

— OUT OF THE ORDINARY

Investec Bank (Switzerland) AG
Annual Report for the financial year
1 April 2020 to 31 March 2021



Annual report for the financial year 1 April 2020 to 31 March 2021

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BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

Board of Directors

The Board of Directors ("BoD") of Investec Bank (Switzerland) AG ("Bank"), under the leadership of the Chairman, consists of at least three members as per our Articles of Association. The BoD decides on the strategy of the Bank upon recommendation of the Chief Executive Officer ("CEO") and is responsible for the overall direction, supervision and control of the Bank and its management as well as for supervising compliance with applicable laws, rules and regulations.

The following table provides an overview of the composition of the Board of Directors:

Name	Domicile	Function	Independent	Initial election	Election until
Ian Robert Wohlman	London, United Kingdom	Chairman	Employed by Investec Bank plc	July 2011; Chairman since December 2016	July 2021
Dr. Thomas A. Frick	Zurich, Switzerland	Vice-Chairman	Yes	July 2005; Vice-Chairman since June 2012	July 2021
Prof. Dr. Bruno Gehrig	Winterthur, Switzerland	Member	Yes	January 2014	July 2021

Ian Robert Wohlman, English, b. 1954

Ian Wohlman has worked in the UK Banking and Financial services market since 1973 and is a member of the London Institute of Banking and Finance. He has been with the Investec Group since 1989 where he held a number of executive appointments predominantly covering Risk Management, Compliance and Internal Audit.

Ian is currently the Chairman of Investec Bank (Switzerland) AG and a number of material subsidiaries of Investec Bank plc.

Dr. Thomas A. Frick, Swiss, b. 1961

Dr. Thomas Frick is a partner in a renowned law firm, Niederer Kraft & Frey, attorneys-at-law, Zurich since 2001, specialising in banking and financial services law. He holds an LL.M. from the London School of Economics.

Prof. Dr. Bruno Gehrig, Swiss, b. 1946

Prof. Dr. Bruno Gehrig finished his studies in business administration with both a doctorate and a habilitation in monetary theory. He was active in the public as well as in the private sector holding senior positions in the Swiss financial market supervisory authority and the Swiss National Bank as well as lecturing and serving in senior roles in the insurance, banking, pharmaceutical and airline industry.

Executive management

The Bank operates under a strict dual board structure, as mandated by Swiss banking law, and therefore the BoD delegates the management of the daily business to the Executive Management ("EM"). Under the leadership of the CEO, the EM has executive management responsibility for the operation of the Bank and its business. It assumes overall responsibility for developing the Bank and the implementation of approved strategies.

The following table provides an overview of the composition of the EM:

Name	Function	In this function since
Peter Gyger	Chief Executive Officer ("CEO")	August 2013
Melanie Abromowitz	Chief Financial Officer ("CFO")	August 2014
David Gurtner	Head of Risk, Projects and IT	January 2015
Petra Otten	Head of Legal & Compliance	July 2010
Annelise Peers	Chief Investment Officer ("CIO")	June 2014

Peter Gyger, CEO, Swiss, b. 1962

Peter Gyger joined the Bank in 2003 as Chief Operating Officer and was responsible for all operational activities as well as new project initiatives. In 2013, he took on the role of CEO. Peter has vast experience across a range of private banking and wealth management services. Prior to joining the Bank, Peter held several senior positions within the private banking industry including serving as Head of Finance at Consors (Switzerland) and as Chief Operating Officer and Head of IT at Robert Fleming (Switzerland).

Melanie Abromowitz, CFO, English, b. 1972

Melanie Abromowitz is responsible for the Finance and Reporting function; Treasury, Operations and Trading function. She joined the Investec Group in 2001 and held roles as Chief Operating Officer and CFO of Corporate and Institutional Bank (CIB) in UK until 2014, when she relocated to Switzerland to join the Bank. Melanie holds a Bachelor of Business Science (awarded with first class honours) and Postgraduate Diploma in Accounting from University of Cape Town; and is a qualified Chartered Accountant.

Petra Otten, Head of Legal & Compliance, Swiss, b. 1960

Petra Otten acts as the Bank's general counsel, money laundering reporting officer and responsible officer for US related client tax matters. She holds a degree in business administration, an EMBA and is a qualified lawyer. Petra worked in the airline and plant construction industry and a well-known law firm before joining the banking industry.

