

## Investec Bank Limited salient financial information

for the six months ended 30 September 2007



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Overview of results

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## Internet address

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## Registration number

Investec Bank Limited Reg. No. 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

FTiti (Chairman)\*  
SE Abrahams  
DE Jowell^  
MP Malungani  
KBXT Socikwa  
PRS Thomas  
CBTsili

\* HS Herman resigned as Chairman on 1 June 2007. FTiti was appointed Chairman with effect from 1 June 2007.

^ Resigned with effect from 30 September 2007.

# 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

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

### Distinctive Performance

### Client Focus

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

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

### Dedicated Partnerships

### Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

## Philosophies

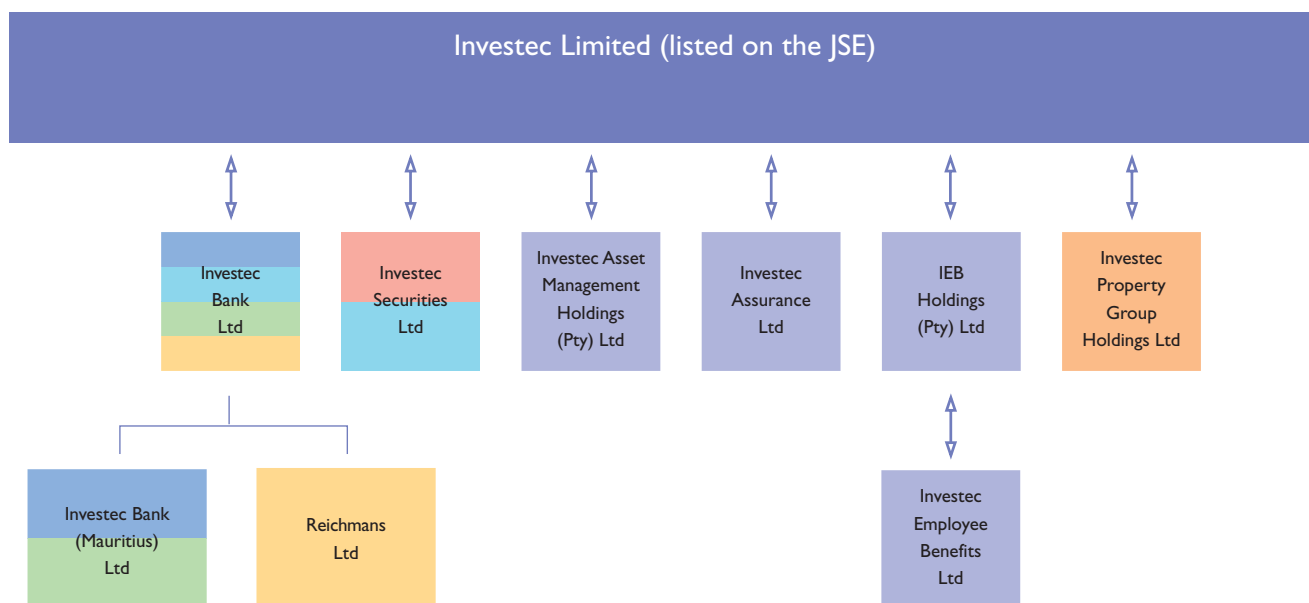
- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance

# Investec Bank Limited organisational structure

## Investec Limited and Investec Bank Limited

In terms of the implementation of the DLC structure (refer to page 4) 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 2007



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.
- 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 and Advisory

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 processes 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.

## 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, Pound 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.



# Overview of Investec Bank Limited

## 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.

## 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.

### 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 and salient information

Unless the context indicates otherwise, all comparatives referred to in the business unit review, relate to the six months ended 30 September 2006. Operating profit is before taxation.

## 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 22.5% from R631 million to R773 million. For full information on the Investec group results, refer to the combined results of Investec plc and Investec Limited.

