

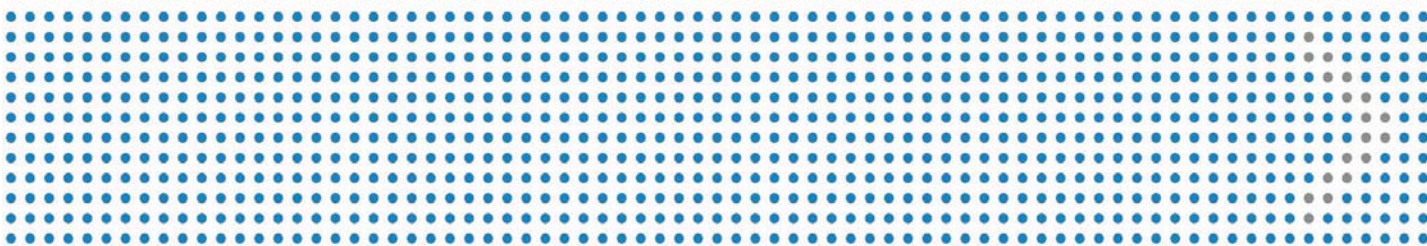


Investec Limited silo financial information (excluding the results of Investec plc)

Consolidated financial information for the six months ended 30 September 2008

IFRS - Rand





Overview of results

	30 Sept 2008	30 Sept 2007	% Change	31 March 2008
Profit before taxation and headline adjustments (R'million)	2 122	1 918	10.6%	4 413
Headline earnings attributable to ordinary shareholders (R'million)	1 337	1 125	18.9%	2 285
Cost to income ratio	50.6%	55.0%		49.4%
Total capital resources (including subordinated liabilities) (R'million)	20 179	15 308	31.8%	19 271
Total equity (R'million)	13 578	10 786	25.9%	13 059
Total assets (R'million)	262 412	224 679	16.8%	245 990
Capital adequacy ratio*	13.9%	13.7%		13.9%
Tier 1 ratio*	10.3%	9.9%		10.0%

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

Consolidated income statement

R'million	6 months to 30 Sept 2008	6 months to 30 Sept 2007	Year to 31 March 2008
Interest income	10 801	6 534	14 886
Interest expense	(8 804)	(5 059)	(11 567)
Net interest income	1 997	1 475	3 319
Fee and commission income	1 807	1 930	3 905
Fee and commission expense	(80)	(134)	(246)
Principal transactions	967	853	2 402
Operating (loss)/profit from associates	(27)	15	(1)
Investment income on assurance activities	29	816	1 322
Premiums and reinsurance recoveries on insurance contracts	-	419	598
Other operating income	(37)	17	55
Other income	2 659	3 916	8 035
Claims and reinsurance premiums on insurance business	-	(1 186)	(1 767)
Total operating income net of insurance claims	4 656	4 205	9 587
Impairment losses on loans and advances	(178)	24	(439)
Operating income	4 478	4 229	9 148
Administrative expenses	(2 315)	(2 269)	(4 648)
Depreciation and amortisation of property, equipment and intangible assets	(41)	(42)	(87)
Operating profit before goodwill impairment	2 122	1 918	4 413
Impairment of goodwill	-	-	(45)
Operating profit	2 122	1 918	4 368
Profit on disposal of group operations	-	-	1 001
Profit before taxation	2 122	1 918	5 369
Taxation	(548)	(535)	(1 193)
Profit after taxation	1 574	1 383	4 176
Earnings attributable to minority interests	3	6	9
Earnings attributable to shareholders	1 571	1 377	4 167
	1 574	1 383	4 176
Calculation of headline earnings			
Earnings attributable to shareholders	1 571	1 377	4 167
Preference dividends paid	(190)	(164)	(338)
Earnings attributable to ordinary shareholders	1 381	1 213	3 829
Headline adjustments:	(44)	(88)	(1 544)
Goodwill impairment	-	-	45
Revaluation of investment properties	(44)	(88)	(449)
Profit on disposal of group operations	-	-	(889)
Disposal of available for sale instruments	-	-	(251)
Headline earnings attributable to ordinary shareholders	1 337	1 125	2 285

Balance sheet

R'million	30 Sept 2008	31 March 2008	30 Sept 2007
Assets			
Cash and balances at central banks	3 103	2 811	2 015
Loans and advances to banks	17 282	16 560	14 964
Cash equivalent advances to customers	7 247	8 039	12 760
Reverse repurchase agreements and cash collateral on securities borrowed	10 166	7 171	4 307
Trading securities	24 923	24 683	23 545
Derivative financial instruments	7 770	9 679	7 016
Investment securities	200	222	430
Loans and advances to customers	105 288	94 798	78 861
Securitised assets	13 673	13 444	12 170
Interests in associated undertakings	167	195	250
Deferred taxation assets	426	469	419
Other assets	5 969	5 595	8 028
Property and equipment	198	165	124
Investment properties	2 415	2 182	1 371
Goodwill	339	339	384
Intangible assets	73	75	244
Investment in subsidiaries	-	-	-
	199 239	186 427	166 888
Other financial instruments at fair value through income in respect of:	49 555	46 547	44 173
- liabilities to customers	13 618	13 016	13 618
- assets related to reinsurance contracts	262 412	245 990	224 679
Liabilities			
Deposits by banks	9 332	9 427	9 052
Derivative financial instruments	8 198	10 235	6 882
Other trading liabilities	3 830	4 165	4 122
Repurchase agreements and cash collateral on securities lent	6 306	1 533	3 021
Customer accounts	121 929	115 480	79 877
Debt securities in issue	3 201	2 524	23 735
Liabilities arising on securitisation	13 022	12 669	12 140
Current taxation liabilities	1 026	1 169	924
Deferred taxation liabilities	696	558	726
Other liabilities	11 520	9 396	11 102
	179 060	167 156	151 581
Liabilities to customers under investment contracts	49 253	46 289	43 871
Insurance liabilities, including unit-linked liabilities	302	258	301
Reinsured liabilities	13 618	13 016	13 618
	242 233	226 719	209 371
Subordinated liabilities (including convertible debt)	5 091	4 710	3 006
	247 324	231 429	212 377
Equity			
Ordinary share capital	1	1	1
Share premium	5 846	5 145	5 074
Treasury shares	(1 851)	(1 227)	(1 292)
Equity portion of compulsorily convertible debentures	-	22	22
Perpetual preference shares	2 309	2 309	2 309
Other reserves	192	1 079	1 195
Retained income	7 081	5 730	3 477
Shareholders' equity excluding minority interests	13 578	13 059	10 786
Minority interests	1 510	1 502	1 516
- Perpetual preferred securities issued by subsidiaries	1 491	1 491	1 491
- Minority interest in partially held subsidiaries	19	11	25
Total equity	15 088	14 561	12 302
Total liabilities and equity	262 412	245 990	224 679

