

— OUT OF THE ORDINARY

# Creating enduring worth

Investec Bank plc

Country by Country Reporting 2023



**INVESTEC BANK PLC**  
**YEAR ENDED 31 MARCH 2023**

HM Treasury has transposed the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, effective 1 January 2014. The legislation requires Investec Bank plc ("the bank") to publish certain additional information, on a consolidated basis, for the year ended 31 March 2023.

The table below provides the required information in the order of descending Turnover. Columns in the table are defined as follows:

<b>Country</b>	In most cases, we have determined the country by reference to the country of tax residence. Where an entity is not subject to tax (e.g. a partnership) we have considered the location of management or the jurisdiction in which the revenues are generated. In these cases it is possible that tax is paid in a different country to the one in which profits are reported.
<b>Nature of activities</b>	We have classified our activities as Wealth & Investment, Corporate Investment Banking, Private Banking and Principal Investments. For a description of these activities please refer to the bank's annual financial statements which are available on the Investec group website.
<b>Turnover</b>	Turnover is defined as Operating profit before expected credit loss impairment charges. Because the consolidated results are split by country there is an element of double counting when inter-jurisdictional transactions (for example, the payment of dividends) occur. The entries to eliminate this double counting are included at the bottom of the table to enable the disclosed figures to agree to the published consolidated accounts of the bank.
<b>Profit / (loss) before taxation</b>	These are accounting profits. As with Turnover some double counting may arise and again this has been eliminated at the bottom of the table. The majority of the total relates to the elimination of inter-jurisdictional dividends which are reflected as profits in the United Kingdom and impairment reversals of investments held in group companies.
<b>Tax paid</b>	This column reflects corporation tax actually paid in the year. Note that it is rare that tax paid in any given year relates directly to the profits earned in the same period.
<b>Public subsidies received</b>	The group received no public subsidies in the year.
<b>Number of employees</b>	The number of employees reported is the average number of full time employees who were permanently employed by the bank, or one of its subsidiaries, during the year. Contractors are excluded.

A list of the principal subsidiaries of the bank, including their main activity and country of incorporation, is shown in a note to the 2023 consolidated annual financial statements which are available on the Investec group website. For a full list of subsidiaries please refer to the bank's Annual Return which is available from Companies House.

## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INVESTEC BANK PLC

### Opinion

We have audited the country-by-country schedule and notes 1 to 3 to the schedule (together 'the Schedule') of Investec Bank Plc ('the Company') for the year ended 31 March 2023.

In our opinion, the accompanying country-by-country information, labelled as audited in the Schedule, of the Company as at 31 March 2023 is prepared, in all material respects, in accordance with the requirements of The Capital Requirements (Country-by-Country Reporting) Regulations 2013 ('the Regulations').

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Schedule in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the Schedule, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Schedule is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding management's going concern assessment process, including obtaining an understanding of the business planning process, assessing the Board approved budgets and the reasonableness and completeness of assumptions applied. In assessing these assumptions, we considered the impact of the current macro-economic environment in which the group operates on future operating performance and the principal risks affecting the group;
- Involving specialists to assess the results of management's stress testing, including consideration of principal and emerging risks on funding, liquidity and regulatory capital. We performed independent stress testing of capital and liquidity ratios and evaluated the plausibility of the outcome under which regulatory minimum requirements would be breached. In addition, we evaluated the viability of management actions available to mitigate erosion of capital and liquidity. We also assessed the impact of the disclosed proposed combination of Investec Wealth & Investment UK and Rathbones group;
- Assessing the group's compliance with external debt covenants;
- Inspecting correspondence with the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) for matters that may impact the going concern assessment; and
- Evaluating the appropriateness and conformity of the going concern disclosure included in the annual report with the reporting standards and management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's

ability to continue as a going concern for a period of 12 months from when the Schedule is authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Emphasis of Matter - Basis of Accounting and Restriction on Use**

We draw attention to Note 1 to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Company in meeting the requirements of the Regulations. As a result, the Schedule may not be suitable for another purpose. This report is made solely to the Company's directors, as a body, in accordance with our engagement letter dated 24 August 2021. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the report, other than the Schedule and our auditor's report thereon. The directors are responsible for the other information contained within the report.