R'million	6 months to 30 Sept 2007	6 months to 30 Sept 2006	% Change
Profit before taxation (R'million)	1 153	903	27.7%
Headline earnings attributable to ordinary shareholders (R'million)	773	631	22.5%
Cost to income ratio	53.2%	50.5%	
Total capital resources (including subordinated liabilities) (R'million)	13 849	12 573	10.1%
Total shareholders' equity (excluding minority interest) (R'million)	10 824	9 457	14.5%
Total assets (R'million)	153 852	128 308	19.9%
Core loans and advances to customers (R'million)	88 354	63 097	40.0%
Core loans and advances to customers as a percentage of total assets	57.4%	49.2%	16.8%
Capital adequacy ratio	13.5%	15.0%	
Tier I ratio	9.1%	9.7%	

## Business unit review

Salient operational features of the period under review include:

- The Private Client Activities division posted an increase of 44.2% in operating profit to R326 million (2006: R226 million). The Private Bank has benefited from strong growth in advances, non-interest income and a solid performance recorded across its areas of specialisation. Since 31 March 2007 the Private Client lending book has grown by 15.7% to R64.5 billion and the division increased its retail deposit book by 20.7% to R31.7 billion.
- The Capital Markets division posted operating profit of R451 million (2006: R379 million), an increase of 19.0%. Growth was underpinned by a good performance from the division's advisory, structuring, asset creation and distribution activities. Since 31 March 2007 the division's lending book has grown by 5.7% to R21.4 billion.
- Operating profit of the Investment Banking division decreased by 15.1% to R107 million (2006: R126 million). The Corporate Finance division benefited from a high level of activity and the Direct Investments portfolio performed well. The investments held within the Private Equity portfolio have continued to perform well however, certain of the recent investments have been acquired by other subsidiaries of Investec Limited and income generated by these investments is therefore not reflected in the results of the bank.
- Other Activities posted a 56.4% increase in operating profit to R269 million (2006: R172 million) largely as a result of a strong increase in net interest income and a solid performance from some of the investments within the central funding portfolio.

# 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 9

Notice is hereby given that preference dividend number 9 amounting to 486.47 cents per share has been declared for the period 01 April 2007 to 30 September 2007.

The dividend is payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday 30 November 2007.

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

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

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

By order of the board



**B Coetsee**

Company Secretary

15 November 2007

#### Registered office

100 Grayston Drive

Sandown

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2196

#### Transfer secretaries

Computershare Investor Services 2004 (Pty) Ltd

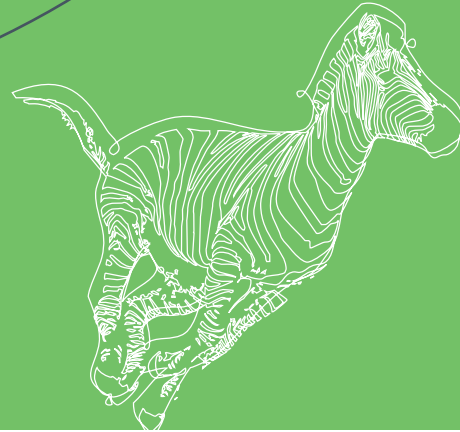
70 Marshall Street

Johannesburg

2001



02



Interim financial statements  
for the 6 months ended  
30 September 2007  
- Investec Bank Limited

# Directors' 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 2007, 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 15 November 2007 and are signed on its behalf by



**F Titi**  
Chairman



**S Koseff**  
Chief Executive Officer

# Independent auditors' review report

## To the members of Investec Bank Limited

We have reviewed the interim financial statements of Investec Bank Limited which comprise the condensed consolidated balance sheet at 30 September 2007, and the condensed income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the period then ended, and a selected explanatory notes as set out on pages 15 to 23.

## Directors' responsibility for the interim financial statements

The company's directors are responsible for the preparation and fair presentation of the 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. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial statements that are free from material misstatements, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

Our responsibility is to express a conclusion on these interim financial statements based on our 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 statements consist 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 interim financial statements do not fairly present, in all material respects, in accordance with International Financial Reporting Standards applicable to interim financial reporting and in the manner required by the Companies Act of South Africa.

*Ernst & Young Inc.*

Ernst & Young Inc.  
Registered Auditor

Per JP Quinn  
Chartered Accountant (SA)  
Registered Auditor  
Director  
15 November 2007

Wanderers Office Park  
52 Corlett Drive  
Illovo  
2196

*KPMG Inc.*

KPMG Inc.  
Registered Auditor

Per VT Yuill  
Chartered Accountant (SA)  
Registered Auditor  
Director  
15 November 2007

KPMG Crescent  
85 Empire Road  
Parktown  
2193

# Consolidated income statement

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



# Consolidated balance sheet

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

# Condensed consolidated statement of changes in equity

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

## Condensed consolidated cash flow statement

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

**Note:**

Cash and cash equivalents have a maturity profile of less than three months.

