

Investec Bank Limited

Interim condensed consolidated
financial results for the six months
ended 30 September 2018

Out of the Ordinary



2018

Condensed consolidated income statement

R'million	Reviewed Six months to 30 Sept 2018	Reviewed Six months to 30 Sept 2017	Audited Year to 31 March 2018
Interest income	15 936	15 619	31 687
Interest expense	(11 917)	(11 956)	(24 125)
Net interest income	4 019	3 663	7 562
Fee and commission income	1 182	1 216	2 458
Fee and commission expense	(106)	(132)	(213)
Investment income	253	597	530
Share of post taxation profit of associates	369	382	777
Trading income/(loss) arising from			
– customer flow	204	196	356
– balance sheet management and other trading liabilities	227	42	(26)
Other operating income	1	1	2
Total operating income before expected credit losses/impairment losses	6 149	5 965	11 446
Expected credit loss impairment charges*	(376)	–	–
Impairment losses on loans and advances*	–	(373)	(720)
Operating income	5 773	5 592	10 726
Operating costs	(3 217)	(3 121)	(6 100)
Operating profit before acquired intangibles	2 556	2 471	4 626
Amortisation of acquired intangibles	(26)	(26)	(51)
Operating profit	2 530	2 445	4 575
Additional costs on acquisition of subsidiary	–	–	(100)
Gain on acquisition of subsidiary	6	–	–
Profit before taxation	2 536	2 445	4 475
Taxation on operating profit before acquired intangibles	(411)	(143)	184
Taxation on acquired intangibles	7	7	14
Profit after taxation	2 132	2 309	4 673

* On adoption of IFRS 9, there is a move from an incurred loss model to an expected credit loss methodology.

Calculation of headline earnings

R'million	Reviewed Six months to 30 Sept 2018	Reviewed Six months to 30 Sept 2017	Audited Year to 31 March 2018
Profit after taxation	2 132	2 309	4 673
Dividend paid to perpetual preference shareholders and other Additional Tier 1 security holders	(88)	(67)	(133)
Earnings attributable to ordinary shareholders	2 044	2 242	4 540
Headline adjustments, net of taxation**	(6)	(46)	(94)
Gain on realisation of available-for-sale assets recycled to the income statement	–	(46)	(94)
Gain on acquisition of subsidiary	(6)	–	–
Headline earnings attributable to ordinary shareholders	2 038	2 196	4 446

** Net of taxation of Rnil [Six months to 30 September 2017: R18.0 million; year to 31 March 2018: R36.6 million].

Condensed consolidated statement of total comprehensive income

R'million	Reviewed Six months to 30 Sept 2018	Reviewed Six months to 30 Sept 2017	Audited Year to 31 March 2018
Profit after taxation	2 132	2 309	4 673
Other comprehensive income:			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income***	(20)	(36)	(99)
Fair value movements on available-for-sale assets taken directly to other comprehensive income****	–	113	494
Gain on realisation of available-for-sale assets recycled to the income statement****^	–	(46)	(94)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income****	(68)	–	–
Gain on realisation of debt instruments at FVOCI recycled to the income statement****^	(38)	–	–
Foreign currency adjustments on translating foreign operations	779	39	(637)
Items that will never be reclassified to the income statement			
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income***	(452)	–	–
Total comprehensive income	2 333	2 379	4 337
Total comprehensive income attributable to ordinary shareholders	2 245	2 312	4 204
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 security holders	88	67	133
Total comprehensive income	2 333	2 379	4 337

^ On adoption of IFRS 9 on 1 April 2018, the fair value reserve was introduced replacing the available-for-sale reserve.

*** Net of taxation of (R141.3 million) [Six months to 30 September 2017: (R12.2 million); year to 31 March 2018: (R266.1 million)].