David Gurtner, Head of Risk, Projects and IT, Swiss, b. 1978

David Gurtner joined the Bank in 2008 as a Business Analyst and has assumed overall responsibility for Projects, Risk and IT since 2015. David is responsible for ensuring continuous risk monitoring and enhancement of the Bank's business framework, processes and systems. David has worked in the banking industry for over 16 years. He holds a degree in economics and business information management from the Zurich University of Applied Sciences.

Annelise Peers, CIO, Swiss, b. 1967

Annelise Peers is responsible for overseeing the development and management of the Bank's investment process. Annelise has over 26 years of experience within the investment industry with particular expertise in foreign exchange markets, capital and money markets and fixed income securities. Annelise has a B.A. (Hons) degree in Economics and Mathematics from the University of Pretoria.

Auditors

Ernst & Young Ltd., Zurich, Switzerland

MESSAGE FROM THE BOARD OF DIRECTORS TO SHAREHOLDERS AND CLIENTS

Dear shareholders and clients

The Covid-19 pandemic has brought worldwide challenges to all businesses. During this period, the safety of people has been paramount. Through technology, the vast majority of staff have been able to work from home. Those critical to the office have observed strict social distancing rules and measures. All are in good health and business disruption has been minimal.

Notwithstanding challenges, Investec Bank (Switzerland) AG experienced a significant increase in client assets of 23.6% in this financial year. Market recovery post the initial Covid-19 slump assisted here. Net new inflows were slightly negative at -0.8% but managed assets grew significantly resulting in an increase in fee revenue of 10%. Loans to customers increased during the year but interest revenues decreased as a result of lower market rates. Business costs decreased through appropriate proactive management. The overall result was a net loss of CHF 1.8 million, which was 29% better than the prior year. This represents a consistent and significant trend of improved performance over the last six years.

Despite the global challenges, good client service has been maintained. For this, we congratulate and thank the combined executive and staff team for all their hard work and productive efforts.

The Bank maintains a strong prudent balance sheet and exceeds all regulatory requirements. The liquidity of the business has at all times been maintained at levels surplus to requirements with a quarterly average liquidity coverage ratio of 305% against a regulatory need of 100%. With a BIS tier 1 capital ratio of 26%, the Bank is well placed to grow its Assets under Management and further its overall business objectives.

Looking to the future, of the growth of the business, the wider Investec Group will be embarking on an exciting expansion of its International Wealth and Investment business. The Bank will play a central role in this expansion strategy, which will be positive for clients, present and future as well as for the financial performance of the Bank. Work is now underway to implement this strategy and we are looking forward to its results in the evolution of our business.

We thank all our staff for their huge efforts in this unprecedented year of disruption and change and also our clients for their continued support and business. We look forward to an easing of the stresses and strains we all feel in these difficult times.

For and on behalf of the board of directors,

Ian Wohlman
Chairman

COMMENT ON BUSINESS ACTIVITIES

Balance Sheet Activities

The Bank engages in balance sheet transactions primarily linked to investment management business for private clients. The Bank takes deposits as part of client investment business. Lending is primarily offered as an ancillary product to investment management for private clients (Lombard loans). Interbank business is conducted with group companies and 3rd party banks as part of cash management. As part of liquidity management, cash balances are placed with Swiss National Bank and invested in debt instruments. Additional balance sheet activity is undertaken in the form of investments into Private Equity Fund Debt transactions and other corporate debt transactions.

Trading

The Bank's trading activities consist only of foreign exchange and precious metals dealing activities that are limited to execution on behalf of clients and hedging our own balance sheet. The Bank does not engage in any proprietary trading activity.

Commission and Service Activities

The Bank's range of services comprises discretionary portfolio management, execution services relating to our client controlled portfolios, custody services and fiduciary transactions. Investec Bank (Switzerland) AG executes securities transactions locally and abroad for its private and institutional clients. It earns a substantial part of its commission income from securities trading on behalf of clients.

Derivatives contracts concluded with clients are hedged by matching transactions with the Investec Group or with counterparties of high credit standing.

