

## **Investec Bank (UK) Limited (a subsidiary of Investec plc)**

Unaudited consolidated financial information for the six months ended 30 September 2008

IFRS - Pounds Sterling

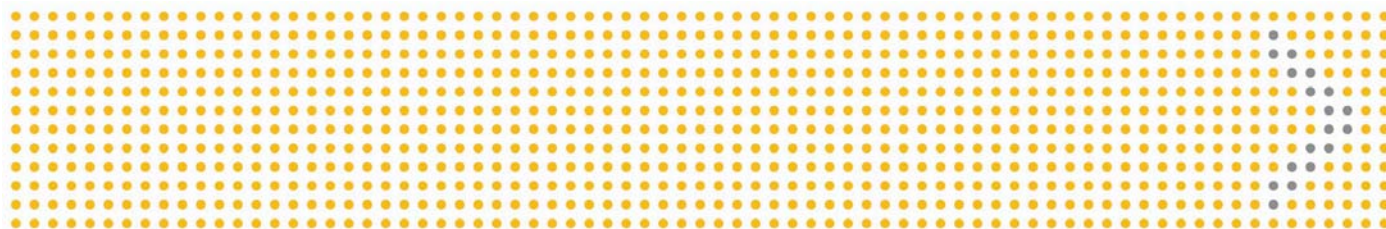




## Overview of results

	30 Sept 2008	30 Sept 2007	% Change	31 March 2008
Operating profit before goodwill, taxation and after minorities (£'000)	44 701	66 448	(32.7%)	110 428
Earnings attributable to ordinary shareholders (£'000)	33 199	47 957	(30.8%)	93 078
Cost to income ratio	73.4%	66.9%		71.1%
Total capital resources (including subordinated liabilities) (£'000)	1 613 266	1 513 127	6.6%	1 562 719
Total shareholders' equity (including minority interest) (£'000)	963 514	879 279	9.6%	916 790
Total assets (£'000)	12 530 737	11 104 695	12.8%	12 197 307
Capital adequacy ratio*	16.2%	18.3%		14.6%
Tier 1 ratio*	10.4%	11.5%		9.1%

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



## Consolidated income statement

	6 months to	6 months to	Year to
£'000	30 Sept 2008	30 Sept 2007	31 March 2008
Interest income	395 601	314 347	710 052
Interest expense	( 269 358)	( 221 445)	( 501 301)
<b>Net interest income</b>	<b>126 243</b>	<b>92 902</b>	<b>208 751</b>
Fee and commission income	116 983	94 352	182 686
Fee and commission expense	( 4 965)	( 4 145)	( 10 010)
Principal transactions	10 948	27 519	67 205
Operating income from associates	1 121	469	698
Other operating income	( 11 202)	26 840	45 932
<b>Other income</b>	<b>112 885</b>	<b>145 035</b>	<b>286 511</b>
<b>Total operating income</b>	<b>239 128</b>	<b>237 937</b>	<b>495 262</b>
Impairment losses on loans and advances	( 36 380)	( 5 464)	( 27 945)
<b>Operating income</b>	<b>202 748</b>	<b>232 473</b>	<b>467 317</b>
Administrative expenses	( 166 788)	( 152 486)	( 336 693)
Depreciation, amortisation and impairment of property, equipment and intangible assets	( 8 777)	( 6 724)	( 15 472)
<b>Operating profit before goodwill</b>	<b>27 183</b>	<b>73 263</b>	<b>115 152</b>
Goodwill	-	-	-
<b>Profit before taxation</b>	<b>27 183</b>	<b>73 263</b>	<b>115 152</b>
Taxation	( 11 502)	( 18 491)	( 17 350)
<b>Profit after taxation</b>	<b>15 681</b>	<b>54 772</b>	<b>97 802</b>
Earnings attributable to minority shareholders	( 17 518)	6 815	4 724
Profit attributable to shareholders	33 199	47 957	93 078
	<b>15 681</b>	<b>54 772</b>	<b>97 802</b>

## Balance sheet

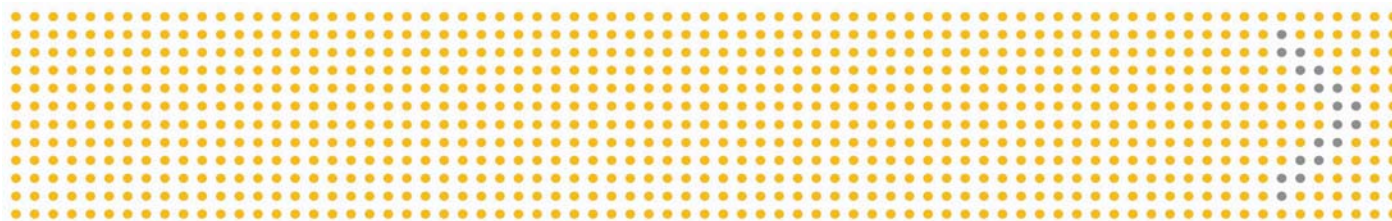
£'000	30 Sept 2008	31 March 2008	30 Sept 2007
<b>Assets</b>			
Cash and balances at central banks	203 560	614 619	19 381
Loans and advances to banks	1 357 610	1 010 776	1 146 544
Cash equivalent advances to customers	1 207	7 183	607
Reverse repurchase agreements and cash collateral on securities borrowed	445 724	350 616	637 575
Trading securities	441 214	433 465	334 314
Derivative financial instruments	550 668	486 153	368 289
Investment securities	794 919	1 116 475	1 909 076
Loans and advances to customers	7 147 108	6 710 495	5 689 321
Securitised assets	803 529	774 803	364 154
Interests in associated undertakings	15 835	14 440	13 766
Deferred taxation assets	46 441	49 876	24 892
Other assets	478 733	391 558	387 198
Property and equipment	132 678	125 927	120 577
Goodwill	88 115	88 282	68 470
Intangible assets	23 396	22 639	20 531
	<b>12 530 737</b>	<b>12 197 307</b>	<b>11 104 695</b>
<b>Liabilities</b>			
Deposits by banks	2 828 608	2 860 627	2 072 126
Derivative financial instruments	315 353	244 440	154 555
Other trading liabilities	196 140	192 987	62 901
Repurchase agreements and cash collateral on securities lent	744 683	287 585	345 337
Customer accounts	4 980 379	5 264 487	5 209 600
Debt securities in issue	641 431	594 180	999 279
Liabilities arising on securitisation	716 442	686 486	335 701
Current taxation liabilities	51 676	62 329	49 051
Deferred taxation liabilities	25 083	27 985	11 180
Other liabilities	417 676	413 482	351 838
	10 917 471	10 634 588	9 591 568
Subordinated liabilities	649 752	645 929	633 848
	<b>11 567 223</b>	<b>11 280 517</b>	<b>10 225 416</b>
<b>Equity</b>			
Called up share capital	600 000	555 000	555 000
Share premium	37 365	37 365	37 365
Other reserves	7 627	13 840	1 415
Profit and loss account	282 646	261 962	228 641
<b>Shareholders' equity excluding minority interests</b>	<b>927 638</b>	<b>868 167</b>	<b>822 421</b>
Minority interests	35 876	48 623	56 858
<b>Total equity</b>	<b>963 514</b>	<b>916 790</b>	<b>879 279</b>
<b>Total liabilities and shareholders' equity</b>	<b>12 530 737</b>	<b>12 197 307</b>	<b>11 104 695</b>



## Consolidated statement of total recognised income and expenses

	6 months to	Year to	6 months to
£'000	30 Sept 2008	31 March 2008	30 Sept 2007
Earnings attributable to shareholders	15 681	97 802	54 772
Total gains and losses recognised directly in equity	116	( 2 068)	( 11 817)
Fair value movements on available for sale assets	1 692	( 23 777)	( 18 581)
Foreign currency movements	( 1 576)	21 709	6 764
<b>Total recognised income and expenses</b>	<b>15 797</b>	<b>95 734</b>	<b>42 955</b>
Total recognised income and expenses attributable to minority shareholders	( 12 757)	4 055	8 626
Total recognised income and expenses attributable to ordinary shareholders	28 554	91 679	34 329
	<b>15 797</b>	<b>95 734</b>	<b>42 955</b>





## Statement of changes in equity (summarised)

	6 months to	Year to	6 months to
£'000	30 Sept 2008	31 March 2008	30 Sept 2007
<b>Balance at the beginning of the period</b>	<b>916 790</b>	<b>850 724</b>	<b>850 724</b>
Foreign currency adjustments	( 1 576)	21 709	6 764
Issue of ordinary shares	45 000	50 000	50 000
Retained profit for the period attributable to ordinary shareholders	33 199	93 078	47 957
Retained profit for the period attributable to minority interests	( 17 518)	4 724	6 815
Share based payments adjustments	394	( 3 533)	( 1 929)
Fair value movements on available for sale assets	1 692	( 23 777)	( 18 581)
Cash flow hedge movements	( 4 477)	-	-
Dividends paid to ordinary shareholders	( 10 000)	( 80 000)	( 70 000)
Dividends paid to minority shareholders	-	( 2 912)	-
Issue of equity instruments by subsidiaries	10	6 777	7 529
Movement of minorities on disposals and acquisitions	-	-	-
<b>Balance at the end of the period</b>	<b>963 514</b>	<b>916 790</b>	<b>879 279</b>