Condensed consolidated statement of changes in equity

R'million	Reviewed Six months to 30 Sept 2018	Reviewed Six months to 30 Sept 2017	Audited Year to 31 March 2018
Balance at the beginning of the period	38 415	35 165	35 165
Adoption of IFRS 9	(894)	–	–
Total comprehensive income	2 333	2 379	4 337
Dividends paid to ordinary shareholders	–	(654)	(1 304)
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	(88)	(67)	(133)
Net equity movements of interest in associated undertaking	(109)	–	–
Issue of other Additional Tier 1 securities in issue	–	–	350
Other equity movements	2	–	–
Balance at the end of the period	39 659	36 823	38 415

Condensed consolidated cash flow statement

R'million	Reviewed Six months to 30 September 2018	Reviewed Six months to 30 September 2017	Audited Year to 31 March 2018
Cash inflows from operations	2 203	2 064	4 185
Increase in operating assets	(3 478)	(2 807)	(21 277)
Increase in operating liabilities	1 601	241	15 244
Net cash inflow/(outflow) from operating activities	326	(502)	(1 848)
Net cash outflow from investing activities	(309)	(86)	(267)
Net cash outflow from financing activities [†]	(1 298)	(429)	(1 019)
Effects of exchange rate changes on cash and cash equivalents	950	10	(864)
Net decrease in cash and cash equivalents	(331)	(1 007)	(3 998)
Cash and cash equivalents at the beginning of the period	26 026	30 024	30 024
Cash and cash equivalents at the end of the period	25 695	29 017	26 026

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

† The net cash outflow from financing activities is detailed as below:

R'million	Reviewed Six months to 30 September 2018	Reviewed Six months to 30 September 2017	Audited Year to 31 March 2018
Net (outflow)/inflow of subordinated liabilities	(1 210)	292	68
Dividends paid	(88)	(721)	(1 437)
Issue of other Additional Tier 1 securities	–	–	350
Net cash outflow from financing activities	(1 298)	(429)	(1 019)

Condensed consolidated balance sheet

At R'million	Reviewed 30 September 2018	Audited 1 April 2018 [#]	Audited 31 March 2018 [#]	Reviewed 30 September 2017
Assets				
Cash and balances at central banks	9 586	9 180	9 187	9 200
Loans and advances to banks	18 458	17 263	17 265	18 723
Non-sovereign and non-bank cash placements	10 441	9 972	9 993	10 399
Reverse repurchase agreements and cash collateral on securities borrowed	14 033	20 480	20 480	17 933
Sovereign debt securities	58 923	62 363	62 403	50 722
Bank debt securities	10 358	8 033	8 051	8 156
Other debt securities	13 861	10 357	10 342	12 056
Derivative financial instruments	9 506	12 564	12 586	11 244
Securities arising from trading activities	1 366	875	875	1 463
Investment portfolio	7 890	9 124	7 943	8 414
Loans and advances to customers	250 806	245 162	247 474	241 093
Own originated loans and advances to customers securitised	8 341	6 826	6 830	7 231
Other loans and advances	359	265	265	291
Other securitised assets	250	241	241	274
Interest in associated undertakings	6 541	6 288	6 288	5 898
Deferred taxation assets	750	933	586	292
Other assets	8 429	6 673	6 686	6 817
Property and equipment	2 626	2 494	2 494	289
Investment properties	1	1	1	1
Goodwill	171	171	171	171
Intangible assets	461	412	412	460
Loans to group companies	15 148	13 499	13 499	16 449
	448 305	443 176	444 072	427 576
Liabilities				
Deposits by banks	25 801	24 607	24 607	25 181
Derivative financial instruments	14 531	15 907	15 907	13 457
Other trading liabilities	2 468	2 305	2 305	1 708
Repurchase agreements and cash collateral on securities lent	6 500	8 395	8 395	9 906
Customer accounts (deposits)	331 732	321 861	321 893	309 996
Debt securities in issue	4 131	3 473	3 473	2 770
Liabilities arising on securitisation of own originated loans and advances	2 216	1 551	1 551	1 652
Current taxation liabilities	–	202	202	577
Deferred taxation liabilities	92	99	99	104
Other liabilities	5 272	6 874	6 844	5 725
Loans from group companies	3 150	7 007	7 007	6 153
	395 893	392 281	392 283	377 229
Subordinated liabilities	12 753	13 374	13 374	13 524
	408 646	405 655	405 657	390 753
Equity				
Ordinary share capital	32	32	32	32
Share premium	14 885	14 885	14 885	14 885
Other reserves	1 628	1 353	1 293	1 713
Retained income	22 764	20 901	21 855	20 193
Shareholders' equity excluding non-controlling interests	39 309	37 171	38 065	36 823
Other Additional Tier 1 securities in issue	350	350	350	–
Total equity	39 659	37 521	38 415	36 823
Total liabilities and equity	448 305	443 176	444 072	427 576

[#] The 1 April 2018 balance sheet has been presented on an IFRS 9 basis and the comparative as at 31 March 2018 on an IAS 39 basis.