Outsourcing of business activities

The Bank outsourced the printing and dispatch of client statements to Tata Consultancy Services (TCS) Switzerland Ltd, Zurich. Furthermore, the application, Operation and Management of the banking system "TCS BaNCS" is also outsourced to TCS and hosting of the banking system as well as auxiliary applications is outsourced to Swisscom (Switzerland) Ltd. All applications and data remain in Switzerland under the rules of the Swiss Financial Market Supervisory Authority (FINMA) and strict oversight and control by the Bank. In addition, the Bank continued outsourcing of the SWIFT interbank services to Anasys AG, Zurich, and the document archiving to Kinesys AG, Dübendorf. The outsourcing agreements with these counterparties are documented in writing as required by FINMA and the employees of these service providers are obliged to comply with Swiss banking secrecy in order to ensure full confidentiality.

Employees

At year-end, the Bank had 39.50 full time equivalent (FTE) staff members (including contractors) versus 41.40 in the prior year.

Impact of COVID-19 on Business Activities

Investec Bank (Switzerland) AG was able to continue trading during lockdown as an essential service provider. Most staff have been working from home and no material technology or operational issues were experienced during the year.

During the year, markets recovered significantly following the severe decline due to the global outbreak of the Covid-19 pandemic. This had the effect of increasing the market value of the Bank's assets under management at 31 March 2021. The impact of the Covid-19 pandemic this year has been a positive one for the Bank overall. There has been no material impact to the Bank's ability to operate and the Bank has improved profitability over the year.

IBOR discontinuance

There is a global initiative to replace or reform inter-bank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as loans to customers, debt securities and derivatives. Consequently, financial contracts referencing these benchmarks with a maturity beyond 2021 may need to be amended to reference the alternative risk-free rates (RFR) in the applicable currency. There remain many uncertainties associated with the IBOR transition, including the prospective assessment of hedge accounting effectiveness. The Bank has already implemented a new base rate on its various products.

INFORMATION ON CAPITAL AND LIQUIDITY RATIOS

Capital and Liquidity ratios according to FINMA Circular 2020/01

	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020
Eligible capital (CHF '000)					
Common Equity Tier 1 capital (CET 1)	55 021				56 843
Common Equity Tier 1 capital without the effects of the transitional provisions for expected losses	–				–
Tier 1 capital (T1)	55 021				56 843
Tier 1 capital without the effects of the transitional provisions for expected losses	–				–
Total capital, total	55 021				56 843
Total capital without the effects of the transitional provisions for expected losses	–				–
Risk-weighted assets (RWA) (CHF '000)					
RWA	211 604				154 963
Minimum capital	16 928				12 397
Risk-based capital ratios (in % of RWA)					
CET 1 ratio (%)	26.0%				36.7%
CET 1 ratio without the effects of the transitional provisions for expected losses (%)	0.0%				0.0%
Tier 1 capital ratio (%)	26.0%				36.7%
Tier 1 capital without the effects of the transitional provisions for expected losses (%)	0.0%				0.0%
Total capital ratio (%)	26.0%				36.7%
Total capital ratio without the effects of the transitional provisions for expected losses (%)	0.0%				0.0%
CET 1 buffer capital requirements (in % of RWA)					
Capital buffer in accordance with Basel Minimum Standards (as of 2019: 2.5%) (%)	2.5%				2.5%
Countercyclical buffer (Article 44a CAO) in accordance with the Basel Minimum Standards (%)	0.0%				0.0%
Additional capital buffer due to national or international systemic importance (%)	0.0%				0.0%
Overall buffer requirements in accordance with the Basel Minimum Standards in CET 1 quality (2%)	2.5%				2.5%
Available CET 1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET 1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%)	18.0%				28.7%
Target capital ratios according to Annex 8 CAO (in % of RWA)					
Capital buffer according to Annex 8 CAO (%)	2.5%				2.5%
Countercyclical buffer (Articles 44 and 44a CAO) (%)	0.0%				0.0%
CET 1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	7.0%				7.0%
T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.5%				8.5%
Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	10.5%				10.5%
Basel III leverage ratio					
Total exposure (CHF '000)	436 176				348 809
Basel III leverage ratio (Tier 1 capital in % of the total exposure)	12.6%				16.3%
Basel III leverage ratio (Tier 1 capital in % of the total exposure) without the effects of the transitional provisions for expected losses	0.0%				0.0%
Liquidity Coverage Ratio (LCR)					
LCR numerator: Total high quality liquid assets (HQLA) (CHF '000)	55 266	48 909	46 096	42 563	39 708
LCR denominator: Total of net cash outflow (CHF '000)	17 081	16 025	15 059	14 979	10 903
LCR (in %)	324%	305%	306%	284%	364%
Net stable funding ratio (NSFR)					
Available stable refinancing (CHF '000)	246 960				198 668
Required stable refinancing (CHF '000)	134 684				84 575
Net stable funding ratio (NSFR) (in %)	183%				235%