## Segmental information - business analysis

For the six months to 30 September 2008

£'000	Private Client Activities	Capital Markets	Investment Banking	Property Activities	Group Services and Other Activities	Total group
<b>Net interest income</b>	<b>79 236</b>	<b>33 501</b>	<b>5 370</b>	<b>( 225)</b>	<b>8 361</b>	<b>126 243</b>
Fee and commission income	45 444	37 882	31 689	1 630	338	116 983
Fee and commission expense	( 2 044)	( 807)	( 1 867)	( 247)	-	( 4 965)
Principal transactions	6 970	( 4 074)	7 668	108	276	10 948
Operating income from associates	872	-	249	-	-	1 121
Other operating income	114	-	( 11 973)	-	657	( 11 202)
<b>Other income</b>	<b>51 356</b>	<b>33 001</b>	<b>25 766</b>	<b>1 491</b>	<b>1 271</b>	<b>112 885</b>
<b>Total operating income</b>	<b>130 592</b>	<b>66 502</b>	<b>31 136</b>	<b>1 266</b>	<b>9 632</b>	<b>239 128</b>
Impairment losses on loans and advances	( 31 289)	( 5 091)	-	-	-	( 36 380)
<b>Net operating income</b>	<b>99 303</b>	<b>61 411</b>	<b>31 136</b>	<b>1 266</b>	<b>9 632</b>	<b>202 748</b>
Administrative expenses	( 59 078)	( 48 359)	( 44 050)	( 1 294)	( 14 007)	( 166 788)
Depreciation, amortisation and impairment of property, equipment and intangible assets	( 654)	( 1 362)	( 5 469)	-	( 1 292)	( 8 777)
<b>Operating profit before goodwill</b>	<b>39 571</b>	<b>11 690</b>	<b>( 18 383)</b>	<b>( 28)</b>	<b>( 5 667)</b>	<b>27 183</b>
Earnings attributable to minority interests	-	-	17 518	-	-	17 518
<b>Operating profit before goodwill after minorities</b>	<b>39 571</b>	<b>11 690</b>	<b>( 865)</b>	<b>( 28)</b>	<b>( 5 667)</b>	<b>44 701</b>
Goodwill	-	-	-	-	-	-
<b>Operating profit after minorities</b>	<b>39 571</b>	<b>11 690</b>	<b>( 865)</b>	<b>( 28)</b>	<b>( 5 667)</b>	<b>44 701</b>
Cost to income ratio	45.7%	74.8%	159.0%	102.2%	158.8%	73.4%

For the six months to 30 September 2007

£'000	Private Client Activities	Capital Markets	Investment Banking	Property Activities	Group Services and Other Activities	Total group
<b>Net interest income</b>	<b>67 177</b>	<b>21 974</b>	<b>( 3 842)</b>	<b>( 56)</b>	<b>7 649</b>	<b>92 902</b>
Fee and commission income	32 543	24 556	36 348	224	681	94 352
Fee and commission expense	( 2 430)	( 315)	( 1 299)	-	( 101)	( 4 145)
Principal transactions	20 672	( 3 228)	6 322	177	3 576	27 519
Operating income from associates	472	( 44)	41	-	-	469
Other operating income	-	-	26 274	-	566	26 840
<b>Other income</b>	<b>51 257</b>	<b>20 969</b>	<b>67 686</b>	<b>401</b>	<b>4 722</b>	<b>145 035</b>
<b>Total operating income</b>	<b>118 434</b>	<b>42 943</b>	<b>63 844</b>	<b>345</b>	<b>12 371</b>	<b>237 937</b>
Impairment losses on loans and advances	( 4 355)	( 1 109)	-	-	-	( 5 464)
<b>Net operating income</b>	<b>114 079</b>	<b>41 834</b>	<b>63 844</b>	<b>345</b>	<b>12 371</b>	<b>232 473</b>
Administrative expenses	( 52 317)	( 39 777)	( 44 491)	( 818)	( 15 083)	( 152 486)
Depreciation, amortisation and impairment of property, equipment and intangible assets	( 510)	( 1 867)	( 3 341)	-	( 1 006)	( 6 724)
<b>Operating profit before goodwill</b>	<b>61 252</b>	<b>190</b>	<b>16 012</b>	<b>( 473)</b>	<b>( 3 718)</b>	<b>73 263</b>
Earnings attributable to minority interests	-	-	( 6 815)	-	-	( 6 815)
<b>Operating profit before goodwill after minorities</b>	<b>61 252</b>	<b>190</b>	<b>9 197</b>	<b>( 473)</b>	<b>( 3 718)</b>	<b>66 448</b>
Goodwill	-	-	-	-	-	-
<b>Operating profit after minorities</b>	<b>61 252</b>	<b>190</b>	<b>9 197</b>	<b>( 473)</b>	<b>( 3 718)</b>	<b>66 448</b>
Cost to income ratio	44.6%	97.0%	74.9%	237.1%	130.1%	66.9%

## Segmental information - geographical analysis

For the six months to 30 September 2008

£'000	UK and Europe	Australia	Total group
<b>Net interest income</b>	<b>93 957</b>	<b>32 286</b>	<b>126 243</b>
Fee and commission income	105 352	11 631	116 983
Fee and commission expense	( 4 774)	( 191)	( 4 965)
Principal transactions	9 951	997	10 948
Operating income from associates	394	727	1 121
Other operating income	( 7 650)	( 3 552)	( 11 202)
<b>Other income</b>	<b>103 273</b>	<b>9 612</b>	<b>112 885</b>
<b>Total operating income</b>	<b>197 230</b>	<b>41 898</b>	<b>239 128</b>
Impairment losses on loans and advances	( 30 446)	( 5 934)	( 36 380)
<b>Net operating income</b>	<b>166 784</b>	<b>35 964</b>	<b>202 748</b>
Administrative expenses	( 138 542)	( 28 246)	( 166 788)
Depreciation and impairment of property, equipment and intangibles	( 8 395)	( 382)	( 8 777)
<b>Operating profit before goodwill</b>	<b>19 847</b>	<b>7 336</b>	<b>27 183</b>
Earnings attributable to minority interests	15 625	1 893	17 518
<b>Operating profit before goodwill after minorities</b>	<b>35 472</b>	<b>9 229</b>	<b>44 701</b>
Goodwill	-	-	-
<b>Operating profit after minorities</b>	<b>35 472</b>	<b>9 229</b>	<b>44 701</b>
Taxation	( 7 134)	( 4 368)	( 11 502)
<b>Earnings attributable to shareholders</b>	<b>28 338</b>	<b>4 861</b>	<b>33 199</b>
Cost to income ratio	74.5%	68.3%	73.4%

For the six months to 30 September 2007

£'000	UK and Europe	Australia	Total group
<b>Net interest income</b>	<b>67 634</b>	<b>25 268</b>	<b>92 902</b>
Fee and commission income	82 432	11 920	94 352
Fee and commission expense	( 3 915)	( 230)	( 4 145)
Principal transactions	12 252	15 267	27 519
Operating income from associates	274	195	469
Other operating income	24 546	2 294	26 840
<b>Other income</b>	<b>115 589</b>	<b>29 446</b>	<b>145 035</b>
<b>Total operating income</b>	<b>183 223</b>	<b>54 714</b>	<b>237 937</b>
Impairment losses on loans and advances	( 618)	( 4 846)	( 5 464)
<b>Net operating income</b>	<b>182 605</b>	<b>49 868</b>	<b>232 473</b>
Administrative expenses	( 124 909)	( 27 577)	( 152 486)
Depreciation and impairment of property, equipment and intangibles	( 6 425)	( 299)	( 6 724)
<b>Operating profit before goodwill</b>	<b>51 271</b>	<b>21 992</b>	<b>73 263</b>
Earnings attributable to minority interests	( 5 854)	( 961)	( 6 815)
<b>Operating profit before goodwill after minorities</b>	<b>45 417</b>	<b>21 031</b>	<b>66 448</b>
Goodwill	-	-	-
<b>Operating profit after minorities</b>	<b>45 417</b>	<b>21 031</b>	<b>66 448</b>
Taxation	( 15 050)	( 3 441)	( 18 491)
<b>Earnings attributable to shareholders</b>	<b>30 367</b>	<b>17 590</b>	<b>47 957</b>
Cost to income ratio	71.7%	50.9%	66.9%





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

	6 months to	6 months to	% change
£'000	30 Sept 2008	30 Sept 2007	
<b>Private Client Activities</b>			
Private Banking	39 426	61 020	-35.4%
Private Client Portfolio Management and Stockbroking	145	232	-37.5%
	<b>39 571</b>	<b>61 252</b>	<b>-35.4%</b>
<b>Capital Markets</b>	<b>11 690</b>	<b>190</b>	<b>&gt;100.0%</b>
<b>Investment Banking</b>			
Corporate Finance and Securities	9 756	8 027	21.5%
Direct Investments	( 3 655)	2 334	(>100.0%)
Private Equity	( 6 966)	( 1 164)	(>100.0%)
	<b>( 865)</b>	<b>9 197</b>	<b>(&gt;100.0%)</b>
<b>Property Activities</b>	<b>( 28)</b>	<b>( 473)</b>	<b>94.1%</b>
<b>Group Services and Other Activities</b>			
Central Funding	8 812	9 010	-2.2%
Central Services Costs	( 14 479)	( 12 728)	-13.8%
	<b>( 5 667)</b>	<b>( 3 718)</b>	<b>-52.4%</b>
<b>Total group</b>	<b>44 701</b>	<b>66 448</b>	<b>-32.7%</b>

## 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).

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.