Liquidity coverage ratio disclosure

The objective of the liquidity coverage ratio (LCR) is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high quality liquid assets to survive a significant stress scenario lasting 30 calendar days.

In accordance with the provisions of section 6(6) of the South African Banks Act 1990 (Act No. 94 of 1990), banks are directed to comply with the relevant LCR disclosure requirements. This disclosure Template LIQ1 is in accordance with Pillar 3 of the Basel III liquidity accord, as specified by BCBS d400 (2017) and Directive 01/2018.

The following table sets out the LCR for the group and bank:

R'million	Investec Bank Limited Solo – Total weighted value	Investec Bank Limited Consolidated Group – Total weighted value
High quality liquid assets (HQLA)	77 194	78 202
Net cash outflows	56 325	54 795
Actual LCR (%)	137.4	143.3
Required LCR (%)	90.0	90.0

The values in the table are calculated as the simple average of 92 calendar daily values over the period 1 July 2018 to 30 September 2018 for Investec Bank Limited (IBL) bank solo. Investec Bank Limited consolidated group use daily values for IBL bank solo, while those for other group entities use the average of July, August, September 2018 month-end values.

Net stable funding ratio

The objective of the net stable funding ratio (NSFR) is to promote the resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities on an ongoing structural basis.

In accordance with the provisions of section 6(6) of the South African Banks Act 1990 (Act No. 94 of 1990), banks are directed to comply with the relevant NSFR disclosure requirements. This disclosure Template LIQ2 is in accordance with Pillar 3 of the Basel III liquidity accord, as specified by Directive 11/2015 and Directive 01/2018.

The following table sets out the NSFR for the group and bank:

R'million	Investec Bank Limited Solo – Total weighted value	Investec Bank Limited Consolidated Group – Total weighted value
Available stable funding (ASF)	283 067	294 934
Required stable funding (RSF)	254 271	259 998
Actual NSFR (%)	111.3	113.4
Required NSFR (%)	100.0	100.0

Commentary

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

Investec Bank Limited, a subsidiary of Investec Limited, posted a decrease in headline earnings attributable to ordinary shareholders of 7.2% to R2 038 million (2017: R2 196 million). An increase in profit before tax of 3.7%, was offset by a higher tax charge off a low base in the prior period.

The balance sheet remains sound with a capital adequacy ratio of 15.2% (1 April 2018: 15.4%). For full information on the Investec Group results, refer to the combined results of Investec plc and Investec Limited on the group's website <http://www.investec.com>.

Financial review

Unless the context indicates otherwise, all comparatives referred to in the financial review relate to the six months ended 30 September 2017.

Salient operational features for the period under review include:

Total operating income before expected credit loss impairment charges increased by 3.1% to R6 149 million (2017: R5 965 million). The components of operating income are analysed further below:

- Net interest income increased by 9.7% to R4 019 million (2017: R3 663 million) supported by higher net margins and continued activity from our private client base
- Net fee and commission income decreased 0.7% to R1 076 million (2017: R1 084 million) as a result of lower investment banking and corporate client activity levels
- Investment income amounted to R253 million (2017: R597 million) impacted by a weaker performance from the listed and unlisted investment portfolios
- Share of post taxation profit of associates of R369 million (2017: R382 million) primarily reflects earnings in relation to the group's investment in the IEP Group
- Total trading income increased significantly amounting to R431 million (2017: R238 million), reflecting translation gains on foreign currency equity investments (partially offsetting the related weaker investment income performance).

Expected credit loss (ECL) impairment charges amounted to R376 million (2017: R373 million under the IAS 39 incurred loss model), however, the credit loss ratio remained at the lower end of its long term average trend at 0.29% (2017: 0.31%). Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL was 0.8% (1 April 2018: 0.7%).

The ratio of total operating costs to total operating income remained at 52.3%, reflecting cost containment with operating costs up 3.1% to R3 217 million (2017: R3 121 million).

As a result of the foregoing factors profit before taxation and acquired intangibles increased by 3.4% to R2 556 million (2017: R2 471 million). Profit after taxation decreased by 7.7% to R2 132 million (2017: R2 309 million) impacted by a higher tax charge off a low base in the prior period.

Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of the results for the six months ended 30 September 2018 are consistent with those adopted in the financial statements for the year ended 31 March 2018 except as noted below.