Annual financial statements



BALANCE SHEET AS AT 31 MARCH 2021 AND 31 MARCH 2020

As at 31 March in CHF	Notes	2021	2020
Assets			
Liquid assets		64 833 145	50 886 647
Amounts due from banks		141 439 334	119 484 761
Amounts due from customers	1	161 492 514	112 505 033
Mortgage loans	1	–	–
Positive replacement values of derivative financial investments	2,3,13	538 705	437 625
Financial investments	4	32 501 561	30 010 642
Accrued income and prepaid expenses		1 725 303	1 316 766
Tangible fixed assets	5	977 940	1 521 735
Other assets	6,7	3 531 032	911 247
Total assets	13,14,15,16,17	407 039 533	317 074 457
Liabilities			
Amounts due to banks		75 743 291	65 036 593
Amounts due in respect of customer deposits		265 362 567	191 031 746
Negative replacement values of derivative financial instruments	2,3,13	1 750 040	246 237
Accrued expenses and deferred income		2 266 100	2 854 202
Other liabilities	6,8	6 623 600	752 870
Provisions	8	272 537	309 755
Reserves for general banking risks		–	–
Bank's capital	9,10,11,12	83 000 000	83 000 000
Statutory retained earnings reserve		4 423 975	4 423 975
Voluntary retained earnings reserve		1 300 000	1 300 000
Loss carried forward		(31 880 922)	(29 298 998)
Loss (result of the period)		(1 821 656)	(2 581 924)
Total liabilities	13,14,17	407 039 533	317 074 457

OFF-BALANCE SHEET TRANSACTIONS AS AT 31 MARCH 2021 AND 31 MARCH 2020

As at 31 March in CHF	Notes	2021	2020
Contingent liabilities	1,18	2 560 760	2 071 868
Irrevocable commitments	1,19	24 237 308	19 574 853

The undrawn commitments on corporate lending and Fund Finance sub-participations are included within irrevocable commitments.

Irrevocable commitments for the year ending 31 March 2020 have been restated to include CHF 330k undrawn commitments on Fund Finance sub-participations.

There were CHF 6 175k in the year ending 31 March 2021 compared with CHF 330k in the year ending 31 March 2020.

INCOME STATEMENT FOR THE YEARS ENDING
31 MARCH 2021 AND 31 MARCH 2020

As at 31 March in CHF	Notes	2020/2021	2019/2020
Revenues and expenses from ordinary banking activities			
Result from interest operations			
Interest and discount income		3 119 856	3 711 062
Interest and dividend income from financial investments		1 623 035	1 849 091
Interest expense		(571 683)	(892 382)
Gross result from interest operations		4 171 208	4 667 771
Changes in value adjustments for default risks and losses from interest operations		–	–
Subtotal net result from interest operations	23	4 171 208	4 667 771
Result from commission business and services			
Commission income from securities trading and investment activities		7 003 011	6 808 320
Commission income from lending activities		562 205	53 003
Commission income from other services		167 045	162 854
Commission expense		(935 264)	(839 077)
Subtotal result from commission business and services		6 796 997	6 185 100
Result from trading activities and the fair value option	22	1 200 283	929 285
Other result from ordinary activities		–	–
Results from disposal of financial investments		24 080	22 198
Other ordinary income		(4 011)	(2 436)
Other ordinary expenses			
Subtotal other result from ordinary activities		20 069	19 762
Total revenues		12 188 557	11 801 918
Operating expenses		–	–
Personnel expenses	24	(8 560 880)	(8 858 465)
General and administrative expenses	25	(4 674 712)	(5 152 229)
Subtotal operating expenses		(13 235 593)	(14 010 694)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		(591 455)	(554 028)
Changes to provisions and other value adjustments and losses		(40 606)	646
Operating result		(1 679 097)	(2 762 158)
Extraordinary income	26	–	322 793
Extraordinary expenses	26	–	–
Changes in reserves for general banking risks		–	–
Taxes	28	(142 559)	(142 559)
Loss for the year		(1 821 656)	(2 581 924)