Statement of changes in equity (summarised)

R'million	6 months to 30 Sept 2008	Year to 31 March 2008	6 months to 30 Sept 2007
Balance at the beginning of the period	14 561	11 279	11 279
Foreign currency adjustments	(24)	61	(5)
Earnings for the period attributable to ordinary shareholders	1 571	4 167	1 377
Earnings for the period attributable to minority interests	3	9	6
Share based payments adjustments	166	303	135
Fair value movements on available for sale assets	(6)	(185)	31
Dividends paid to ordinary shareholders	(793)	(861)	(364)
Dividends paid to perpetual preference shareholders	(190)	(338)	(164)
Movement of treasury shares	(624)	(50)	(115)
Movement of minorities on disposals and acquisitions	5	(16)	-
Issue of ordinary shares	419	194	123
Dividends/capital reduction paid to minorities		(2)	(1)
Balance at the end of the period	15 088	14 561	12 302

Segmental information - business analysis

For the six months to 30 September 2008

R'million	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services and Other Activities	Total group
Net interest income	941	547	10	24	(63)	538	1 997
Fee and commission income	483	201	237	754	135	(3)	1 807
Fee and commission expense	2	(7)	(73)	-	-	(2)	(80)
Principal transactions	26	248	530	-	164	(1)	967
Operating income from associates	-	-	-	-	-	(27)	(27)
Investment income on assurance activities	-	-	-	-	-	29	29
Premiums and reinsurance recoveries on insurance contracts	-	-	-	(37)	-	-	(37)
Other operating income	-	-	-	-	-	-	-
Other income	511	442	694	717	299	(4)	2 659
Total operating income	1 452	989	704	741	236	534	4 656
Impairment losses on loans and advances	(105)	(46)	-	-	-	(27)	(178)
Operating income	1 347	943	704	741	236	507	4 478
Administrative expenses	(895)	(473)	(269)	(399)	(72)	(207)	(2 315)
Depreciation and impairment of property, equipment and software	(15)	(1)	-	(5)	-	(20)	(41)
Profit before taxation	437	469	435	337	164	280	2 122
Cost to income ratio	62.7%	47.9%	38.2%	54.5%	30.5%	42.5%	50.6%

For the six months to 30 September 2007

R'million	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services and Other Activities	Total group
Net interest income	763	361	15	17	(61)	380	1 475
Fees and commissions income	536	173	276	714	210	21	1 930
Fees and commissions expense	(83)	(5)	(38)	-	-	(8)	(134)
Principal transactions	84	295	535	1	177	(239)	853
Operating income from associates	-	-	-	-	-	15	15
Investment income on assurance activities	-	-	-	-	-	816	816
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	419	419
Other operating income	-	-	-	17	-	-	17
Other income	537	463	773	732	387	1 024	3 916
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(1 186)	(1 186)
Total operating income net of insurance claims	1 300	824	788	749	326	218	4 205
Impairment losses on loans and advances	(39)	56	(16)	-	-	23	24
Operating income	1 261	880	772	749	326	241	4 229
Administrative expenses	(807)	(424)	(260)	(395)	(150)	(233)	(2 269)
Depreciation and impairment of property, equipment and software	(11)	(1)	-	(6)	(3)	(21)	(42)
Profit before taxation	443	455	512	348	173	(13)	1 918
Cost to income ratio	62.9%	51.6%	33.0%	53.5%	46.9%	116.5%	55.0%

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

R'million	6 months to 30 Sept 2008	6 months to 30 Sept 2007	% Change
Private Client Activities			
Private Banking	339	326	4.0%
Private Client Portfolio Management and Stockbroking	98	117	(16.2%)
	437	443	(1.4%)
Capital Markets	469	455	3.1%
Investment Banking			
Corporate Finance	28	63	(55.6%)
Institutional Research, Sales and Trading	35	55	(36.4%)
Direct Investments	34	93	(63.4%)
Private Equity	338	301	12.3%
	435	512	(15.0%)
Asset Management	337	348	(3.2%)
Property Activities	164	173	(5.2%)
Group Services and Other Activities			
International Trade Finance	29	21	38.1%
Assurance Activities	(14)	12	(>100.0%)
Central Funding	448	138	>100.0%
Central Services Costs	(183)	(184)	(0.5%)
	280	(13)	(>100.0%)
Total group	2 122	1 918	10.6%

Risk management

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

Credit and counterparty risk management

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

Credit and counterparty risk arises primarily from three types of transactions

- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received;
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).

- Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.
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.

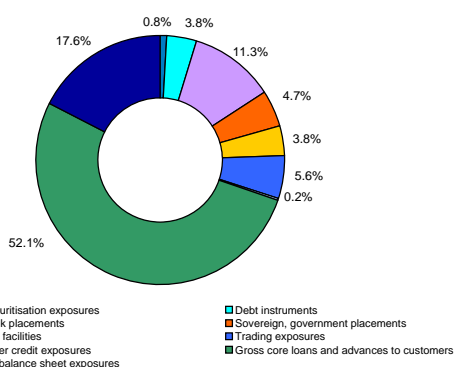
The tables that follow provide an analysis of our credit and counterparty risk exposures.