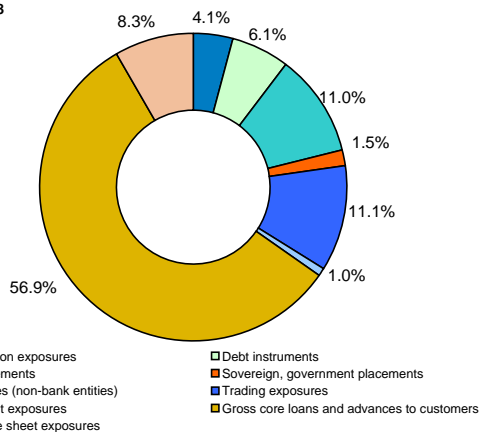
The tables that follow provide an analysis of our credit and counterparty risk exposures.

### An analysis of gross credit and counterparty exposures

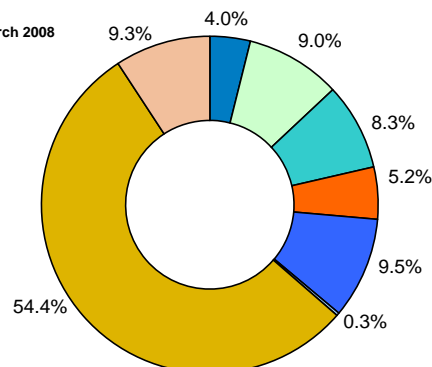
£'000	30 Sept 2008	31 March 2008	% change since 31 March 2008	Average*
<b>On-balance sheet exposures</b>	<b>11 189 897</b>	<b>10 870 450</b>	<b>2.9%</b>	<b>11 030 175</b>
Securitisation exposures arising from securitisation/principal finance activities	501 460	485 878	3.2%	493 669
Rated instruments	169 275	121 127	39.8%	145 201
Unrated instruments	66 103	106 989	(38.2%)	86 546
Other	266 082	257 762	3.2%	261 922
Debt instruments (NCDs, bonds held, debentures)	744 361	1 063 504	(30.0%)	903 933
Bank placements	1 339 546	979 767	36.7%	1 159 657
Sovereign, government placements	187 774	616 122	(69.5%)	401 948
Trading exposures (positive fair value excluding potential future exposures)	1 349 602	1 120 584	20.4%	1 235 093
Other credit exposures	125 258	30 142	>100.0%	77 700
Gross core loans and advances to customers**	6 941 896	6 574 453	5.6%	6 758 175
<b>Off-balance sheet exposures</b>	<b>1 012 711</b>	<b>1 105 906</b>	<b>(8.4%)</b>	<b>1 059 309</b>
Guarantees	90 133	93 458	(3.6%)	91 796
Contingent liabilities, committed facilities and other	922 578	1 012 448	(8.9%)	967 513
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>12 202 608</b>	<b>11 976 356</b>	<b>1.9%</b>	<b>12 089 484</b>

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

30 Sept 2008



30 March 2008



## Risk management

### An analysis of gross credit and counterparty exposures by geography

£'000	UK and Europe		Australia		Total	
	30 Sept 2008	30 March 2008	30 Sept 2008	30 March 2008	30 Sept 2008	30 March 2008
<b>On-balance sheet exposures</b>	<b>9 374 123</b>	<b>9 179 687</b>	<b>1 815 774</b>	<b>1 690 763</b>	<b>11 189 897</b>	<b>10 870 450</b>
Securitisation exposures arising from securitisation/principal finance activities	<b>501 460</b>	<b>485 878</b>	-	-	<b>501 460</b>	<b>485 878</b>
Rated instruments	169 275	121 127	-	-	169 275	121 127
Unrated instruments	66 103	106 989	-	-	66 103	106 989
Other	266 082	257 762	-	-	266 082	257 762
Debt instruments (NCDs, bonds held, debentures)	412 952	762 313	331 409	301 191	744 361	1 063 504
Bank placements	1 174 631	835 834	164 915	143 933	1 339 546	979 767
Sovereign, government placements	187 774	616 122	-	-	187 774	616 122
Trading exposures (positive fair value excluding potential future exposures)	1 273 192	1 056 581	76 410	64 003	1 349 602	1 120 584
Other credit exposures	125 258	30 142	-	-	125 258	30 142
Gross core loans and advances to customers	5 698 856	5 392 817	1 243 040	1 181 636	6 941 896	6 574 453
<b>Off-balance sheet exposures</b>	<b>785 664</b>	<b>846 298</b>	<b>227 047</b>	<b>259 608</b>	<b>1 012 711</b>	<b>1 105 906</b>
Guarantees	35 908	46 714	54 225	46 744	90 133	93 458
Contingent liabilities, committed facilities and other	749 756	799 584	172 822	212 864	922 578	1 012 448
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>10 159 787</b>	<b>10 025 985</b>	<b>2 042 821</b>	<b>1 950 371</b>	<b>12 202 608</b>	<b>11 976 356</b>

## 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.

£'000	Securitisation exposures arising from securitisation/principal finance activities				Debt instruments (NCDs, bonds held, debentures)	Bank placements	Sovereign, government placements	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counterparty exposure	Assets that we deem to have no credit exposure *	Total balance sheet
	Total	Rated instruments	Unrated instruments	Other									
<b>As at 30 Sept 2008</b>													
Cash and balances at central banks	-	-	-	-	-	22 853	179 235	1 452	-	-	203 540	20	203 560
Loans and advances to banks	-	-	-	-	-	1 316 693	-	3 925	-	-	1 320 618	36 992	1 357 610
Cash equivalent advances to customers	-	-	-	-	-	-	-	1 207	-	-	1 207	-	1 207
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	445 724	-	-	445 724	-	445 724
Trading securities	103 992	48 801	36 912	18 279	10 998	-	-	188 390	11 104	-	314 484	126 730	441 214
Derivative financial instruments	12 040	-	-	12 040	-	-	-	440 330	6 440	-	458 810	91 858	550 668
Investment securities	708	-	708	-	733 363	-	8 539	-	-	-	742 610	52 309	794 919
Loans and advances to customers	306 387	70 624	-	235 763	-	-	-	-	-	6 556 991	6 863 378	283 730	7 147 108
Securitised assets	78 333	49 850	28 483	-	-	-	-	-	-	384 905	463 238	340 291	803 529
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	46 441	46 441
Other assets	-	-	-	-	-	-	-	268 574	107 714	-	376 288	102 445	478 733
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	15 835	15 835
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	132 678	132 678
Goodwill	-	-	-	-	-	-	-	-	-	-	-	88 115	88 115
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	23 396	23 396
<b>Total</b>	<b>501 460</b>	<b>169 275</b>	<b>66 103</b>	<b>266 082</b>	<b>744 361</b>	<b>1 339 546</b>	<b>187 774</b>	<b>1 349 602</b>	<b>125 258</b>	<b>6 941 896</b>	<b>11 189 897</b>	<b>1 340 840</b>	<b>12 530 737</b>
<b>As at 31 March 2008</b>													
Cash and balances at central banks	-	-	-	-	-	6 607	608 004	-	-	-	614 611	8	614 619
Loans and advances to banks	-	-	-	-	712	973 160	-	-	-	-	973 872	36 904	1 010 776
Cash equivalent advances to customers	-	-	-	-	-	-	-	7 124	-	-	7 124	59	7 183
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	-	325 162	-	-	325 162	25 454	350 616
Trading securities	142 196	57 563	74 656	9 977	17 963	-	-	166 125	2 566	-	328 850	104 615	433 465
Derivative financial instruments	8 995	-	-	8 995	-	-	-	461 167	-	-	470 162	15 991	486 153
Investment securities	3 850	-	3 850	-	1 044 829	-	8 118	-	-	-	1 056 797	59 678	1 116 475
Loans and advances to customers	252 026	13 236	-	238 790	-	-	-	-	-	6 228 369	6 480 395	230 100	6 710 495
Securitised assets	78 811	50 328	28 483	-	-	-	-	-	-	346 084	424 895	349 908	774 803
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	49 876	49 876
Other assets	-	-	-	-	-	-	-	161 006	27 576	-	188 582	202 976	391 558
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	14 440	14 440
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	125 927	125 927
Goodwill	-	-	-	-	-	-	-	-	-	-	-	88 282	88 282
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	22 639	22 639
<b>Total</b>	<b>485 878</b>	<b>121 127</b>	<b>106 989</b>	<b>257 762</b>	<b>1 063 504</b>	<b>979 767</b>	<b>616 122</b>	<b>1 120 584</b>	<b>30 142</b>	<b>6 574 453</b>	<b>10 870 450</b>	<b>1 326 857</b>	<b>12 197 307</b>

\* These exposures largely relate to assets which are required to be consolidated but to which the group has no credit exposure; and assets which bear equity risk.