CARRYING FORWARD OF LOSSES FOR THE YEARS ENDING
31 MARCH 2021 AND 31 MARCH 2020

As at 31 March in CHF	Notes	2020/2021	2019/2020
Carrying forward of losses			
Loss		(1 821 656)	(2 581 924)
Loss carried forward		(31 880 922)	(29 298 998)
Accumulated loss		(33 702 577)	(31 880 922)
New amount carried forward		(33 702 577)	(31 880 922)

STATEMENT OF CHANGES IN EQUITY

In CHF	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserves	Voluntary retained earnings reserves and loss carried forward	Own shares	Minority interests	Result of the period	Total
Equity at the start of the current period	83 000 000	-	4 423 975	-	-	(27 998 998)	-	-	(2 581 924)	56 843 053
Other allocations to (transfers from) other reserves	-	-	-	-	-	(2 581 924)	-	-	2 581 924	-
Loss for the year	-	-	-	-	-	-	-	-	(1 821 656)	(1 821 656)
Equity at the end of the current period	83 000 000	-	4 423 975	-	-	(30 580 922)	-	-	(1 821 656)	55 021 398

NOTES TO THE FINANCIAL STATEMENTS

General business

Investec Bank (Switzerland) AG, whose registered office is in Zurich with a representative office in Lausanne, is a wholly-owned subsidiary of Investec Bank plc, UK, a globally active financial services group. Investec Bank (Switzerland) AG is mainly active in the private banking and the corporate lending businesses. The geographic areas covered by the Bank include Switzerland and abroad, in particular UK, Europe, Southern Africa and Eastern Africa.

General principles

Accounting policies and valuation principles are based on provisions according to the Swiss Code of Obligations, the Federal Law on Banks and Saving Banks and its related ordinance, the guidelines of the Swiss Financial Market Supervisory Authority (FINMA), the Bank's articles of association and the statutory regulations. Single positions inherent in any given balance sheet item are valued individually.

Accounting standards

The Bank has implemented the accounting standards per the FINMA Circular 2020/1 – Accounting for Banks effective 1 January 2020. Investec has prepared reliable assessment statutory single-entity financial statements in accordance with Art. 25 para. 1 let. a BO.

Recording of transactions

All transactions are recorded in the financial statements of the Bank on trade date and valued on this date. Spot transactions are recorded based on the trade date principle. Forward and Swap contracts are recorded as off-balance sheet transactions on trade date until expiry date. Between the trade and the execution date the replacement values of Forward and Swap transactions are recorded as separate lines in the balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded with the exchange rate of the day they take place. Assets in foreign currencies are converted at the exchange rate of the effective balance sheet date and the valuation differences are taken to the income statement. Exchange rate fluctuations between the trade date and settlement date of a transaction are recorded in the income statement.

Currency	31.03.2021	31.03.2020
USD	0.94275	0.96389
EUR	1.10590	1.06003
GBP	1.29909	1.19974

Liquid assets, amounts due from banks, amounts due from customers, mortgage loans, amounts due to banks, and amounts due in respect of customer deposits

These transactions and balances are recorded at their nominal value. Doubtful accounts receivable, where it is unlikely that the debtor will be able to meet future commitments, are evaluated on an individual basis and any impairment is netted with the respective account in the balance sheet. The impairment is calculated using the difference between the book value of the receivable and the amount expected to be received considering the counterparty risk as well as the net proceeds realisable from the sale of any collateral. There is no provision for general reserves. Interest and commissions outstanding for more than 90 days are considered overdue.

Financial investments

Securities that are not held for trading purposes are valued at the lower of cost or market value, if they are not intended to be held to maturity. Any upward or downward re-measurement of value is taken to "Other ordinary income" or "Other ordinary expenses". If a security's market value has fallen below cost but subsequently rises again it may only be written up as far as its cost value.

NOTES TO THE FINANCIAL STATEMENTS

Tangible fixed assets

Investments in new tangible fixed assets are capitalised and valued at historical cost if they exceed CHF 50 000 and will be used for a period longer than one financial year. Depreciation is recorded on a straight-line basis over the estimated lifetime of the asset.

The tangible fixed assets are reviewed each year, changes in the lifetime or impairments to the net book value are amortised over the remaining lifetime or booked as extraordinary depreciation. Both regular and extraordinary depreciation is recorded in the income statement in the line "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". If the reason for extraordinary depreciation no longer exists, the net asset value may be adjusted upwards.