## 1.1 Accounting policies and disclosures

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

## 1.2 Securitised assets and related liabilities disclosure

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

## 2.1 Segmental information - business analysis

### For the six months to 30 September 2007

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

## 2.2 Segmental information - business analysis (continued)

### For the six months to 30 September 2006

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

## 2.3 Segmental analysis of operating profit before non-operating items and taxation

R'million	Reviewed 6 months to 30 Sept 2007	Reviewed 6 months to 30 Sept 2006	% Change
<b>Private Client Activities</b>	<b>326</b>	<b>226</b>	<b>44.2%</b>
<b>Capital Markets</b>	<b>451</b>	<b>379</b>	<b>19.0%</b>
<b>Investment Banking</b>			
Corporate Finance	63	43	46.5%
Direct Investments	87	50	74.0%
Private Equity	(43)	33	(>100.0%)
	<b>107</b>	<b>126</b>	<b>(15.1%)</b>
<b>Group Services and Other Activities</b>			
International Trade Finance	21	11	90.9%
Asset Management Activities	-	8	(100.0%)
Central Funding	402	300	34.0%
Central Services Costs	(154)	(147)	4.8%
	<b>269</b>	<b>172</b>	<b>56.4%</b>
<b>Total group</b>	<b>1 153</b>	<b>903</b>	<b>27.7%</b>

### 3. Headline earnings

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



## 4. Asset quality

R'million	30 Sept 2007	31 March 2007
Total loans and advances to customers (gross of impairments)	79 356	69 486
Securitised loans and advances	9 271	8 596
<b>Total core loans and advances to customers (gross of impairments)</b>	<b>88 627</b>	<b>78 082</b>
Total core loans and advances to customers (net of impairments)	79 083	69 174
Securitised loans and advances (included in securitised assets)	9 271	8 596
<b>Net core loans and advances</b>	<b>88 354</b>	<b>77 770</b>
Specific impairments	200	237
Portfolio impairments	73	75
<b>Total impairments</b>	<b>273</b>	<b>312</b>
<b>Gross default loans</b>	<b>957</b>	<b>1 004</b>
Sub-standard	504	404
Doubtful	446	573
Loss	7	27
Less: security	771	837
<b>Net default loans (pre-impairments held against these loans)</b>	<b>186</b>	<b>167</b>
<b>Adequacy of impairments</b>		
Specific impairments as a % of core loans and advances to customers	0.23%	0.30%
Portfolio impairments as a % of net core loans and advances to customers	0.08%	0.10%
Total impairments as a % of core loans and advances to customers	0.31%	0.40%
Total impairments as a % of gross default loans	28.53%	31.08%
Total impairments as a % of net default loans	146.77%	186.83%
Specific impairments as a % of gross default loans	20.90%	23.61%
Specific impairments as a % of net default loans	107.53%	141.92%
Gross default loans as a % of core loans and advances to customers	1.08%	1.29%

### Note:

As part of our Basel process we have revisited the definitions applied in terms of our asset quality information and refined these across divisions and geographies. These revised definitions could not be reasonably applied to the September 2006 information, hence the comparative information for September 2006 has not been disclosed.

## 5. Capital adequacy

R'million	6 months to 30 Sept 2007	Year to 31 Mar 2007	6 months to 30 Sept 2006
Primary capital (Tier 1)	9 768	9 055	7 466
Secondary capital (Tier 2)	4 450	4 404	4 673
<b>Total</b>	<b>14 218</b>	<b>13 459</b>	<b>12 139</b>
Less: impairments	(760)	(670)	(596)
<b>Net qualifying capital</b>	<b>13 458</b>	<b>12 789</b>	<b>11 543</b>
<b>Risk weighted assets (banking and trading assets)</b>	<b>99 904</b>	<b>90 426</b>	<b>76 974</b>
<b>Capital adequacy ratio</b>	<b>13.5%</b>	<b>14.1%</b>	<b>15.0%</b>
<b>Tier I ratio</b>	<b>9.1%</b>	<b>9.3%</b>	<b>9.7%</b>