## Risk management

### An analysis of gross credit and counterparty exposure by industry

£'000	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	4 586 711	3 690 474	751 221	626 314	5 337 932	4 316 788
Agriculture	39 801	47 029	105	857	39 906	47 886
Electricity, gas and water (utility services)	100 529	105 219	35 893	5 467	136 422	110 686
Public and non-business services	132 087	159 746	48 269	35 796	180 356	195 542
Business service	123 754	131 017	24 928	24 714	148 682	155 731
Finance and insurance (including central banks)	318 989	307 440	3 516 601	3 758 102	3 835 590	4 065 542
Retailers and wholesalers	87 121	154 955	4 805	18 445	91 926	173 400
Manufacturing and commerce	279 889	283 415	84 809	53 299	364 698	336 714
Real estate	741 852	1 212 794	424 871	440 785	1 166 723	1 653 579
Mining and resources	136 562	61 570	115 335	167 410	251 897	228 980
Leisure, entertainment and tourism	132 906	171 410	11 191	20 448	144 097	191 858
Transport and communication	261 609	249 384	43 218	33 052	304 827	282 436
Other*	86	-	199 466	217 214	199 552	217 214
<b>Total</b>	<b>6 941 896</b>	<b>6 574 453</b>	<b>5 260 712</b>	<b>5 401 903</b>	<b>12 202 608</b>	<b>11 976 356</b>

£'000	HNW and professional individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance (including central banks)	Retailers and wholesalers	Manufacturing and commerce	Real estate	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Other*	Total
<b>As at 30 Sept 2008</b>														
<b>On-balance sheet exposures</b>	<b>4 596 516</b>	<b>39 801</b>	<b>100 700</b>	<b>167 367</b>	<b>123 970</b>	<b>3 811 808</b>	<b>91 926</b>	<b>301 324</b>	<b>1 132 819</b>	<b>224 458</b>	<b>133 954</b>	<b>265 702</b>	<b>199 552</b>	<b>11 189 897</b>
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	-	-	-	375 914	-	-	-	125 546	501 460
Rated instruments	-	-	-	-	-	-	-	-	86 854	-	-	-	82 421	169 275
Unrated instruments	-	-	-	-	-	-	-	-	28 537	-	-	-	37 566	66 103
Other	-	-	-	-	-	-	-	-	260 523	-	-	-	5 559	266 082
Debt instruments (NCDs, bonds held, debentures)	-	-	-	-	-	744 361	-	-	-	-	-	-	-	744 361
Bank placements	-	-	-	-	-	1 335 663	3 883	-	-	-	-	-	-	1 339 546
Sovereign, government placements	-	-	-	31 874	-	155 900	-	-	-	-	-	-	-	187 774
Call facilities (non-bank entities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading exposures (positive fair value excluding potential future exposures)	7 214	-	171	2 669	200	1 232 935	449	14 038	3 901	87 737	-	288	-	1 349 602
Other credit exposures	2 591	-	-	737	16	23 960	473	7 397	11 152	159	1 048	3 805	73 920	125 258
Gross core loans and advances to customers	4 586 711	39 801	100 529	132 087	123 754	3 188 989	87 121	279 889	741 852	136 562	132 906	261 609	86	6 941 896
<b>Off-balance sheet exposures</b>	<b>741 416</b>	<b>105</b>	<b>35 722</b>	<b>12 989</b>	<b>24 712</b>	<b>23 782</b>	<b>-</b>	<b>63 374</b>	<b>33 904</b>	<b>27 439</b>	<b>10 143</b>	<b>39 125</b>	<b>-</b>	<b>1 012 711</b>
Guarantees	58 128	-	-	-	-	10 361	-	100	-	21 544	-	-	-	90 133
Contingent liabilities, committed facilities and othe	683 288	105	35 722	12 989	24 712	13 421	-	63 274	33 904	5 895	10 143	39 125	-	922 578
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>5 337 932</b>	<b>39 906</b>	<b>136 422</b>	<b>180 356</b>	<b>148 682</b>	<b>3 835 590</b>	<b>91 926</b>	<b>364 698</b>	<b>1 166 723</b>	<b>251 897</b>	<b>144 097</b>	<b>304 827</b>	<b>199 552</b>	<b>12 202 608</b>
<b>As at 31 March 2008</b>														
<b>On-balance sheet exposures</b>	<b>3 695 463</b>	<b>47 029</b>	<b>105 219</b>	<b>172 557</b>	<b>131 853</b>	<b>3 955 364</b>	<b>154 955</b>	<b>290 521</b>	<b>1 453 278</b>	<b>207 512</b>	<b>171 423</b>	<b>268 062</b>	<b>217 214</b>	<b>10 870 450</b>
Securitisation exposures arising from securitisation/principal finance activities	-	-	-	-	-	-	-	-	228 557	-	-	-	205 157	485 878
- and amounts not reflected in core loans and advances	-	-	-	-	-	52 164	-	-	-	-	-	-	121 127	121 127
Rated instruments	-	-	-	-	-	-	-	-	28 483	-	-	-	78 506	106 989
Unrated instruments	-	-	-	-	-	-	-	-	200 074	-	-	-	5 524	257 762
Other	-	-	-	-	-	52 164	-	-	-	-	-	-	5 623	1 063 504
Debt instruments (NCDs, bonds held, debentures)	-	-	-	-	-	1 057 881	-	-	-	-	-	-	-	979 767
Bank placements	-	-	-	-	-	979 767	-	-	-	-	-	-	-	616 122
Sovereign, government placements	-	-	-	12 591	-	603 531	-	-	-	-	-	-	-	-
Call facilities (non-bank entities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading exposures (positive fair value excluding potential future exposures)	4 989	-	-	-	26	952 791	-	6 233	4 156	145 942	13	-	6 434	1 120 584
Other credit exposures	-	-	-	-	810	1 790	-	873	7 771	-	-	18 678	-	30 142
Gross core loans and advances to customers	3 690 474	47 029	105 219	159 746	131 017	307 440	154 955	283 415	1 212 794	61 570	171 410	249 384	-	6 574 453
<b>Off-balance sheet exposures</b>	<b>621 325</b>	<b>857</b>	<b>5 467</b>	<b>22 985</b>	<b>23 878</b>	<b>110 178</b>	<b>18 445</b>	<b>46 193</b>	<b>200 301</b>	<b>21 468</b>	<b>20 435</b>	<b>14 374</b>	<b>-</b>	<b>1 105 906</b>
Guarantees	30 954	83	3 516	3 356	165	22 431	28	26	21 093	11 806	-	-	-	83 458
Contingent liabilities, committed facilities and othe	590 371	774	1 951	19 629	23 713	87 747	18 417	46 167	179 208	9 662	20 435	14 374	-	1 012 448
<b>Total gross credit and counterparty exposures pre collateral or other credit enhancements</b>	<b>4 316 788</b>	<b>47 886</b>	<b>110 686</b>	<b>195 542</b>	<b>155 731</b>	<b>4 065 542</b>	<b>173 400</b>	<b>336 714</b>	<b>1 653 579</b>	<b>228 980</b>	<b>191 858</b>	<b>282 436</b>	<b>217 214</b>	<b>11 976 356</b>

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

## Risk management

### 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.
- deducted.

#### Calculation of core loans and advances to customers

£'000	30 Sept 2008	31 March 2008
Loans and advances to customers per balance sheet (after impairments and excluding intercompany loans)	6 837 207	6 450 106
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities	( 306 387)	( 252 026)
Add: own-originated securitised assets	384 474	346 084
<b>Core loans and advances to customers (after impairments)</b>	<b>6 915 294</b>	<b>6 544 164</b>

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

### Overall asset quality

£'000	30 Sept 2008	31 March 2008
<b>Gross core loans and advances to customers</b>	<b>6 941 896</b>	<b>6 574 453</b>
<b>Total impairments</b>	<b>( 26 602)</b>	<b>( 30 289)</b>
Portfolio impairments	( 2 460)	( 2 236)
Specific impairments	( 24 142)	( 28 053)
<b>Net core loans and advances to customers</b>	<b>6 915 294</b>	<b>6 544 164</b>
Current loans and advances to customers	6 165 103	6 003 876
Total gross non-current loans and advances to customers	776 793	570 577
Past due loans and advances to customers (1-60 days and management not concerned)	412 847	327 545
Special mention loans and advances to customers	114 018	85 696
Default loans and advances to customers	249 928	157 336
<b>Gross core loans and advances to customers as at end of the month</b>	<b>6 941 896</b>	<b>6 574 453</b>
<b>Total gross non-current core loans and advances to customers (actual capital exposure)</b>	<b>6 638 276</b>	<b>6 574 453</b>
Watchlist loans neither past due nor impaired		
Gross core loans and advances to customers that are past due but not impaired	776 793	570 577
Gross core loans and advances to customers that are impaired	36 547	-
	622 621	474 870
<b>Total gross non-current core loans and advances to customers (actual amount in arrears)</b>	<b>117 625</b>	<b>95 707</b>
<b>Bad debts written off during the period</b>	<b>( 24 391)</b>	<b>( 168)</b>
Gross default loans and advances to customers	249 928	157 336
Collateral and other credit enhancements	245 664	126 373
Specific impairments	( 24 142)	( 28 053)
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>2 910</b>
<b>Ratios:</b>		
Specific impairments as a % of gross core loans and advances to customers	0.35%	0.43%
Portfolio impairments as a % of gross core loans and advances to customers	0.04%	0.03%
Total impairments as a % of gross core loans and advances to customers	0.38%	0.46%
Specific impairments as a % of gross default loans	9.66%	17.83%
Gross defaults as a % of gross core loans and advances to customers	3.60%	2.39%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.04%