The lifetime of the asset categories have been defined as follows:

– Software, IT and communication equipment	max. 3 years
– Furniture and other office equipment	max. 3 years
– Other fixed assets, including In-house developed software	max. 5 years

Realised profits from divestment of tangible fixed assets are recorded in "extraordinary income" whereas realised losses are recorded in "extraordinary expenses".

Accruals and deferrals

Interest income and expenses, commission income and expenses, personnel and other operating expenses are accrued for the respective financial year.

Provisions

In accordance with the principle of prudence, specific provisions and reserves are made for any recognisable risks if an outflow of funds is probable. Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged, or released.

Positions are recorded as follows via the individual items in the income statement:

- Provision for deferred taxes: "Taxes"
- Pension provision: "Personnel expenses"
- Other provisions: "Changes in provisions and other valuation adjustments and losses, except provisions for restructuring"

Provisions are released via the income statement if they are no longer needed on business grounds and cannot be used for other similar purposes at the same time.

Taxes

Taxes on the results of the current accounting period are determined in accordance with local tax laws and recorded as expenses in the relevant financial year.

Pension funds

Liabilities for pension funds are treated according to SWISS GAAP FER 16.

Contingent liabilities, irrevocable commitments, guarantees and other commitments

These positions are stated as off-balance sheet items at their nominal values. In accordance with the principle of prudence, adequate provisions are recorded for known risks.

Derivative financial instruments

Derivative financial instruments are used to limit the currency and interest rate risks on own positions as well as on trades for clients. With the exception of currency swaps and forward contracts, the Bank does not hold any derivative financial instruments on its own account. Derivative financial instruments are valued at fair value. The positive and negative replacement values of the transactions that are open on the balance sheet date are recorded as such in a separate line on the face of the balance sheet. The notional amount is disclosed in the notes to the financial statements. There is no hedge accounting applied by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

Cash flow statement

The Bank is exempt from preparing a cash flow statement according to the Art. 25 para. 3 BO as the Bank prepares statutory single-entity financial statements with reliable assessment.

Impact of negative interest rates on the Bank's business

Negative interest on assets is disclosed as a reduction in interest and discount income. Negative interest on deposits is disclosed as a reduction in interest expense.

Events after the balance sheet date

No events that would adversely affect the results of the Bank occurred after the balance sheet date.

Risk management

The risk management and risk control framework

Risk management is a key function of the Bank. It is based on the policies approved by the Board of Directors, which are reviewed annually to ensure that new business activities as well as market, regulatory or other developments are adequately addressed. The Board of Directors regularly reviews the key risks faced by our Bank, including client investment, credit, market, liquidity and operational risks. Key risk indicators, risk mitigation measures and internal controls are in place. Particular emphasis is given to ensuring ongoing monitoring and pro-active management of these risks and accurately determining their impact on the Bank's financial position. The principle of segregation of duties is strictly respected, i.e. the responsibility for risk control is separated from responsibility for trading and other front-office activities.

All corporate bodies responsible as well as the parent bank are regularly informed of the Bank's financial position, liquidity and earnings, and the associated risks.

Client investment risks

Client investment risk is a key risk for the Bank's private banking activities. The Bank and its governing bodies (including the Board) address client investment risks by a systematic identification and assessment of larger asset allocation deviations, risk exposures and client portfolio performance deviations against defined benchmark targets, as well as using key risk indicators.

Credit risk

Credit risk management ensures that controls cover the risk that credit exposures could give rise to a loss if counterparties fail to meet their contractual obligations. Default risk is limited by applying customer and bank limits. Credit approval is subject to quality requirements following internal guidelines. Credit risks are limited and subject to regular analysis and risk-oriented review processes. The credit exposure to clients and companies is assured against collateral or balance sheet assets while applying adequate margins and covenants.

Risks are managed and monitored primarily by valuing collateral at fair market value and monitoring covenants. The principles for determining collateral and margin values are set locally and approved by the Group as well as by our local Board of Directors. The individual loan-to-value ratios for Lombard lending depends on the type of product, its marketability, liquidity, rating, volatility, etc., allowing for customary security margins. Corporate lending debt exposure is monitored on a regular basis for compliance and governance and amount due. Investments into debt instruments are monitored on a regular basis for any indications of credit impairment.

Market risk

Market risk for the Bank arises from executing client trades across our balance sheet. Client trading is limited to foreign exchange forward and swap contracts and precious metals trading. All open client positions are hedged. This is monitored by an independent control unit, which checks the exposure against the relevant exposure limits.