An analysis of gross credit and counterparty exposures

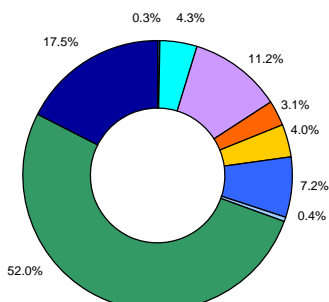
R'million	30 Sept 2008	31 March 2008	% change since 31 March 2008	Average*
On-balance sheet exposures	181 234	164 757	10.0%	172 997
Securitisation exposures arising from securitisation/principal finance activities	1 837	653	>100.0%	1 245
Rated instruments	250	-	0.0%	125
Unrated instruments	645	205	>100.0%	425
Other	942	448	110.3%	695
Debt instruments (NCDs, bonds held, debentures)	8 363	8 585	(2.6%)	8 474
Bank placements	24 796	22 389	10.8%	23 593
Sovereign, government placements	10 436	6 251	66.9%	8 344
Call facilities (non-bank entities)	8 333	7 975	4.5%	8 154
Trading exposures (positive fair value excluding potential future exposures)	12 371	14 415	(14.2%)	13 393
Other credit exposures	524	522	0.4%	523
Gross core loans and advances to customers**	114 574	103 967	10.2%	109 271
Off-balance sheet exposures	38 680	35 031	10.4%	36 856
Guarantees	9 136	5 467	67.1%	7 302
Contingent liabilities, committed facilities and other	29 544	29 564	(0.1%)	29 554
Total gross credit and counterparty exposures pre collateral or other credit enhancements	219 914	199 788	10.1%	209 853

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

30 Sept 2008



31 March 2008



Risk management

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

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

R'million	Securitisation exposures arising from securitisation/principal finance activities				Debt instruments (NCDs, bonds held, debentures)	Bank placements	Sovereign, government placements	Call facilities (non-bank entities)	Trading exposures (positive fair value excluding potential future exposures)	Other credit exposures	Gross core loans and advances to customers	Total credit and counterparty exposure	Assets that we deem to have no credit exposure	Total balance sheet
	Total	Rated instruments	Unrated instruments	Other										
As at 30 Sept 2008														
Cash and balances at central banks	-	-	-	-	-	32	3 071	-	-	-	-	3 103	-	3 103
Loans and advances to banks	-	-	-	-	-	16 849	-	4	429	-	-	17 282	-	17 282
Cash equivalent advances to customers	-	-	-	-	-	-	-	6 972	275	-	-	7 247	-	7 247
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	7 914	-	1 357	895	-	-	10 166	-	10 166
Trading securities	553	-	522	31	7 901	-	7 365	-	1 907	207	-	17 933	6 990	24 923
Derivative financial instruments	-	-	-	-	-	-	-	-	7 610	3	-	7 613	157	7 770
Investment securities	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Loans and advances to customers	802	-	20	782	-	-	-	-	-	-	105 071	105 873	*(585)	105 288
Securitised assets	482	250	103	129	-	-	-	-	-	-	9 503	9 985	**3 688	13 673
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	-	426	426
Other assets	-	-	-	-	462	1	-	-	1 255	314	-	2 032	3 937	5 969
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	-	167	167
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	198	198
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	2 415	2 415
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	339	339
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	73	73
Insurance assets	-	-	-	-	-	-	-	-	-	-	-	-	63 173	63 173
Total	1 837	250	645	942	8 363	24 796	10 436	8 333	12 371	524	114 574	181 234	81 178	262 412
As at 31 March 2008														
Cash and balances at central banks	-	-	-	-	-	10	2 777	-	24	-	-	2 811	-	2 811
Loans and advances to banks	-	-	-	-	-	16 098	-	-	462	-	-	16 560	-	16 560
Cash equivalent advances to customers	-	-	-	-	-	-	-	7 782	257	-	-	8 039	-	8 039
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	3 047	-	193	2 576	-	-	5 816	1 355	7 171
Trading securities	205	-	205	-	8 585	3 232	3 474	-	518	239	-	16 253	8 430	24 683
Derivative financial instruments	-	-	-	-	-	-	-	-	9 467	-	-	9 467	212	9 679
Investment securities	-	-	-	-	-	-	-	-	-	-	-	-	222	222
Loans and advances to customers	448	-	-	448	-	-	-	-	-	-	94 788	95 236	*(438)	94 798
Securitised assets	-	-	-	-	-	-	-	-	-	-	9 179	9 179	**4 265	13 444
Deferred taxation assets	-	-	-	-	-	-	-	-	-	-	-	-	469	469
Other assets	-	-	-	-	-	2	-	-	1 111	283	-	1 396	4 199	5 595
Interests in associated undertakings	-	-	-	-	-	-	-	-	-	-	-	-	195	195
Property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	165	165
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	2 182	2 182
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	339	339
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	75	75
Insurance assets	-	-	-	-	-	-	-	-	-	-	-	-	59 563	59 563
Total	653	-	205	448	8 585	22 389	6 251	7 975	14 415	522	103 967	164 757	81 559	245 990

* Relates to impairments.

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

Risk management

An analysis of gross credit and counterparty exposure by industry

	Gross core loans and advances		Other credit and counterparty exposures		Total	
R'million	30 Sept 2008	31 March 2008	30 Sept 2008	31 March 2008	30 Sept 2008	31 March 2008
HNW and professional individuals	80 002	68 832	29 665	25 168	109 667	94 000
Agriculture	177	826	111	292	288	1 118
Electricity, gas and water (utility services)	1 072	335	318	125	1 390	460
Public and non-business services	964	1 094	107	242	1 071	1 336
Business service	1 535	4 788	1 979	1 559	3 514	6 347
Finance and insurance (including central banks)	8 270	9 464	65 265	59 117	73 535	68 581
Retailers and wholesalers	3 871	2 029	1 926	1 709	5 797	3 738
Manufacturing and commerce	2 726	5 457	2 288	3 842	5 014	9 299
Real estate	4 602	3 067	562	572	5 164	3 639
Mining and resources	3 449	1 937	1 465	836	4 914	2 773
Leisure, entertainment and tourism	3 054	2 176	139	81	3 193	2 257
Transport and communication	4 852	3 962	1 336	2 073	6 188	6 035
Other*	-	-	179	205	179	205
Total	114 574	103 967	105 340	95 821	219 914	199 788