## Risk management

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

£'000	30 Sept 2008	31 March 2008
Watchlist loans	40 322	-
31 - 60 days	477 746	356 571
61 - 90 days	109 207	59 833
91 - 180 days	94 677	154 173
181 - 365 days	26 496	-
>365 days	28 345	-
<b>Total gross non-current loans and advances to customers (actual capital exposure)</b>	<b>776 793</b>	<b>570 577</b>
1 - 60 days	8 594	14 911
61 - 90 days	3 028	941
91 - 180 days	10 918	17 911
181 - 365 days	8 561	-
>365 days	18 303	-
<b>Total gross non-current loans and advances to customers (actual amount in arrears)</b>	<b>49 404</b>	<b>33 763</b>

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

£'000	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>As at 30 Sept 2008</b>							
<b>Watchlist loans neither past due nor impaired</b>							
Total capital exposure	36 547	-	-	-	-	-	36 547
Amount in arrears	-	-	-	-	-	-	-
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure	-	475 913	101 991	28 685	8 954	7 078	622 621
Amount in arrears	-	8 592	2 971	5 956	8 057	5 878	31 454
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	3 775	1 833	7 216	65 992	17 542	21 267	117 625
Amount in arrears	-	2	57	4 962	504	12 425	17 950
<b>As at 31 March 2008</b>							
<b>Gross core loans and advances to customers that are past due but not impaired</b>							
Total capital exposure	-	353 928	59 313	61 629	-	-	474 870
Amount in arrears	-	14 731	936	1 034	-	-	16 701
<b>Gross core loans and advances to customers that are impaired</b>							
Total capital exposure	-	2 643	520	92 544	-	-	95 707
Amount in arrears	-	180	5	16 877	-	-	17 062



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)

£'000	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days and management not concerned)</b>	-	412 847	-	-	-	-	412 847
<b>Special mention</b>	26 787	38 814	48 417	-	-	-	114 018
Special mention (1 - 60 days in arrears and management concerned)	-	42	-	-	-	-	42
Special mention (61 - 90 days and item well secured)	-	-	26 421	-	-	-	26 421
Special mention - watchlist	26 787	38 772	21 996	-	-	-	87 555
<b>Default</b>	13 535	26 085	60 790	94 677	26 496	28 345	249 928
Sub-standard	13 417	24 948	58 130	85 265	15 165	9 550	206 475
Doubtful	118	1 137	2 660	1 989	11 331	18 310	35 545
Loss	-	-	-	7 423	-	485	7 908
<b>Total</b>	40 322	477 746	109 207	94 677	26 496	28 345	776 793

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)

£'000	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days and management not concerned)</b>	-	8 273	-	-	-	-	8 273
<b>Special mention</b>	-	144	1 197	-	-	-	1 341
Special mention (1 - 60 days in arrears and management concerned)	-	2	-	-	-	-	2
Special mention (61 - 90 days and item well secured)	-	-	792	-	-	-	792
Special mention - watchlist	-	142	405	-	-	-	547
<b>Default</b>	-	177	1 831	10 918	8 561	18 303	39 790
Sub-standard	-	175	1 773	7 942	8 057	5 878	23 825
Doubtful	-	2	58	247	504	12 074	12 885
Loss	-	-	-	2 729	-	351	3 080
<b>Total</b>	-	8 594	3 028	10 918	8 561	18 303	49 404

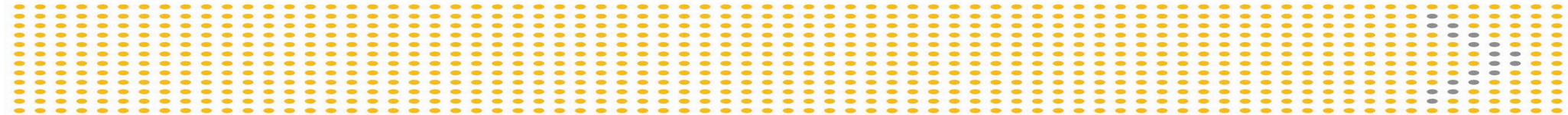
A further age analysis based of gross non-current core loans and advances to customers as at 31 March 2008 (based on total capital exposure)

£'000	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days and management not concerned)</b>	-	327 545	-	-	-	-	327 545
<b>Special mention</b>	-	26 383	59 313	-	-	-	85 696
Special mention (1 - 60 days in arrears and management concerned)	-	-	-	-	-	-	-
Special mention (61 - 90 days and item well secured)	-	-	42 972	-	-	-	42 972
Special mention - watchlist	-	26 383	16 341	-	-	-	42 724
<b>Default</b>	-	2 643	520	154 173	-	-	157 336
Sub-standard	-	-	-	132 152	-	-	132 152
Doubtful	-	2 457	520	5 932	-	-	8 909
Loss	-	186	-	16 089	-	-	16 275
<b>Total</b>	-	356 571	59 833	154 173	-	-	570 577

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

£'000	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
<b>Past due (1-60 days and management not concerned)</b>	-	14 731	-	-	-	-	14 731
<b>Special mention</b>	-	-	936	-	-	-	936
Special mention (1 - 60 days in arrears and management concerned)	-	-	-	-	-	-	-
Special mention (61 - 90 days and item well secured)	-	-	936	-	-	-	936
Special mention - watchlist	-	-	-	-	-	-	-
<b>Default</b>	-	180	5	17 911	-	-	18 096
Sub-standard	-	-	-	1 808	-	-	1 808
Doubtful	-	14	5	14	-	-	33
Loss	-	166	-	16 089	-	-	16 255
<b>Total</b>	-	14 911	941	17 911	-	-	33 763

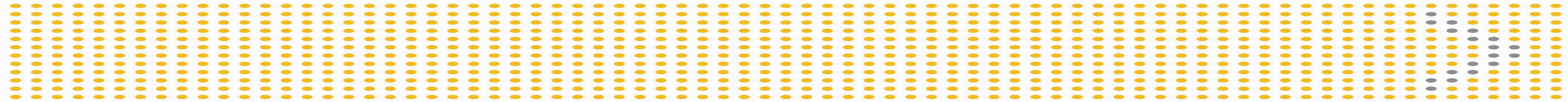




## Risk management

### An analysis of core loans and advances to customers

	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)	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
£'000										
<b>As at 30 Sept 2008</b>										
<b>Current core loans and advances</b>	6 165 103	-	-	-	6 165 103	-	( 346)	6 164 757	-	-
<b>Past due (1-60 days and management not concerned)</b>	-	-	412 847	-	412 847	-	( 2 114)	410 733	8 273	-
<b>Special mention</b>	-	26 787	87 231	-	114 018	-	-	114 018	1 341	-
Special mention (1 - 60 days in arrears and management concerned)	-	-	42	-	42	-	-	42	2	-
Special mention (61 - 90 days and item well secured)	-	-	26 421	-	26 421	-	-	26 421	792	-
Special mention - watchlist	-	26 787	60 768	-	87 555	-	-	87 555	547	-
<b>Default</b>	-	9 760	122 543	117 625	249 928	( 24 142)	-	225 786	39 790	( 24 391)
Sub-standard	-	9 737	122 543	74 195	206 475	( 7 138)	-	199 337	23 825	( 240)
Doubtful	-	23	-	35 522	35 545	( 13 790)	-	21 755	12 885	-
Loss	-	-	-	7 908	7 908	( 3 214)	-	4 694	3 080	( 24 151)
<b>Total</b>	6 165 103	36 547	622 621	117 625	6 941 896	( 24 142)	( 2 460)	6 915 294	49 404	( 24 391)
<b>As at 31 March 2008</b>										
<b>Current core loans and advances</b>	6 003 876	-	-	-	6 003 876	-	-	6 003 876	-	-
<b>Past due (1-60 days and management not concerned)</b>	-	-	327 545	-	327 545	-	( 2 236)	325 309	14 731	-
<b>Special mention</b>	-	-	85 696	-	85 696	-	-	85 696	936	-
Special mention (1 - 60 days in arrears and management concerned)	-	-	-	-	-	-	-	-	-	-
Special mention (61 - 90 days and item well secured)	-	-	42 972	-	42 972	-	-	42 972	936	-
Special mention - watchlist	-	-	42 724	-	42 724	-	-	42 724	-	-
<b>Default</b>	-	-	61 629	95 707	157 336	( 28 053)	-	129 283	18 096	( 168)
Sub-standard	-	-	61 629	70 523	132 152	( 15 884)	-	116 268	1 808	-
Doubtful	-	-	-	8 909	8 909	( 3 904)	-	5 005	33	-
Loss	-	-	-	16 275	16 275	( 8 265)	-	8 010	16 255	( 168)
<b>Total</b>	6 003 876	-	474 870	95 707	6 574 453	( 28 053)	( 2 236)	6 544 164	33 763	( 168)