Our opinion on the Schedule does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Schedule itself. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Schedule**

Management is responsible for the preparation of the Schedule in accordance with the Regulations, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are:

- The regulations, licence conditions and supervisory requirements of the PRA and FCA
- Companies Act 2006
- Financial Reporting Council (FRC) and UK Corporate Governance Code
- Tax Legislation

We understood how Investec Bank Plc is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the group and parent company and regulatory bodies; reviewed minutes of the Board, Audit Committee and Risk Committee; and gained an understanding of the group and parent companies approach to governance, demonstrated by the Boards approval of the group and parent company's governance framework and the Boards review of the groups risk management framework and internal control processes.

We assessed the susceptibility of the Company's Schedule to material misstatement, including how fraud might occur by considering the controls that the group and company has established to address risks identified by the group and company, or that otherwise seek to prevent, deter or detect fraud. We also considered the performance incentives and their potential to influence management to manage earnings.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved included inquiries of management, internal audit and those responsible for legal and compliance matters; as well as focused testing referred to in the Key Audit Matters section above. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

A further description of our responsibilities for the audit of the Schedule is located on the FRC's website at [www.frc.org.uk](#). This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Chris Brouard.



Ernst & Young LLP  
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27 June 2023

Notes:

1. The maintenance and integrity of the Investec Bank Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Schedule since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of the Schedule may differ from legislation in other jurisdictions.

## INVESTEC BANK PLC COUNTRY-BY-COUNTRY REPORTING SCHEDULE

**YEAR ENDED 31 MARCH 2023**

**Audited**

Country	Nature of activities	Turnover <sup>1,2</sup>	Profit / (loss) before taxation <sup>1</sup>	Tax paid <sup>3</sup>	Public subsidiaries received	Number of employees
		£'000	£'000	£'000	£'000	
United Kingdom	Wealth & Investment, Corporate and Institutional Banking, Private Banking, Principal Investments	1,197,176	357,042	(72,022)	-	3,233
Guernsey	Wealth & Investment, Corporate and Institutional Banking, Private Banking	68,959	45,330	(884)	-	114
Jersey	Private Banking	21,864	13,788	-	-	19
Switzerland	Wealth & Investment, Private Banking, Principal Investments	17,207	3,239	(123)	-	41
Ireland	Wealth & Investment, Corporate and Institutional Banking, Private Banking, Principal Investments	14,304	282	-	-	49
United States of America	Corporate and Institutional Banking	9,799	(414)	(1,550)	-	34
Australia	Wealth & Investment, Corporate and Institutional Banking, Private Banking, Principal Investments	7,172	5,644	(311)	-	3
Singapore	Corporate and Institutional Banking	743	68	(6)	-	-
Hong Kong	Corporate and Institutional Banking, Principal Investments	-	772	-	-	3
India	Corporate and Institutional Banking	4	428	(103)	-	49
France	Private Banking	(32)	(32)	-	-	-
Cayman Islands	Principal investments	(1,154)	700	-	-	-
<b>Sub totals</b>		<b>1,336,042</b>	<b>426,847</b>	<b>(74,999)</b>	-	<b>3,545</b>
	Intergroup eliminations and other entries arising on consolidation	(27,465)	(31,981)			
<b>Totals</b>		<b>1,308,577</b>	<b>394,866</b>	<b>(74,999)</b>	-	<b>3,545</b>

**Notes:**

- 1 Prepared in accordance with UK adopted international accounting standards and with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002, as it applies in the European Union, and the group's accounting policies as set out in the Investec Bank plc Annual Report and Accounts on pages 188 to 199 which are available on the Investec website.
- 2 Turnover and profit before taxation include inter-jurisdiction dividends received.
- 3 Tax paid per this report will differ to tax paid as disclosed in the Consolidated Cash Flow Statement of the Annual Financial Statements because the Annual Financial Statements include intra-group, group relief settlements to group entities outside of the Investec Bank plc group.