	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
R'million														
As at 30 Sept 2008														
On-balance sheet exposures	80 203	288	1 390	1 071	3 497	66 865	5 041	4 898	5 018	4 169	3 075	5 540	179	181 234
Securitisation exposures arising from securitisation/principal financial activities	7	-	3	99	945	422	80	52	-	12	15	23	179	1 837
Rated instruments	-	-	2	81	-	34	58	38	-	9	11	17	-	250
Unrated instruments	7	-	1	18	3	388	22	14	-	3	4	6	179	645
Other	-	-	-	-	942	-	-	-	-	-	-	-	-	942
Debt instruments (NCDs, bonds held, debentures)	-	-	21	2	-	8 311	-	-	-	-	-	29	-	8 363
Bank placements	-	-	-	-	-	24 796	-	-	-	-	-	-	-	24 796
Sovereign, government placements	-	-	-	-	-	10 436	-	-	-	-	-	-	-	10 436
Call facilities (non-bank entities)	-	111	287	-	594	3 144	1 058	2 015	-	498	-	626	-	8 333
Trading exposures (positive fair value excluding potential future exposures)	179	-	7	-	129	11 382	25	61	392	185	5	6	-	12 371
Other credit exposures	15	-	-	6	294	104	7	44	24	25	1	4	-	524
Gross core loans and advances to customers	80 002	177	1 072	964	1 535	8 270	3 871	2 726	4 602	3 449	3 054	4 852	-	114 574
Off-balance sheet exposures	29 464	-	-	-	17	6 670	756	116	146	745	118	648	-	38 680
Guarantees	7 113	-	-	-	17	1 404	516	3	-	79	-	4	-	9 136
Contingent liabilities, committed facilities, and other	22 351	-	-	-	-	5 266	240	113	146	666	118	644	-	29 544
Total gross credit and counterparty exposures pre collateral or other credit enhancements	109 667	288	1 390	1 071	3 514	73 535	5 797	5 014	5 164	4 914	3 193	6 188	179	219 914
As at 31 March 2008														
On-balance sheet exposures	68 833	1 118	459	1 304	6 345	61 945	3 654	8 083	3 399	2 288	2 176	4 948	205	164 757
Securitisation exposures arising from securitisation/principal financial activities	-	-	-	-	-	448	-	-	-	-	-	-	205	653
Rated instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrated instruments	-	-	-	-	-	-	-	-	-	-	-	-	205	205
Other	-	-	-	-	-	448	-	-	-	-	-	-	-	448
Debt instruments (NCDs, bonds held, debentures)	-	-	43	53	-	8 489	-	-	-	-	-	-	-	8 585
Bank placements	-	-	-	-	-	22 389	-	-	-	-	-	-	-	22 389
Sovereign, government placements	-	-	-	-	-	6 251	-	-	-	-	-	-	-	6 251
Call facilities (non-bank entities)	-	282	62	15	1 175	1 499	1 442	2 454	25	41	-	980	-	7 975
Trading exposures (positive fair value excluding potential future exposures)	-	10	19	142	23	13 297	177	129	307	310	-	1	-	14 415
Other credit exposures	1	-	-	-	359	108	6	43	-	-	-	5	-	522
Gross core loans and advances to customers	68 832	826	335	1 094	4 788	9 464	2 029	5 457	3 067	1 937	2 176	3 962	-	103 967
Off-balance sheet exposures	25 167	-	1	32	2	6 636	84	1 216	240	485	81	1 087	-	35 031
Guarantees	4 065	-	1	32	2	492	84	495	213	93	-	-	-	5 467
Contingent liabilities, committed facilities and other	21 102	-	-	-	-	6 154	-	721	27	392	81	1 087	-	29 564
Total gross credit and counterparty exposures pre collateral or other credit enhancements	94 000	1 118	460	1 336	6 347	68 581	3 738	9 299	3 639	2 773	2 257	6 035	205	199 788

* 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.
- Warehouse funding facilities and warehouse assets arising out of our securitisation and principal finance activities have been deducted.

Calculation of core loans and advances to customers

R'million	30 Sept 2008	31 March 2008
Loans and advances to customers per balance sheet (after impairments)	105 288	94 795
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities	(700)	(382)
Add: own-originated securitised assets	9 493	9 179
Core loans and advances to customers (after impairments)	114 081	103 592

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

Overall asset quality

R'million	30 Sept 2008	31 March 2008
Gross core loans and advances to customers	114 574	103 967
Total impairments	(493)	(375)
Portfolio impairments	(71)	(72)
Specific impairments	(422)	(303)
Net core loans and advances to customers	114 081	103 592
Current loans and advances to customers	110 872	101 480
Total gross non-current loans and advances to customers	3 702	2 487
Past due loans and advances to customers (1-60 days and management not concerned)	1 785	1 184
Special mention loans and advances to customers	295	295
Default loans and advances to customers	1 622	1 008
Gross core loans and advances to customers as at end of the month	114 574	103 967
Total gross non-current core loans and advances to customers (actual capital exposure)	3 702	2 487
Watchlist loans neither past due nor impaired	460	-
Gross core loans and advances to customers that are past due but not impaired	2 241	1 490
Gross core loans and advances to customers that are impaired	1 001	997
Total gross non-current core loans and advances to customers (actual amount in arrears)	771	571
Bad debts written off during the period	(5)	(333)
Gross default loans and advances to customers	1 622	1 008
Collateral and other credit enhancements	1 536	1 356
Specific impairments	(422)	(303)
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	0.37%	0.29%
Portfolio impairments as a % of gross core loans and advances to customers	0.06%	0.07%
Total impairments as a % of gross core loans and advances to customers	0.43%	0.36%
Specific impairments as a % of gross default loans	26.02%	30.06%
Gross defaults as a % of gross core loans and advances to customers	1.42%	0.97%
Net defaults as a % of gross core loans and advances to customers	0.00%	0.00%

Risk management

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

R'million	30 Sept 2008	31 March 2008
Watchlist loans neither past due nor impaired	800	-
31 - 60 days	1 870	1 748
61 - 90 days	236	213
91 - 180 days	318	216
181 - 365 days	239	133
>365 days	239	177
Total gross non-current loans and advances to customers (actual capital exposure)	3 702	2 487
1 - 60 days	225	209
61 - 90 days	80	55
91 - 180 days	140	125
181 - 365 days	147	54
>365 days	179	128
Total gross non-current loans and advances to customers (actual amount in arrears)	771	571

A further age analysis of non-current loans and advances to customer:

R'million	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
As at 30 Sept 2008							
Watchlist loans neither past due nor impaired							
Total capital exposure	460	-	-	-	-	-	460
Amount in arrears	-	-	-	-	-	-	-
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 802	208	127	50	54	2 241
Amount in arrears	-	198	62	88	36	33	417
Gross core loans and advances to customers that are impaired							
Total capital exposure	340	68	28	191	189	185	1 001
Amount in arrears	-	27	18	52	111	146	354
As at 31 March 2008							
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	1 262	173	12	19	24	1 490
Amount in arrears	-	177	29	4	14	2	226
Gross core loans and advances to customers that are impaired							
Total capital exposure	-	486	40	204	114	153	997
Amount in arrears	-	32	26	121	40	126	345



