FINANCIAL OVERVIEW

The Group has continued to achieve strong growth in profit before taxation and exceptional items during the first six months of the 2006 financial year which saw these profits increase by 102.5% from R23.119 million for the six months ended 30 June 2005, to R4.455 million for the six months ended 30 June 2006. Due to this decline in exceptional recoveries, headline earnings increased by a modest 5.8%. The increase in profits is largely attributable to:

- 22% growth in funds profit generated by the increase of 51.2% in lending and the growth of 21.1% largely in the areas of transactional and alliance banking;
- cost containment in operating expenses which decreased by 1.9%;
- non-interest income growth of 21.1%.

OUTLOOK

- Total asset growth of 47.5% and exceptional items of 102.5%
- Growth in profit before taxation and exceptional items of 102.5%
- Return on average assets (%)
- Return on average equity (%)
- Capital adequacy ratio (%)

Summarised Group Balance Sheet

<table>
<thead>
<tr>
<th>30 June</th>
<th>30 June</th>
<th>31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2005</td>
<td>2005</td>
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<tr>
<td>R'000</td>
<td>R'000</td>
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<tr>
<td>Unaudited</td>
<td>Unaudited</td>
<td>Audited</td>
</tr>
</tbody>
</table>

**ASSETS**

- Intangible assets: 5 249
- Property and equipment: 93 010
- Investment properties: 720
- Taxation: 39 362
- Other accounts receivable: 66 385
- Interest in other companies: 1 929
- Other investments: 1 703 585
- Derivative financial instruments: 36 520
- Negligible securities: 389 832
- Cash and cash equivalents: 2 094 301

**Total assets**: 4 384 263

**EQUITY AND LIABILITIES**

- Shareholders’ equity: 596 483

Summarised Group Income Statement

<table>
<thead>
<tr>
<th></th>
<th>30 June</th>
<th>12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>R'000</td>
<td>R'000</td>
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<tr>
<td>Unaudited</td>
<td>Unaudited</td>
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</tr>
</tbody>
</table>

- Share capital and share premium: 1 207 032
- Capital redemption reserve fund: 3 788
- Share-based payments reserve: 2 121
- General reserve: 7 478
- Property revaluation reserve: 36 476
- Net transfer (to)/from general credit-risk reserve: 11 933
- Accumulated loss: (672 270)

**Liabilities**

- Total liabilities: 3 787 780

**Provisions**

- Share of income from associated companies: 4 309 796

**Operating expenditure**

- Profit after taxation: 45 024

**Net cash inflow from operating activities**

- Net cash inflow from operating activities: 43 956

**Net cash inflow for the period**

- Net cash inflow for the period: 685 329

**Cash and cash equivalents at beginning of period**

- Cash and cash equivalents at beginning of period: 1 408 972

**Cash and cash equivalents at end of period**

- Cash and cash equivalents at end of period: 2 094 301

** microsoft excel table **

**group contingent liabilities and commitments**

**unaudited interim results for the six months ended 30 June 2006**