## Risk management

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

	Current core loans and advances	Past due (1-60 days and management not concerned)	Special mention (1 - 60 days in arrears and management concerned)	Special mention (61 - 90 days and item well secured)	Special mention - watchlist	Sub-standard	Doubtful	Loss	Total gross core loans and advances to customers	Portfolio impairments	Specific impairments	Total impairments	Bad debts written off or recovered during the period
<b>£'000</b>													
<b>As at 30 Sept 2008</b>													
Private Banking professional and HNW individuals	3 921 221	376 425	42	22 297	64 361	165 894	28 706	7 765	4 586 711	( 2 114)	( 17 968)	( 20 082)	( 24 051)
Corporate sector	1 737 196	36 422	-	4 124	23 194	40 581	6 839	143	1 848 499	( 346)	( 6 174)	( 6 520)	( 340)
Banking, insurance, financial services (excluding sovereign)	318 989	-	-	-	-	-	-	-	318 989	-	-	-	-
Public and government sector (including central banks)	132 087	-	-	-	-	-	-	-	132 087	-	-	-	-
Trade finance	55 610	-	-	-	-	-	-	-	55 610	-	-	-	-
<b>Total gross core loans and advances to customers</b>	<b>6 165 103</b>	<b>412 847</b>	<b>42</b>	<b>26 421</b>	<b>87 555</b>	<b>206 475</b>	<b>35 545</b>	<b>7 908</b>	<b>6 941 896</b>	<b>( 2 460)</b>	<b>( 24 142)</b>	<b>( 26 602)</b>	<b>( 24 391)</b>
<b>As at 31 March 2008</b>													
Private Banking professional and HNW individuals	3 391 827	307 061	-	40 608	42 724	96 184	4 952	16 151	3 899 507	( 2 236)	( 24 970)	( 27 206)	( 120)
Corporate sector	2 140 543	20 484	-	2 364	-	35 968	3 957	124	2 203 440	-	( 3 083)	( 3 083)	( 48)
Banking, insurance, financial services (excluding sovereign)	307 440	-	-	-	-	-	-	-	307 440	-	-	-	-
Public and government sector (including central banks)	159 746	-	-	-	-	-	-	-	159 746	-	-	-	-
Trade finance	4 320	-	-	-	-	-	-	-	4 320	-	-	-	-
<b>Total gross core loans and advances to customers</b>	<b>6 003 876</b>	<b>327 545</b>	<b>-</b>	<b>42 972</b>	<b>42 724</b>	<b>132 152</b>	<b>8 909</b>	<b>16 275</b>	<b>6 574 453</b>	<b>( 2 236)</b>	<b>( 28 053)</b>	<b>( 30 289)</b>	<b>( 168)</b>

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

<b>£'000</b>	<b>30 Sept 2008</b>	<b>31 March 2008</b>
Private Banking professional and HNW individuals	4 586 711	3 899 507
Corporate sector	1 848 499	2 203 440
Banking, insurance, financial services (excluding sovereign)	318 989	307 440
Public and government sector (including central banks)	132 087	159 746
Trade finance	55 610	4 320
<b>Total gross core loans and advances to customers</b>	<b>6 941 896</b>	<b>6 574 453</b>

## Risk management

An analysis of core loans and advances to customers and asset quality by geography

£'000	UK and Europe		Australia		Total	
	30 Sept 2008	30 March 2008	30 Sept 2008	30 March 2008	30 Sept 2008	30 March 2008
<b>Gross core loans and advances to customers</b>	<b>5 698 856</b>	<b>5 392 817</b>	<b>1 243 040</b>	<b>1 181 636</b>	<b>6 941 896</b>	<b>6 574 453</b>
<b>Total impairments</b>	<b>( 19 428)</b>	<b>( 21 499)</b>	<b>( 7 174)</b>	<b>( 8 790)</b>	<b>( 26 602)</b>	<b>( 30 289)</b>
Portfolio impairments	( 2 460)	( 2 236)	-	-	( 2 460)	( 2 236)
Specific impairments	( 16 968)	( 19 263)	( 7 174)	( 8 790)	( 24 142)	( 28 053)
<b>Net core loans and advances to customers</b>	<b>5 679 428</b>	<b>5 371 318</b>	<b>1 235 866</b>	<b>1 172 846</b>	<b>6 915 294</b>	<b>6 544 164</b>
% of total	82.1%	82.1%	17.9%	17.9%	100.0%	100.0%
% change since 31 March 2008	5.7%		5.4%		5.7%	
Current loans and advances to customers	5 079 061	4 914 790	1 086 042	1 089 086	6 165 103	6 003 876
<b>Total gross non-current loans and advances to customers (actual capital exposure)</b>	<b>619 795</b>	<b>478 027</b>	<b>156 998</b>	<b>92 550</b>	<b>776 793</b>	<b>570 577</b>
Past due loans and advances to customers (1-60 days and management not concerned)	340 933	283 445	71 914	44 100	412 847	327 545
Special mention loans and advances to customers	76 267	56 165	37 751	29 531	114 018	85 696
Default loans and advances to customers	202 595	138 417	47 333	18 919	249 928	157 336
<b>Gross core loans and advances to customers</b>	<b>5 698 856</b>	<b>5 392 817</b>	<b>1 243 040</b>	<b>1 181 636</b>	<b>6 941 896</b>	<b>6 574 453</b>
<b>Total gross non-current loans and advances to customers (actual capital exposure)</b>	<b>619 795</b>	<b>478 027</b>	<b>156 998</b>	<b>92 550</b>	<b>776 793</b>	<b>570 577</b>
Watchlist loans neither past due nor impaired	26 143		10 404		36 547	-
Gross core loans and advances to customers that are past due but not impaired	498 962	399 220	123 659	75 650	622 621	474 870
Gross core loans and advances to customers that are impaired	94 690	78 807	22 933	16 900	117 623	95 707
<b>Total gross non-current loans and advances to customers (actual amount in arrears)</b>	<b>15 701</b>	<b>15 369</b>	<b>33 703</b>	<b>18 394</b>	<b>49 404</b>	<b>33 763</b>
<b>Bad debts written off during the period</b>	<b>( 17 391)</b>	<b>-</b>	<b>( 7 000)</b>	<b>( 168)</b>	<b>( 24 391)</b>	<b>( 168)</b>
Gross default loans and advances to customers	202 595	138 417	47 333	18 919	249 928	157 336
Collateral and other credit enhancements	200 508	114 011	45 156	12 362	245 664	126 373
Specific impairments	( 16 968)	( 19 263)	( 7 174)	( 8 790)	( 24 142)	( 28 053)
<b>Net default loans and advances to customers</b>	<b>-</b>	<b>5 143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 910</b>
Gross defaults as a % of gross core loans and advances to customers	3.6%	2.6%	3.8%	1.6%	3.6%	2.4%

## Risk management

### Collateral

£'000	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures *	
<b>As at 30 Sept 2008</b>			
<b>Eligible financial collateral</b>	<b>572 578</b>	<b>1 003 062</b>	<b>1 575 640</b>
Listed shares	172 653	78 284	250 937
Cash	399 925	537 165	937 090
Debt securities issued by sovereigns	-	387 613	387 613
<b>Mortgage bonds</b>	<b>6 288 774</b>	<b>676 833</b>	<b>6 965 607</b>
Residential mortgages	1 546 047	466 613	2 012 660
Residential development	1 807 875	25 201	1 833 076
Commercial property investments	2 934 852	185 019	3 119 871
<b>Other collateral</b>	<b>1 563 712</b>	<b>2 079 990</b>	<b>3 643 702</b>
Unlisted shares	117 490	29 737	147 227
Bonds other than mortgage bonds	-	-	-
Asset backed lending	890 871	449 163	1 340 034
Guarantees	64 382	3 710	68 092
Credit derivatives	4 069	163 117	167 186
Other	486 900	1 434 263	1 921 163
<b>Total collateral</b>	<b>8 425 064</b>	<b>3 759 885</b>	<b>12 184 949</b>
<b>As at 31 March 2008</b>			
<b>Eligible financial collateral</b>	<b>697 535</b>	<b>391 172</b>	<b>1 088 707</b>
Listed shares	255 286	248 861	504 147
Cash	442 249	8 959	451 208
Debt securities issued by sovereigns	-	133 352	133 352
<b>Mortgage bonds</b>	<b>5 899 220</b>	<b>120 126</b>	<b>6 019 346</b>
Residential mortgages	2 839 009	120 126	2 959 135
Residential development	1 578 249	-	1 578 249
Commercial property investments	1 481 962	-	1 481 962
<b>Other collateral</b>	<b>616 513</b>	<b>28 362</b>	<b>644 875</b>
Unlisted shares	-	-	-
Bonds other than mortgage bonds	-	-	-
Asset backed lending	320 069	18 436	338 505
Guarantees	23 576	-	23 576
Credit derivatives	-	-	-
Other	272 868	9 926	282 794
<b>Total collateral</b>	<b>7 213 268</b>	<b>539 660</b>	<b>7 752 928</b>

\* 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

	30 Sept 2008		31 March 2008	
	IBUK^	IBAL^	IBUK^	IBAL^
	95% (one-day) £'000	99% (one-day) AUD'000	95% (one-day) £'000	99% (one-day) AUD'000
Commodities	49	-	93	-
Equity derivatives	406	-	275	-
Foreign exchange	15	144	23	34
Interest rates	490	163	397	343
<b>Consolidated*</b>	<b>570</b>	<b>307</b>	<b>434</b>	<b>374</b>
High	1 112	307	951	374
Low	341	95	130	59
Average	590	162	385	178