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

R'million	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days and management not concerned)	-	1 785	-	-	-	-	1 785
Special mention	85	10	194	1	5	-	295
Special mention (1 - 60 days in arrears and management concerned) *	-	6	-	1	5	-	12
Special mention (61 - 90 days and item well secured)	-	-	187	-	-	-	187
Special mention - watchlist	85	4	7	-	-	-	96
Default	715	75	42	317	234	239	1 622
Sub-standard	28	8	14	137	45	54	286
Doubtful	685	67	28	177	159	173	1 289
Loss	2	-	-	3	30	12	47
Total	800	1 870	236	318	239	239	3 702

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

R'million	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days and management not concerned)	-	197	-	-	-	-	197
Special mention	-	-	54	-	1	-	55
Special mention (1 - 60 days in arrears and management concerned) *	-	-	-	-	1	-	1
Special mention (61 - 90 days and item well secured)	-	-	54	-	-	-	54
Special mention - watchlist	-	-	-	-	-	-	-
Default	-	28	26	140	146	179	519
Sub-standard	-	1	8	72	18	53	152
Doubtful	-	27	18	62	100	115	322
Loss	-	-	-	6	28	11	45
Total	-	225	80	140	147	179	771

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

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)

R'million	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days and management not concerned)	-	1 184	-	-	-	-	1 184
Special mention	-	70	173	9	19	24	295
Special mention (1 - 60 days in arrears and management concerned) *	-	70	-	9	19	24	122
Special mention (61 - 90 days and item well secured)	-	-	173	-	-	-	173
Special mention - watchlist	-	-	-	-	-	-	-
Default	-	494	40	207	114	153	1 008
Sub-standard	-	134	7	94	48	58	341
Doubtful	-	339	33	113	66	95	646
Loss	-	21	-	-	-	-	21
Total	-	1 748	213	216	133	177	2 487

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)

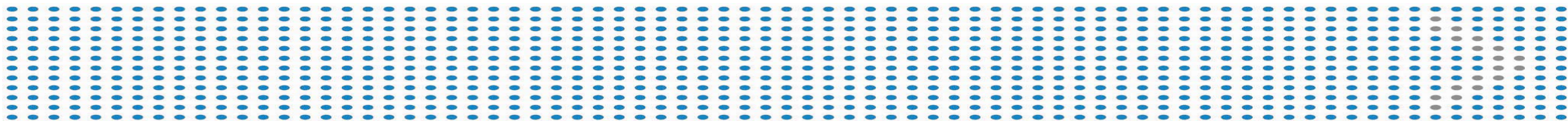
R'million	Watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days and management not concerned)	-	177	-	-	-	-	177
Special mention	-	-	29	4	14	2	49
Special mention (1 - 60 days in arrears and management concerned) *	-	-	-	4	14	2	20
Special mention (61 - 90 days and item well secured)	-	-	29	-	-	-	29
Special mention - watchlist	-	-	-	-	-	-	-
Default	-	32	26	121	40	126	345
Sub-standard	-	10	1	60	12	49	132
Doubtful	-	22	25	61	28	77	213
Loss	-	-	-	-	-	-	-
Total	-	209	55	125	54	128	571

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

Risk management

An analysis of core loans and advances to customers

R'million	Gross core loans and advances that are neither past due nor impaired	Watchlist loans neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	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
As at 30 Sept 2008										
Current core loans and advances	110 872	-	-	-	110 872	-	(67)	110 805	-	-
Past due (1-60 days and management not concerned)	-		1 785	-	1 785	-	(3)	1 782	197	-
Special mention	-	85	210	-	295	-	(1)	294	55	-
Special mention (1 - 60 days in arrears and management concerned)	-		12	-	12	-	-	12	1	-
Special mention (61 - 90 days and item well secured)	-		187	-	187	-	(1)	186	54	-
Special mention - watchlist	-	85	11	-	96	-	-	96	-	-
Default	-	375	246	1 001	1 622	(422)	-	1 200	519	(5)
Sub-standard	-	28	246	12	286	(1)	-	285	152	(5)
Doubtful	-	345	-	944	1 289	(391)	-	898	322	-
Loss	-	2	-	45	47	(30)	-	17	45	-
Total	110 872	460	2 241	1 001	114 574	(422)	(71)	114 081	771	(5)
As at 31 March 2008										
Current core loans and advances	101 480	-	-	-	101 480	-	(44)	101 436	-	46
Past due (1-60 days and management not concerned)	-		1 184	-	1 184	-	(26)	1 158	177	-
Special mention	-		295	-	295	-	(2)	293	49	-
Special mention (1 - 60 days in arrears and management concerned)	-		122	-	122	-	(1)	121	20	-
Special mention (61 - 90 days and item well secured)	-		173	-	173	-	(1)	172	29	-
Special mention - watchlist	-		-	-	-	-	-	-	-	-
Default	-		11	997	1 008	(303)	-	705	345	(379)
Sub-standard	-		11	330	341	-	-	341	132	-
Doubtful	-		-	646	646	(291)	-	355	213	(28)
Loss	-		-	21	21	(12)	-	9	-	(351)
Total	101 480		1 490	997	103 967	(303)	(72)	103 592	571	(333)



Risk management

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

R'million	Current core loans and advances	Past due (1-60 days and management 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
As at 30 Sept 2008													
Private Banking professional and HNW individuals	76 560	1 666	12	121	96	284	1 216	47	80 002	(47)	(360)	(407)	(5)
Corporate sector	24 113	-	-	-	-	-	20	-	24 133	(15)	(20)	(35)	-
Banking, insurance, financial services (excluding sovereign)	8 270	-	-	-	-	-	-	-	8 270	(9)	-	(9)	-
Public and government sector (including central banks)	963	-	-	-	-	-	-	-	963	-	-	-	-
Trade finance	965	119	-	66	-	2	54	-	1 206	-	(42)	(42)	-
Total gross core loans and advances to customers	110 871	1 785	12	187	96	286	1 290	47	114 574	(71)	(422)	(493)	(5)
As at 31 March 2008													
Private Banking professional and HNW individuals	71 214	1 073	122	154	-	341	571	21	73 496	(43)	(255)	(298)	(49)
Corporate sector	18 894	-	-	-	-	-	19	-	18 913	(29)	(19)	(48)	(284)
Banking, insurance, financial services (excluding sovereign)	9 464	-	-	-	-	-	-	-	9 464	-	-	-	-
Public and government sector (including central banks)	1 094	-	-	-	-	-	-	-	1 094	-	-	-	-
Trade finance	814	111	-	19	-	-	56	-	1 000	-	(29)	(29)	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	101 480	1 184	122	173	-	341	646	21	103 967	(72)	(303)	(375)	(333)