On 1 April 2018 the group adopted IFRS 9 'Financial Instruments' which replaced IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an expected credit loss (ECL) model as opposed to an incurred loss methodology under IAS 39. Disclosure related to the initial application and the impact of the transition from IAS 39 to IFRS 9 were included in the group's transition disclosures published on 15 June 2018 which can be accessed via the Investec website at www.investec.com.

Additionally, on 1 April 2018 the group adopted IFRS 15 'Revenue from contracts with customers' which replaced IAS 18 'Revenue'. IFRS 15 provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for obligations as they are satisfied. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The group's measurement and recognition principles were aligned to the new standard and hence there has been no material impact on measurement and recognition principles or on disclosure requirements from the adoption of IFRS 15.

The financial results have been prepared under the supervision of Nishlan Samujh, the Group Chief Financial Officer. The interim financial statements for the six months ended 30 September 2018 will be posted to stakeholders on 30 November 2018. These interim financial statements will be available on the group's website at the same date.

On behalf of the Board of Investec Bank Limited

Khumo Shuenyane
Chairman

Richard Wainwright
Chief Executive Officer

14 November 2018

Review conclusion

The condensed consolidated interim financial statements for the period ended 30 September 2018 have been reviewed by KPMG Inc. and Ernst & Young Inc., who expressed an unmodified review conclusion. A copy of the auditors' review report 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.

Analysis of assets and liabilities by measurement basis

At 30 September 2018 R'million	Total financial instruments at fair value	Financial instruments at amortised cost	Non- financial instruments or scoped out of IFRS 9	Total
Assets				
Cash and balances at central banks	–	9 586	–	9 586
Loans and advances to banks	–	18 458	–	18 458
Non-sovereign and non-bank cash placements	878	9 563	–	10 441
Reverse repurchase agreements and cash collateral on securities borrowed	9 288	4 745	–	14 033
Sovereign debt securities	53 702	5 221	–	58 923
Bank debt securities	4 046	6 312	–	10 358
Other debt securities	9 267	4 594	–	13 861
Derivative financial instruments	9 506	–	–	9 506
Securities arising from trading activities	1 366	–	–	1 366
Investment portfolio	7 890	–	–	7 890
Loans and advances to customers	18 493	232 313	–	250 806
Own originated loans and advances to customers securitised	–	8 341	–	8 341
Other loans and advances	–	359	–	359
Other securitised assets	–	250	–	250
Interests in associated undertakings	–	–	6 541	6 541
Deferred taxation assets	–	–	750	750
Other assets	2 163	3 369	2 897	8 429
Property and equipment	–	–	2 626	2 626
Investment properties	–	–	1	1
Goodwill	–	–	171	171
Intangible assets	–	–	461	461
Loans to group companies	87	15 061	–	15 148
	116 686	318 172	13 447	448 305
Liabilities				
Deposits by banks	–	25 801	–	25 801
Derivative financial instruments	14 531	–	–	14 531
Other trading liabilities	2 468	–	–	2 468
Repurchase agreements and cash collateral on securities lent	3 230	3 270	–	6 500
Customer accounts (deposits)	42 426	289 306	–	331 732
Debt securities in issue	–	4 131	–	4 131
Liabilities arising on securitisation of own originated loans and advances	–	2 216	–	2 216
Deferred taxation liabilities	–	–	92	92
Other liabilities	683	1 234	3 355	5 272
Loans from group companies	–	3 150	–	3 150
Subordinated liabilities	–	12 753	–	12 753
	63 338	341 861	3 447	408 646

Financial instruments carried at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities.

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2018 R'million	Financial instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	878	83	795	–
Reverse repurchase agreements and cash collateral on securities borrowed	9 288	–	9 288	–
Sovereign debt securities	53 702	53 702	–	–
Bank debt securities	4 046	3 902	144	–
Other debt securities	9 267	3 592	5 675	–
Derivative financial instruments	9 506	–	9 494	12
Securities arising from trading activities	1 366	1 366	–	–
Investment portfolio	7 890	4 009	431	3 450
Loans and advances to customers	18 493	–	17 889	604
Other assets	2 163	2 163	–	–
Loans to group companies	87	–	87	–
	116 686	68 817	43 803	4 066
Liabilities				
Derivative financial instruments	14 531	–	14 531	–
Other trading liabilities	2 468	193	2 275	–
Repurchase agreements and cash collateral on securities lent	3 230	–	3 230	–
Customer accounts (deposits)	42 426	–	42 426	–
Other liabilities	683	–	683	–
	63 338	193	63 145	–
Net financial assets/(liabilities) at fair value	53 348	68 624	(19 342)	4 066

Transfers between level 1 and level 2

There were no significant transfers between level 1 and level 2 in the current period.