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

^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited



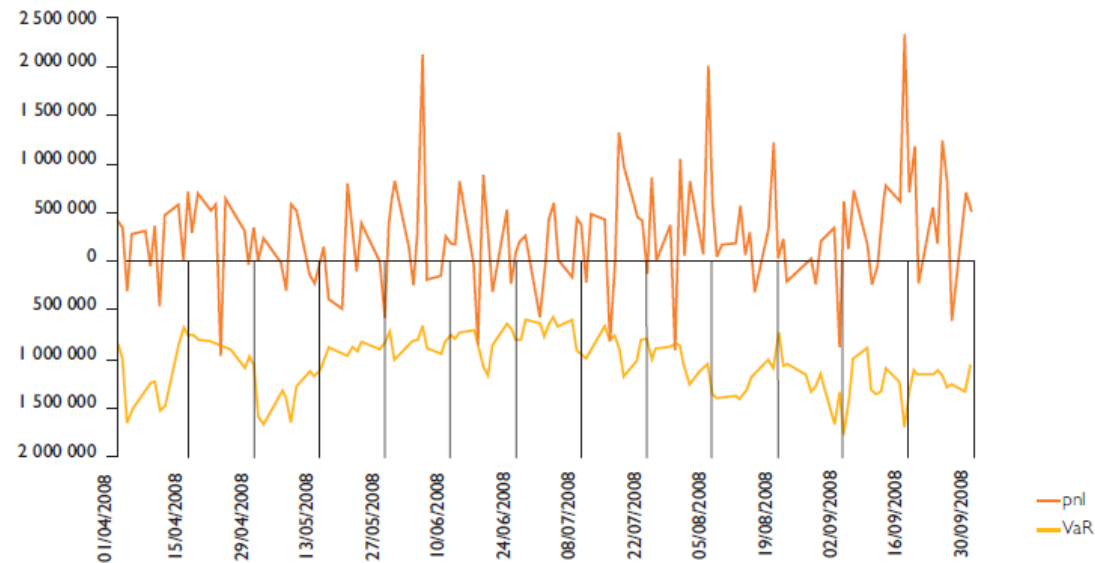
## Risk management

### Traded market risk management

The graphs below show total daily VaR and profit and loss (pnl) figures for our trading activities over the six-month 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 these graphs, we can gauge the accuracy of the VaR figures.

#### Investec Bank (UK) Limited

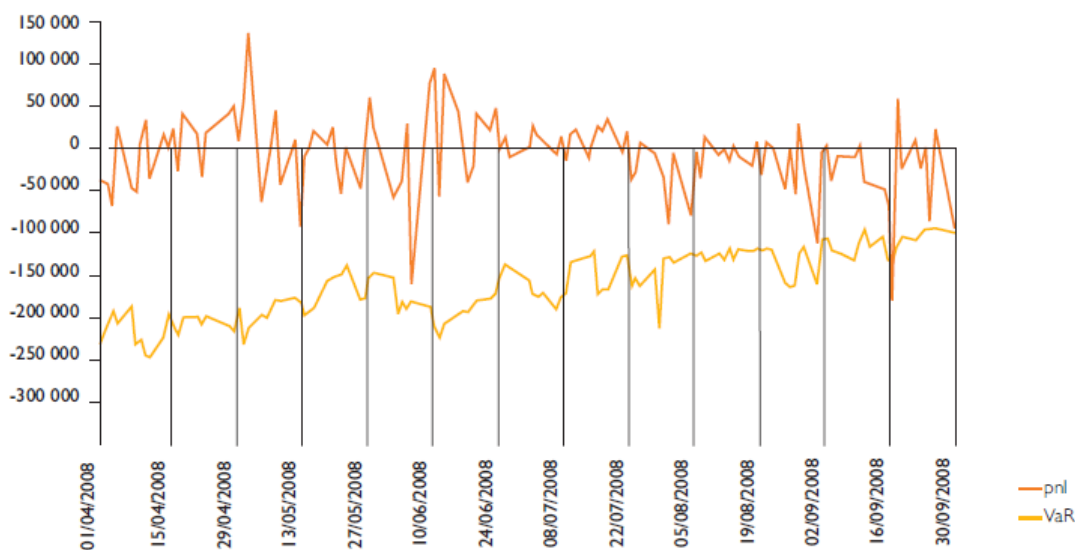
99% 1-day VaR backtesting (GBP)



There have been three exceptions i.e. where the loss is greater than the VaR. The model would expect around one to two exceptions per six month period. All exceptions were due predominantly to the Fixed Income desk. These exceptions arose due to the increased volatility in the markets with extreme moves across most asset classes and in particular interest rates.

#### Investec Bank (Australia) Limited

99% 1-day VaR backtesting (A\$)



There has been one exception over the period. This was due to the increased volatility in the market, in particular the USD interest rate curve moving up sharply.



## Risk management

### Traded market risk management

#### ETL

£'000 95% (one-day)	30 Sept 2008	31 March 2008
Commodities	69	134
Equity derivatives	500	347
Foreign exchange	20	31
Interest rates	604	581
<b>Consolidated*</b>	<b>771</b>	<b>648</b>

\*The consolidated ETL for each desk is lower than the sum of the individual VaRs.  
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

Method	30 Sept 2008		31 March 2008	
	IBUK^	IBAL^	IBUK^	IBAL^
	Using VaR £'000	Using VaR AUD'000	Using VaR £'000	Using VaR AUD'000
Commodities	375	-	712	-
Equity derivatives	3 110	-	2 105	-
Foreign exchange	112	837	176	200
Interest rates	3 753	948	3 038	1,995
<b>Consolidated</b>	<b>7 350</b>	<b>1 785</b>	<b>6 031</b>	<b>2 195</b>

^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited



## Risk management

### Balance sheet risk management

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.

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



## Risk management

### Balance sheet risk management

#### UK and Europe - interest rate sensitivity

As at 30 Sept 2008 £'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	1 189	15	4	-	-	23	1 231
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Investment/trading assets and statutory liquids	512	25	21	22	-	121	700
Securitised assets	106	121	157	27	8	-	419
Advances	4 789	355	271	542	29	-	5 986
Other assets	27	-	2	2	-	874	905
<b>Assets</b>	<b>6 623</b>	<b>516</b>	<b>455</b>	<b>593</b>	<b>37</b>	<b>1 018</b>	<b>9 242</b>
Deposits - banks	(2 285)	( 168)	( 53)	( 29)	-	-	(2 535)
Deposits - non-banks	(3 706)	( 160)	( 94)	( 55)	( 2)	-	(4 017)
Negotiable paper	( 252)	-	-	-	-	-	( 252)
Investment/trading liabilities	( 902)	( 1)	-	( 1)	-	( 47)	( 951)
Securitised liabilities	( 332)	-	-	-	-	-	( 332)
Subordinated liabilities	123	( 10)	-	( 342)	( 350)	( 37)	( 616)
Non-rate liabilities	-	-	( 1)	-	( 3)	( 470)	( 474)
<b>Liabilities</b>	<b>(7 354)</b>	<b>( 339)</b>	<b>( 148)</b>	<b>( 427)</b>	<b>( 355)</b>	<b>( 554)</b>	<b>(9 177)</b>
<b>Intercompany loans</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>
Shareholders' funds	1	-	-	-	-	( 854)	( 853)
<b>Balance sheet</b>	<b>( 657)</b>	<b>177</b>	<b>307</b>	<b>166</b>	<b>( 318)</b>	<b>( 390)</b>	<b>( 715)</b>
Hedges	82	( 66)	( 275)	( 61)	320	-	-
<b>Repricing gap</b>	<b>( 575)</b>	<b>111</b>	<b>32</b>	<b>105</b>	<b>2</b>	<b>( 390)</b>	<b>( 715)</b>
<b>Cumulative repricing gap</b>	<b>( 575)</b>	<b>( 464)</b>	<b>( 432)</b>	<b>( 327)</b>	<b>( 325)</b>	<b>( 715)</b>	

#### Australia - interest rate sensitivity

As at 30 Sept 2008 A\$'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	373	-	-	-	-	-	373
Cash and short term funds - non banks	-	-	-	-	-	-	-
Investment/trading assets and statutory liquids	-	-	-	-	-	-	-
Securitised assets	869	-	-	-	-	-	869
Advances	1 710	51	35	122	22	( 16)	1 924
Non-rate assets	-	-	-	-	-	157	157
<b>Assets</b>	<b>2 952</b>	<b>51</b>	<b>35</b>	<b>122</b>	<b>22</b>	<b>141</b>	<b>3 323</b>
Deposits - banks	( 297)	-	-	-	-	-	( 297)
Deposits - non- banks	(1 061)	( 138)	( 112)	( 43)	( 8)	1	(1 361)
Negotiable paper	( 822)	( 23)	( 26)	-	-	( 9)	( 880)
Securitised liabilities	( 868)	-	-	-	-	-	( 868)
Investment/trading liabilities	-	-	-	-	-	-	-
Subordinated liabilities	( 79)	-	-	( 22)	-	( 1)	( 102)
Non-rate liabilities	-	-	-	-	-	( 44)	( 44)
<b>Liabilities</b>	<b>(3 127)</b>	<b>( 161)</b>	<b>( 138)</b>	<b>( 65)</b>	<b>( 8)</b>	<b>( 53)</b>	<b>(3 552)</b>
<b>Intercompany loans</b>	<b>( 7)</b>	<b>-</b>	<b>-</b>	<b>( 5)</b>	<b>-</b>	<b>1</b>	<b>( 11)</b>
Shareholders' funds	-	-	-	-	-	( 654)	( 654)
<b>Balance sheet</b>	<b>( 182)</b>	<b>( 110)</b>	<b>( 103)</b>	<b>52</b>	<b>14</b>	<b>( 565)</b>	<b>( 894)</b>
Hedges	-	-	-	-	-	-	-
<b>Repricing gap</b>	<b>( 182)</b>	<b>( 110)</b>	<b>( 103)</b>	<b>52</b>	<b>14</b>	<b>( 565)</b>	<b>( 894)</b>
<b>Cumulative repricing gap</b>	<b>( 182)</b>	<b>( 292)</b>	<b>( 395)</b>	<b>( 343)</b>	<b>( 329)</b>	<b>( 894)</b>	

#### 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 (in Pounds)
	GBP	USD	EUR	Other (GBP)	AUD	ZAR		
200bp Down	5.1	1.4	-0.5	0.2	-0.4	-0.6		5.5
200bp Up	(5.1)	-1.4	0.5	-0.2	0.4	0.6		-5.5

' million	AUD
200bp Down	2.9
200bp Up	(2.9)



## Risk management

### Balance sheet risk management

#### 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 timely 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
  - 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
  - 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.