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

R'million	30 Sept 2008	31 March 2008
Private Banking professional and HNW individuals	80 002	73 496
Corporate sector	24 133	18 913
Banking, insurance, financial services (excluding sovereign)	8 270	9 464
Public and government sector (including central banks)	963	1 094
Trade finance	1 206	1 000
Other	-	-
Total	114 574	103 967

Risk management

Collateral

R'million	Collateral held against		Total
	Gross core loans and advances	Other credit and counterparty exposures *	
As at 30 Sept 2008			
Eligible financial collateral	7 528	6 440	13 968
Listed shares	5 647	1 618	7 265
Cash	1 752	4 822	6 574
Debt securities issued by sovereigns	129	-	129
Mortgage bonds	127 612	2 583	130 195
Residential mortgages	55 033	2 435	57 468
Residential development	6 004	-	6 004
Commercial property investments	66 575	148	66 723
Other collateral	41 031	8 196	49 227
Unlisted shares	2 933	115	3 048
Bonds other than mortgage bonds	4 863	6 783	11 646
Asset backed lending	6 430	-	6 430
Guarantees	11 172	805	11 977
Credit derivatives	211	-	211
Other	15 422	493	15 915
Total collateral	176 171	17 219	193 390
Suretyships	32 763	-	32 763
Collateral including suretyships	208 934	17 219	226 153
As at 31 March 2008			
Eligible financial collateral	15 157	5 883	21 040
Listed shares	12 787	3 869	16 656
Cash	2 233	259	2 492
Debt securities issued by sovereigns	137	1 755	1 892
Mortgage bonds	126 802	65	126 867
Residential mortgages	51 317	42	51 359
Residential development	6 444	-	6 444
Commercial property investments	69 041	23	69 064
Other collateral	69 999	4 698	74 697
Unlisted shares	-	-	-
Bonds other than mortgage bonds	5 191	-	5 191
Asset backed lending	620	-	620
Guarantees	9 384	-	9 384
Credit derivatives	442	-	442
Other	54 362	4 698	59 060
Total collateral	211 958	10 646	222 604

* 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

Securitisation/principal finance activities and exposures

In South Africa, our securitisation business, which forms part of our Structured Finance unit, was established approximately seven years ago when the debt capital markets commenced development. Over this time, we have arranged a number of corporate bond and commercial paper programmes and third party securitisations. In certain of these transactions we act as liquidity provider. We have also recently focused on the development of securitisation platforms with external third party originating intermediaries. At present we have provided warehouse funding lines to these intermediaries. Furthermore, we have securitised assets we have originated in our Private Banking business in South Africa.

The primary motivations for the securitisation of assets within our Private Banking division are to:

- Provide an alternative source of funding.
- Provide a source of revenue.
- Act as a mechanism to transfer risk.
- Leverage returns through the retention of equity tranches in low default rate portfolios.

Total assets that have been originated and securitised by the Private Bank amount to R9.5 billion (March 2008: R9.2 billion) and include auto loans (R1.1 billion), residential mortgages (R7.3 billion) and commercial mortgages (R1.1 billion). These securitisation structures have all been rated by Moody's.

Summary of securitisation/principal finance exposures and activity over the course of the year

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/principal finance activities reflect only those exposures to which we consider ourselves to be at risk notwithstanding accounting conventions. In addition, assets that have been securitised by our Private Banking division are reflected as part of our core lending exposures and not our securitisation/principal finance exposures as we believe this reflects the true nature and intent of these exposures and activities.

Nature of exposure/activity	Exposure as at 30 Sept 2008 - R'mn	Exposure as at 31 March 2008 - R'mn	Credit analysis internal risk classification	Asset quality - relevant comments for the period
Structured credit investments Unrated	522	205	On-balance sheet securitisation exposure	
Warehouse lines provided to, and investment in third party intermediary originating platforms (mortgage and auto loans)	1 213	448	On-balance sheet securitisation exposure	During the period we created a specific impairment of approx R30 million largely against the net investments within these platforms.
Private Banking division assets which have been securitised	9 493	9 179	On-balance sheet exposure - reclassified from "accounting securitised assets" to core loans and advances for credit analysis purposes.	Analysed as part of the company's overall asset quality on core loans and advances as reflected elsewhere in this report.
Liquidity facilities provided to third party corporate securitisation vehicles	4 851	4 834	Off-balance sheet credit exposure as these facilities have remained largely undrawn and reflect a contingent liability of the bank.	

Risk management

Equity and investment risk in the banking book

Equity and investment risk in the banking book arises primarily from the following activities conducted within the group:

- **Investment Banking Principal Investments (Private Equity and Direct Investments):** We actively seek and select expansion and buy-out investments as principal in unlisted companies. Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intent to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black owned and controlled companies.
- **Lending transactions (within the Private Banking and Capital Markets divisions):** The manner in which we structure certain transactions results in equity, warrant and profit shares being held, predominantly within unlisted companies.
- **Property Activities:** We source development, investment and trading opportunities to create value and trade for profit within agreed risk parameters.
- **Central Funding:** In South Africa the Central Funding division is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made, notably in the early 2000s.

The table below provides an analysis of income and revaluations recorded with respect to these investments.

R'million	Income (pre funding costs) - for the six months ended 30 September 2008				Fair value directly to equity
	Unrealised	Realised	Dividends, net interest and other	Total	
Unlisted investments	130	57	393	580	
Listed equities	(38)	-	9	(29)	(3)
Investment and trading properties	116	-	-	116	
Warrants, profit shares and other embedded derivatives	(6)	54	3	51	
Total	202	111	405	718	(3)

The balance sheet value of investments is indicated in the table below.

