
Net qualifying capital	11 543	11 035	10 683
Qualifying capital as a percentage of RWA	15.0%	16.1%	18.2%
Tier 1 ratio	9.7%	10.0%	11.0%

