

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INVESTEC BANK LIMITED

Incorporated in the Republic of South Africa
Registration number 1969/004763/06
Share code: INLP
ISIN: ZAE000048393
LEI No: 549300RH5FFHO48FXT69

These reviewed interim condensed consolidated financial results are published to provide information to holders of Investec Bank Limited's listed non-redeemable, non-cumulative, non-participating preference shares.

Overview of results

Unless the context indicates otherwise, all comparatives referred to in the financial review relate to the six months ended 30 September 2018.

Investec Bank Limited, a subsidiary of Investec Limited, posted an increase in headline earnings attributable to ordinary shareholders of 18.6% to R2 418 million (2018: R2 038 million).

The balance sheet remains sound with a total capital adequacy ratio of 17.8% (31 March 2019: 15.8%). Investec Bank Limited adopted the Foundation Internal Ratings Based (FIRB) measurement of credit capital, resulting in a 2.2% uplift to the total capital adequacy ratio to 17.7% effective 1 April 2019.

For full information on the Investec Group results, refer to the combined results of Investec plc and Investec Limited or the group's website <http://www.investec.com>.

Financial review

Salient operational features for the period under review include:

Total operating income before expected credit losses increased by 4.8% to R6 442 million (2018: R6 149 million). The components of operating income are analysed further below:

- Net interest income increased by 9.0% to R4 382 million (2018: R4 019 million) supported by private client activity and a higher net interest margin
- Net fee and commission income increased 0.5% to R1 081 million (2018: R1 076 million) reflecting reasonable activity levels given the macro-economic backdrop
- Investment income amounted to R503 million (2018: R253 million) reflecting higher income from the listed and unlisted investment portfolio
- Share of post taxation profit of associates of R262 million (2018: R369 million) primarily reflects earnings in relation to the group's investment in the IEP Group
- Total trading income decreased significantly to R214 million (2018: R431 million), as a result of translation gains on foreign currency equity investments recognised in the prior period.

Expected credit loss (ECL) impairment charges amounted to R271 million (2018: R376 million). The annualised credit loss ratio is below its long-term average trend at 0.18% (2018: 0.29%). Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL was 0.8% (31 March 2019: 0.7%).

The cost to income ratio reduced to 50.7% (2018: 52.3%). Operating costs were well contained, increasing 1.6% to R3 267 million (2018: R3 217 million).

As a result of the foregoing factors profit before taxation increased by 13.5% to R2 878 million (2018: R2 536 million). Profit after taxation increased by 17.8% to R2 511 million (2018: R2 132 million).

Key financial statistics	30 Sept 2019	30 Sept 2018	% change	31 March 2019
Total operating income before expected credit loss impairment charges (R'million)	6 442	6 149	4.8%	12 650
Operating costs (R'million)	3 267	3 217	1.6%	6 547
Operating profit before goodwill and acquired intangibles (R'million)	2 904	2 556	13.6%	5 381
Headline earnings attributable to ordinary shareholders (R'million)	2 418	2 038	18.6%	4 784
Cost to income ratio*	50.7%	52.3%		51.7%
Total capital resources (including subordinated liabilities) (R'million)	56 539	52 412	7.9%	55 678
Total equity (R'million)	43 944	39 659	10.8%	41 760
Total assets (R'million)	482 801	448 305	7.7%	475 603
Net core loans and advances (R'million)	271 836	259 147	4.9%	269 404
Customer accounts (deposits) (R'million)	349 216	331 732	5.3%	341 710
Loans and advances to customers as a % of customer accounts (deposits)	75.8%	75.6%		76.6%
Cash and near cash balances (R'million)	119 979	110 827	8.3%	118 365
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	10.5x	10.9x		11.0x
Total capital adequacy ratio	17.8%	15.2%		15.8%
Tier 1 ratio	13.3%	11.2%		11.5%
Common equity tier 1 ratio	13.0%	10.9%		11.2%
Leverage ratio – current	7.8%	7.7%		7.7%
Leverage ratio – 'fully loaded'	7.7%	7.5%		7.6%
Stage 3 as a % of gross core loans and advances subject to ECL	1.3%	1.5%		1.3%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	0.8%	0.8%		0.7%
Credit loss ratio	0.18% **	0.29% **		0.27%

* The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. As such, the cost to income ratio is calculated as: operating costs divided by operating income (net of operating profits or losses attributable to other non-controlling interests).

** Annualised.

On behalf of the Board of Investec Bank Limited

Khumo Shuenyane
Chairman

Richard Wainwright
Chief Executive Officer

20 November 2019

Review conclusion

The condensed consolidated interim financial statements for the six months ended 30 September 2019 have been reviewed by Ernst & Young Inc. and KPMG Inc., who expressed an unmodified review conclusion. A copy of the auditors' review opinion is available for inspection at the company's registered office together with the financial statements identified in the auditors' report.

The auditors' report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report together with the accompanying financial information from the issuer's registered office.

This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full viewed announcement which can be accessed from Thursday 21 November 2019, using the following JSE link: <https://sens.pdf.jse.co.za/documents/2019/jse/isse/INLP/IBLinterim.pdf>

Alternatively the full announcement is available on our website www.investec.com.

The full announcement is also available at our registered offices for inspection at no charge, during office hours.

Copies of the full announcement may be requested by contacting

Investor Relations on:

Telephone: (+27 11) 286 7000

e-mail: investorrelations@investec.com

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Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 33

Notice is hereby given that preference dividend number 33 has been declared by the Board from income reserves for the period 01 April 2019 to 30 September 2019 amounting to a gross preference dividend of 424.01272 cents per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 13 December 2019.

The relevant dates for the payment of dividend number 33 are as follows:

Last day to trade cum-dividend	Tuesday, 10 December 2019
Shares commence trading ex-dividend	Wednesday, 11 December 2019
Record date	Friday, 13 December 2019
Payment date	Tuesday, 17 December 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 December 2019 and Friday, 13 December 2019, both dates inclusive.

Additional information to take note of:

- Investec Bank Limited tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 339.21018 cents per preference share for shareholders liable to pay the Dividend Tax and 424.01272 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk

Company Secretary

20 November 2019

Registered office

100 Grayston Drive
Sandown, Sandton, 2196

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Company Secretary

N van Wyk

Sponsor:

Investec Bank Limited

Directors

KL Shuenyane (Chairman)
DM Lawrence (Deputy Chairman)
RJ Wainwright[^] (Chief Executive Officer)
SC Spencer (Finance Director)[^]
ZBM Bassa, D Friedland, PA Hourquebie
PRS Thomas, F Titi[^]

[^]Executive

NA Samujh resigned effective 14 May 2019

SC Spencer was appointed on 14 May 2019