R'million	Balance sheet value of investments 30 Sept 2008	Valuation change stress test* 30 Sept 2008	Balance sheet value of investments 31 March 2008	Valuation change stress test* 31 March 2008
Unlisted investments	3 887	583	3 642	546
Listed equities	745	186	881	220
Investment and trading properties	2 667	135	2 815	142
Warrants, profit shares and other embedded derivatives	306	107	384	134
Total	7 605	1 011	7 722	1 042

*In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied.

Stress test values applied

Unlisted investments	15%
Listed equities	25%
Trading properties	15%
Investment properties	5%
Warrants, profit shares and other embedded derivatives	35%

Based on the information above we could have a R1.0 billion reversal in revenue (which assumes a year in which there is a "worst case scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period.



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

R'million	30 Sept	31 March
95% (one-day)	2008	2008
Commodities	0.5	0.4
Equity derivatives	2.2	4.0
Foreign exchange	1.1	1.8
Interest rates	1.3	0.4
Consolidated*	3.8	3.8
High	10.1	10.8
Low	0.1	1.9
Average	4.4	6.2

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

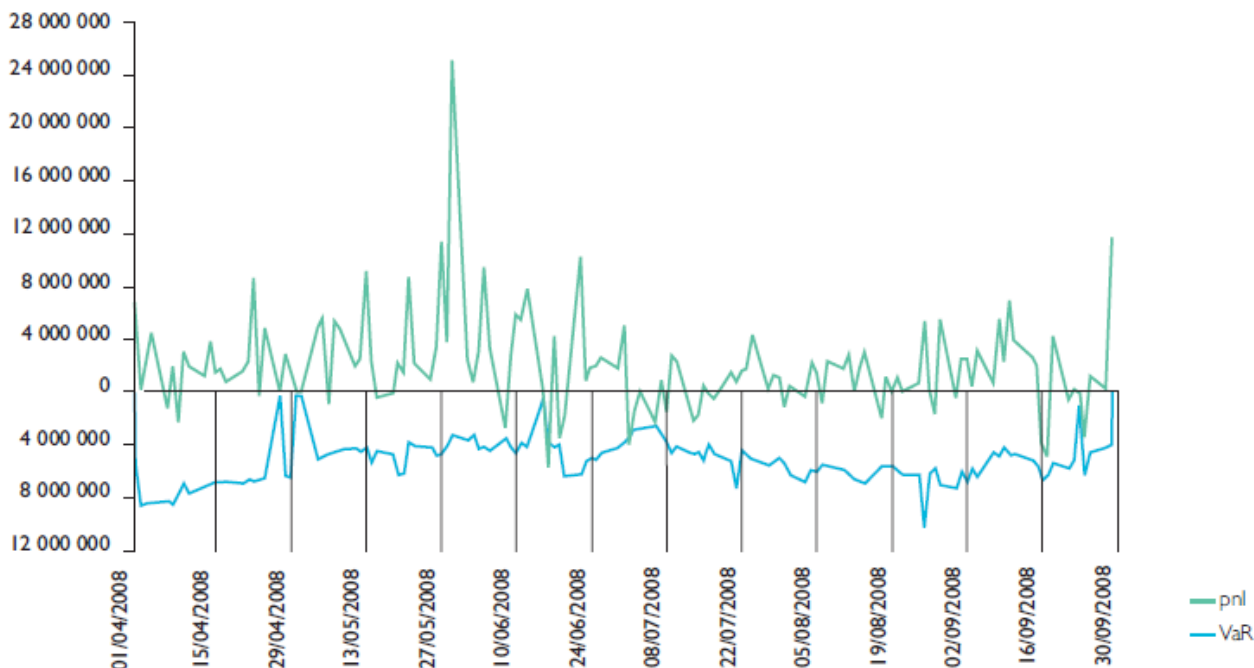


Risk management

Traded market risk management

The graph below shows 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 this graph, we can gauge the accuracy of the VaR figures.

99% 1-day VaR backtesting (Rands)



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

ETL

R'million	30 Sept	31 March
95% (one-day)	2008	2008
Commodities	0.7	0.5
Equity derivatives	3.4	6.1
Foreign exchange	1.9	2.7
Interest rates	2.1	0.7
Consolidated*	5.8	5.7

*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 deviations).

R'million	30 Sept	31 March
Using VaR	2008	2008
Commodities	3.7	3.1
Equity derivatives	16.8	30.6
Foreign exchange	8.4	13.8
Interest rates	9.9	3.1
Consolidated	29.1	50.6

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.

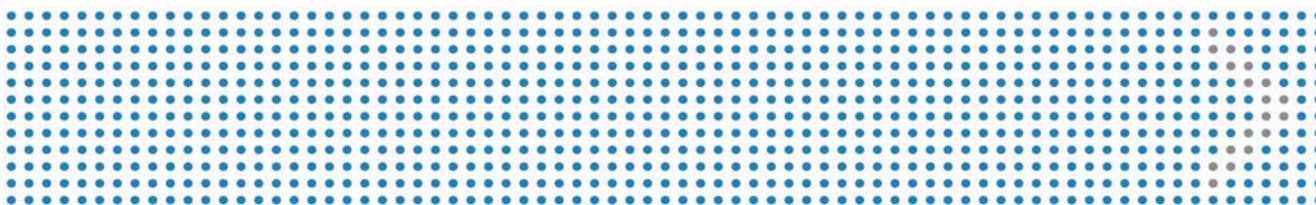
South Africa - interest rate sensitivity

As at 30 Sept 2008 R'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non- trading
Cash and short-term funds - banks *	16 795	-	-	-	-	3 111	19 906
Cash and short-term funds - non-banks	6 751	-	-	-	-	-	6 751
Investment/trading assets and statutory liquids **	11 511	2 277	866	664	12	14 463	29 793
Securitised assets	13 331	15	46	236	45	-	13 673
Advances	86 592	1 179	1 462	11 342	4 713	-	105 288
Other assets	1 307	-	-	-	-	5 344	6 651
Assets	136 287	3 471	2 374	12 242	4 770	22 918	182 062
Deposits - banks	(8 205)	(1 084)	(45)	-	-	-	(9 334)
Deposits - non-banks	(95 329)	(11 958)	(8 519)	(1 998)	(582)	(2 143)	(120 529)
Negotiable paper	(800)	(800)	(1 601)	-	-	-	(3 201)
Securitized liabilities	(11 889)	(268)	-	(865)	-	-	(13 022)
Investment/trading liabilities	-	-	-	-	-	(3 622)	(3 622)
Subordinated liabilities	(1 141)	-	-	(3 750)	(200)	-	(5 091)
Non-rate liabilities	(2 143)	(315)	(412)	(432)	(176)	(9 447)	(12 925)
Liabilities	(119 507)	(14 425)	(10 577)	(7 045)	(958)	(15 212)	(167 724)
Intercompany loans	(391)	51	37	303	-	870	870
Shareholders' funds	(3 749)	-	(76)	-	12	(11 249)	(15 062)
Balance sheet	12 640	(10 903)	(8 242)	5 500	3 824	(2 673)	146
Hedges	(6 089)	3 888	6 876	(1 241)	(3 580)	-	(146)
Repricing gap	6 551	(7 015)	(1 366)	4 259	244	(2 673)	-
Cumulative repricing gap	6 551	(464)	(1 830)	2 429	2 673	-	-