## Risk management

### UK and Europe

#### Contractual liquidity

As at 30 Sept 2008 £'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	1 296	41	9	14	-	-	-	1 360
Cash and short term funds -non banks	-	-	-	-	-	-	-	-
Investment/trading assets	1 235	75	165	8	23	177	118	1 801
Securitised assets	16	-	-	-	-	1	402	419
Advances	489	398	424	1 013	537	1 801	1 327	5 989
Non-rate assets	209	258	7	25	11	80	313	903
<b>Assets</b>	<b>3 245</b>	<b>772</b>	<b>605</b>	<b>1 060</b>	<b>571</b>	<b>2 059</b>	<b>2 160</b>	<b>10 472</b>
Deposits - banks	( 592)	( 255)	( 185)	( 491)	( 542)	( 560)	-	(2 625)
Deposits - non banks	( 973)	( 389)	(1 989)	( 498)	( 103)	( 172)	( 28)	(4 152)
Negotiable paper	-	( 73)	( 170)	-	-	( 9)	-	( 252)
Securitised liabilities	-	-	-	-	-	-	( 331)	( 331)
Investment/trading liabilities	( 581)	( 61)	( 537)	( 1)	( 5)	( 1)	( 5)	(1 191)
Subordinated liabilities	( 10)	-	-	( 10)	-	( 209)	( 386)	( 615)
Non-rate liabilities	( 73)	( 240)	( 25)	( 17)	( 85)	( 31)	( 4)	( 475)
<b>Liabilities</b>	<b>(2 229)</b>	<b>(1 018)</b>	<b>(2 906)</b>	<b>(1 017)</b>	<b>( 735)</b>	<b>( 982)</b>	<b>( 754)</b>	<b>(9 641)</b>
Intercompany loans	50	-	-	-	-	-	-	50
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 881)</b>	<b>( 881)</b>
<b>Balance sheet</b>	<b>1 066</b>	<b>( 246)</b>	<b>(2 301)</b>	<b>43</b>	<b>( 164)</b>	<b>1 077</b>	<b>525</b>	<b>-</b>
<b>Hedges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liquidity gap</b>	<b>1 066</b>	<b>( 246)</b>	<b>(2 301)</b>	<b>43</b>	<b>( 164)</b>	<b>1 077</b>	<b>525</b>	<b>-</b>
<b>Cumulative liquidity gap</b>	<b>1 066</b>	<b>820</b>	<b>(1 481)</b>	<b>(1 438)</b>	<b>(1 602)</b>	<b>( 525)</b>	<b>-</b>	<b>-</b>

Note: contractual liquidity adjustments

	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
<b>£'million</b>								
*Investment/trading assets	-	-	11	54	122	156	-	343

#### Behavioural liquidity

	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
<b>£'million</b>								
<b>Behavioural liquidity gap</b>	<b>1 386</b>	<b>( 246)</b>	<b>(2 426)</b>	<b>43</b>	<b>( 164)</b>	<b>882</b>	<b>525</b>	<b>-</b>
<b>Cumulative</b>	<b>1 386</b>	<b>1 140</b>	<b>(1 286)</b>	<b>(1 243)</b>	<b>(1 407)</b>	<b>( 525)</b>	<b>-</b>	<b>-</b>

## Risk management

### Australia

#### Contractual liquidity

As at 30 Sept 2008 A\$*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	358	-	15	-	-	-	-	373
Investment/trading assets and statutory liquids	854	2	1	20	37	85	-	999
Securitised assets	-	-	-	-	-	869	-	869
Advances	-	10	361	127	295	970	126	1 889
Non-rate assets	-	-	-	170	-	-	-	170
<b>Assets</b>	<b>1 212</b>	<b>12</b>	<b>377</b>	<b>317</b>	<b>332</b>	<b>1 924</b>	<b>126</b>	<b>4 300</b>
Deposits - banks	-	( 297)	-	-	-	-	-	( 297)
Deposits - non banks	( 425)	( 325)	( 160)	( 74)	( 267)	( 86)	( 9)	(1 346)
Negotiable paper	-	( 150)	( 227)	( 71)	( 42)	( 388)	-	( 878)
Securitised liabilities	-	-	-	-	-	( 868)	-	( 868)
Investment/trading liabilities	( 1)	( 27)	( 16)	( 2)	( 2)	( 79)	-	( 127)
Subordinated liabilities	-	-	-	-	-	( 101)	-	( 101)
Non-rate liabilities	-	-	-	-	( 58)	-	-	( 58)
<b>Liabilities</b>	<b>( 426)</b>	<b>( 799)</b>	<b>( 403)</b>	<b>( 147)</b>	<b>( 369)</b>	<b>(1 522)</b>	<b>( 9)</b>	<b>(3 675)</b>
Intercompany loans	20	( 5)	-	-	( 2)	( 1)	-	12
<b>Shareholders' funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 638)</b>	<b>( 638)</b>
<b>Balance sheet</b>	<b>806</b>	<b>( 792)</b>	<b>( 26)</b>	<b>170</b>	<b>( 39)</b>	<b>401</b>	<b>( 521)</b>	<b>( 1)</b>
Hedges	-	-	-	-	-	-	-	-
<b>Liquidity Gap</b>	<b>806</b>	<b>( 792)</b>	<b>( 26)</b>	<b>170</b>	<b>( 39)</b>	<b>401</b>	<b>( 521)</b>	<b>( 1)</b>
Cumulative liquidity gap	806	14	( 12)	158	119	520	( 1)	-

Note: contractual liquidity adjustments

	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
<b>A\$*million</b>								
*Statutory liquids	-	40	540	232	-	-	-	812

#### Behavioural liquidity

	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
<b>A\$*million</b>								
<b>Behavioural liquidity gap</b>	<b>( 386)</b>	<b>21</b>	<b>34</b>	<b>185</b>	<b>86</b>	<b>60</b>	<b>-</b>	<b>-</b>
Cumulative	( 386)	( 365)	( 331)	( 146)	( 60)	-	-	-

## Capital adequacy

£'000	30 Sept 2008	31 March 2008
<b>Regulatory capital</b>		
<b>Tier 1</b>		
Share capital	600 000	555 000
Share premium	37 365	37 365
Non-redeemable, non-cumulative, non-participating preference shares	-	-
Retained income	299 587	275 235
Treasury shares	-	-
Other reserves	27 401	26 584
Minority interests in subsidiaries	( 2 566)	-
Less: impairments (goodwill and other deductions)	( 85 355)	( 103 686)
	876 432	790 498
<b>Tier 2</b>		
Aggregate amount	592 450	602 302
Less: deductions	( 11 479)	( 29 096)
	580 971	573 206
<b>Tier 3</b>		
Aggregate amount	18 653	18 087
<b>Other deductions from Tier 1 and Tier 2</b>	( 107 717)	( 115 770)
<b>Total eligible capital</b>	<b>1 368 339</b>	<b>1 266 021</b>
<b>Risk-weighted assets (banking and trading)</b>	<b>8 460 542</b>	<b>8 687 451</b>
Credit risk - prescribed standardised exposure classes	<b>7 156 503</b>	<b>7 364 250</b>
Corporates	2 785 463	2 953 171
Secured on real estate property	2 479 663	2 441 278
Counterparty risk on trading positions	267 863	503 738
Short term claims on institutions and corporates	264 075	247 163
Retail	536 388	354 850
Institutions	93 488	278 800
Other exposure classes	729 563	585 250
Equity risk - standardised approach	208 000	137 975
Market risk - portfolios subject to internal models approach	282 276	371 463
Interest rate	145 700	254 749
Foreign Exchange	14 813	13 013
Commodities	17 713	33 213
Equities	104 050	70 488
Operational risk - standardised approach	813 763	813 763
<b>Capital requirements</b>	<b>676 843</b>	<b>694 996</b>
Credit risk - prescribed standardised exposure classes	<b>572 520</b>	<b>589 140</b>
Corporates	222 837	236 254
Secured on real estate property	198 373	195 302
Counterparty risk on trading positions	21 429	40 299
Short term claims on institutions and corporates	21 126	19 773
Retail	42 911	28 388
Institutions	7 479	22 304
Other exposure classes	58 365	46 820
Equity risk - standardised approach	16 640	11 038
Market risk - portfolios subject to internal models approach	22 582	29 717
Interest rate	11 656	20 380
Foreign Exchange	1 185	1 041
Commodities	1 417	2 657
Equities	8 324	5 639
Operational risk - standardised approach	65 101	65 101
<b>Capital adequacy ratio</b>	<b>16.2%</b>	<b>14.6%</b>
Tier 1 ratio	10.4%	9.1%
<b>Capital adequacy ratio - pre operational risk</b>	<b>17.9%</b>	<b>16.1%</b>
Tier 1 ratio - pre operational risk	11.5%	10.0%