Level 3 instruments

The following table shows a reconciliation of the opening balances to the closing balances for financial instruments in level 3 at fair value category. All instruments are at fair value through profit and loss.

R'million	
Balance at 31 March 2018	1 983
Adoption of IFRS 9	1 690
Balance at 1 April 2018	3 673
Total losses included in the income statement	(170)
Purchases	135
Sales	(89)
Issues	247
Transfers into level 3	215
Foreign exchange adjustments	55
Balance at 30 September 2018	4 066

For the period ended 30 September 2018, R214.9 million has been transferred from level 2 into level 3 as a result of the inputs to the valuation methods becoming unobservable in the market.

The following table quantifies the losses included in the income statement recognised on level 3 financial instruments:

For the six months to 30 September 2018			
R'million	Total	Realised	Unrealised
Total (losses)/gains included in the income statement for the period			
Investment income	(170)	(208)	38

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 30 September 2018	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Potential impact on the income statement	
					Favourable changes R'million	Unfavourable changes R'million
Assets						
Derivative financial instruments	12	Price earnings	EBITDA	(5%) – 20%	2	(1)
Investment portfolio	3 450				534	(566)
		Price earnings	EBITDA	*	407	(326)
		Discounted cash flow	Precious and industrial metals prices	(10%) – 6%	21	(35)
		Discounted cash flow	Cash flow	(15%) – 5%	10	(29)
		Other	Various	**	96	(176)
Loans and advances to customers	604	Discounted cash flow	Cash flow	(15%) – 5%	30	(91)
Total	4 066				566	(658)

* The EBITDA has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

** The valuation sensitivity for certain equity investments and fair value loans have been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purpose of this analysis as the sensitivity of the investment cannot be determined through the adjustment of a single input.

In determining the value of level 3 financial instruments, the following are principal inputs that can require judgement:

Price earnings multiple

The price earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

EBITDA

The company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Precious and industrial metals

The price of property and precious and industrial metals is a key driver of future cash flows on these investments.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curve
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Yield curve
Bank debt securities	Discounted cash flow model	Yield curve
Other debt securities	Discounted cash flow model	Yield curve
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Yield curve
Loans to group companies	Discounted cash flow model	Yield curve
Liabilities		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve

Fair value of financial assets and liabilities at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost where the carrying value is not a reasonable approximation of fair value:

At 30 September 2018 R'million	Carrying value	Fair value
Assets		
Loans and advances to banks	18 458	18 467
Reverse repurchase agreements and cash collateral on securities borrowed	4 745	4 743
Sovereign debt securities	5 221	5 055
Bank debt securities	6 312	6 288
Other debt securities	4 594	4 502
Loans and advances to customers	232 313	232 376
Liabilities		
Deposits by banks	25 801	26 260
Repurchase agreements and cash collateral on securities lent	3 270	3 205
Customer accounts (deposits)	289 306	289 634
Subordinated liabilities	12 753	14 135

Investec Bank Limited
Incorporated in the Republic of South Africa
Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares (“preference shares”)

Declaration of dividend number 31

Notice is hereby given that preference dividend number 31 has been declared by the Board from income reserves for the period 1 April 2018 to 30 September 2018 amounting to a gross preference dividend of 417.79151 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, 14 December 2018.

The relevant dates for the payment of dividend number 31 are as follows:

Last day to trade cum-dividend	Tuesday, 11 December 2018
Shares commence trading ex-dividend	Wednesday, 12 December 2018
Record date	Friday, 14 December 2018
Payment date	Tuesday, 18 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 December 2018 and Friday, 14 December 2018, 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 334.23321 cents per preference share for shareholders liable to pay the Dividend Tax and 417.79151 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary

14 November 2018

Investec Bank Limited
(Registration number 1969/004763/06)
Share code: INLP
ISIN: ZAE000048393

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)
ZBM Bassa, GR Burger[^]
D Friedland, B Kantor[^]
S Koseff[^], NA Samujh[^]
PRS Thomas, F Tit[^]

[^] Executive

SE Abrahams retired effective 8 August 2018