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 (Rands)
	ZAR	GBP	USD	EUR	AUD	Other (Rands)	
200bp Down	27.9	3.2	(8.3)	1.6	0.5	(1.1)	28.7
200bp Up	(19.2)	(1.4)	2.8	-	(0.2)	1.1	(17.3)



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 timeously with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans.

Liquidity mismatch

The tables that follow show our liquidity mismatch.

With respect to the contractual liquidity mismatch:

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

With respect to the behavioural liquidity mismatch:

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

Risk management

Balance sheet risk management

Contractual liquidity

As at 30 Sept 2008								
R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks *	8 041	7 027	4 765	18	37	362	135	20 385
Cash and short-term funds - non-banks	7 230		17					7 247
Investment/trading assets and statutory liquids **	9 905	13 557	1 496	679	1 307	9 812	8 885	45 641
Securitised assets	482	86	124	213	576	5 747	6 445	13 673
Advances	3 470	4 523	11 018	9 486	11 927	35 451	29 413	105 288
Other assets	1 059	-	-	-	-	910	5 036	7 005
Assets	30 187	25 193	17 420	10 396	13 847	52 282	49 914	199 239
Deposits - banks	(470)	(463)	(4 027)	(751)	(128)	(3 493)	-	(9 332)
Deposits - non-banks	(34 830)	(31 638)	(22 060)	(16 158)	(13 056)	(3 796)	(391)	(121 929)
Negotiable paper	-	(266)	(534)	(800)	(1 601)	-	-	(3 201)
Securitised liabilities	(72)	(1 818)	(2 140)	(268)	(2 300)	(5 085)	(1 339)	(13 022)
Investment/trading liabilities	(273)	(4 501)	(963)	(705)	(1 273)	(7 523)	(3 096)	(18 334)
Subordinated liabilities	-	-	-	-	-	(4 691)	(400)	(5 091)
Non-rate liabilities	(123)	(55)	-	(920)	(1 529)	(1 802)	(8 813)	(13 242)
Liabilities	(35 768)	(38 741)	(29 724)	(19 602)	(19 887)	(26 390)	(14 039)	(184 151)
Shareholders' funds	(17)	(1)	-	-	-	-	(15 070)	(15 088)
Balance sheet	(5 598)	(13 549)	(12 304)	(9 206)	(6 040)	25 892	20 805	-
Hedges	-	-	-	-	-	-	-	-
Contractual liquidity gap	(5 598)	(13 549)	(12 304)	(9 206)	(6 040)	25 892	20 805	-
Cumulative liquidity gap	(5 598)	(19 147)	(31 451)	(40 657)	(46 697)	(20 805)	-	-

Note: contractual liquidity adjustments

As at 30 Sept 2008								
R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short-term funds - banks *	4 970	7 027	4 765	18	37	362	3 206	20 385
Investment/trading assets and statutory liquids **	2 120	9 700	5 111	3 213	5 973	10 639	8 885	45 641

Behavioural liquidity

As at 30 Sept 2008								
R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	8 027	4 201	6 911	(3 558)	(40 190)	733	23 876	-
Cumulative	8 027	12 228	19 139	15 581	(24 609)	(23 876)	(23 876)	-

Capital adequacy

R'million	30 Sept 2008	31 March 2008
Regulatory capital		
Tier 1		
Share capital	-	-
Share premium	5 846	5 146
Non-redeemable, non-cumulative, non-participating preference shares	3 660	3 277
Retained income	7 000	6 508
Treasury shares	(1 851)	(1 227)
Other reserves	578	48
Minority interests in subsidiaries	-	-
Less: impairments (goodwill and other deductions)	(593)	(642)
	14 640	13 110
Tier 2		
Aggregate amount	5 227	5 290
Less: deductions	(171)	(204)
	5 057	5 086
Tier 3		
Aggregate amount	-	-
Other deductions from Tier 1 and Tier 2	-	-
Total eligible capital	19 697	18 196
Risk-weighted assets (banking and trading)	141 842	130 472
Credit risk - prescribed standardised exposure classes	121 283	111 358
Corporates	98 220	87 020
Secured on real estate property	8 214	7 935
Counterparty risk on trading positions	3 924	5 104
Short term claims on institutions and corporates	2 252	2 630
Retail	2 793	3 293
Institutions	4 842	4 430
Other exposure classes	1 038	947
Equity risk - standardised approach	4 924	3 798
Market risk - portfolios subject to internal models approach	1 492	2 046
Interest rate	124	95
Foreign Exchange	246	184
Commodities	52	36
Equities	1 071	1 731
Operational risk - standardised approach	14 144	13 270
Capital requirements	13 475	12 395
Credit risk - prescribed standardised exposure classes	11 522	10 579
Corporates	9 331	8 267
Secured on real estate property	780	754
Counterparty risk on trading positions	373	485
Short term claims on institutions and corporates	214	250
Retail	265	313
Institutions	460	421
Other exposure classes	99	90
Equity risk - standardised approach	468	361
Market risk - portfolios subject to internal models approach	142	194
Interest rate	12	9
Foreign Exchange	23	17
Commodities	5	3
Equities	102	164
Operational risk - standardised approach	1 344	1 261
Capital adequacy ratio	13.9%	13.9%
Tier 1 ratio	10.3%	10.0%
Capital adequacy ratio - pre operational risk	15.4%	15.5%
Tier 1 ratio - pre operational risk	11.5%	11.2%