Balance sheet risk

Balance sheet risk management encompasses the independent monitoring and prudential management of the financial risks relating to our asset and liability portfolios. These comprise liquidity risk and non-trading interest rate and foreign exchange risks on the balance sheet.

Liquidity risk is the risk that we have insufficient capacity to fund increase in assets, or are unable to meet our obligations as they fall due, without incurring unacceptable losses. Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value as a result of unexpected adverse movements in interest rates.

Liquidity risk metrics and ratios are used to assess potential risks to the liquidity position.

NOTES TO THE FINANCIAL STATEMENTS

Non-trading interest rate and foreign exchange risk (and the associated capital requirements) are ascertained using the standardised measurement method. The management of interest rate risk is based on applying interest rate shifts prescribed by FINMA to the interest rate curve to determine the value effect as well as on the income effect on annual income.

Balance sheet risk management, including the long-term investment of the Bank's own capital, is the responsibility of the Asset and Liability Committee (ALCO) with the treasury function mandated to manage these risks. All limits used to monitor this risk are subject to the approval by the Board of Directors. The Bank also reports into the Investec Bank plc Asset and Liability Committee where oversight is exercised.

The Bank's own capital is invested in product categories predefined by Investec Bank plc Asset and Liability Committee. On the balance sheet date, the Bank's own capital was held at the Swiss National Bank and used to fund the Bank's loan portfolio and other financial investments.

Compliance with all requirements and limits is monitored in a timely manner by an independent control unit. The risk reports are discussed every month at ALCO and every quarter at the meetings of the Board of Directors.

Operational risk

Operational risks reflect the probability of direct or indirect loss due to the inadequacy or failure of internal processes, persons or systems or as a result of external events. Given that operational risks may be encountered in all areas, all members of staff and offices involved in a business process are expected to assess and manage the operational risks within their area of responsibility. Of particular importance is the appropriate segregation of duties and the adherence to the four-eye principle where required. Furthermore, operational risks are mitigated by the use of instruments such as policies and guidelines, definition of approval requirements, organisational charts, job descriptions as well as process and control descriptions. Automation facilitating the transactions processing and controls is also key in order to reduce risks. Effectiveness of controls is regularly evaluated.

In order to foster a pro-active approach to the management and control of operational risks, the Bank has implemented an Internal Control Framework to strengthen employees' risk and control awareness. The Risk Controller initiates, oversees and monitors these processes and reports results to the Executive Management Committee, Investec Bank plc Operational Risk and the Board of Directors.

Compliance and legal risk

Compliance risk is defined as the current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards and can lead to fines, damages and/or the voiding of contracts and can diminish an institution's reputation. Legal risk is the risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to the way law and regulation apply to our business, our relationships, processes, products and services. The Legal and Compliance department captures, analyses and assesses the Bank's legal, regulatory and financial crime risks and defines mitigating controls.

The department manages these risks through the following:

- Identifying material rules and regulations where non-compliance could lead to endangerment of the Bank's assets;
- Advising and supporting the Executive Management Committee and the Bank's Board of Directors concerning the adherence to material rules and regulations as well as acting to implement effective procedures for compliance with applicable material rules and regulations, and the setup of the corresponding controls;
- Monitoring the coverage of new or changed material rules and regulations by our business including potential implementation plans for appropriate controls;
- Assessing the coverage of all existing material rules and regulations by the Bank's business and existence of a corresponding control environment; and
- Reporting regularly to the Executive Management Committee and to the Bank's Board of Directors.

The department also ensures, in collaboration with the Risk Management department that directives and regulations are updated and implemented in line with new legal and regulatory developments.

Training in relation to various compliance topics like cross-border financial services, financial crime and Know-Your-Client is provided to employees at regular intervals.

NOTES TO THE FINANCIAL STATEMENTS

Table 1: Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Overview of collateral		Type of collateral			Total in CHF
		Secured by mortgage in CHF	Other collateral in CHF	Unsecured in CHF	
Loans (before netting with value adjustments)					
Amounts due from customers		-	161 492 514	-	161 492 514
Mortgages					
- Residential properties		-	-	-	-
- Commercial and industrial premises		-	-	-	-
Total loans (before netting with value adjustments)	31.03.2021	-	161 492 514	-	161 492 514
	31.03.2020	-	112 505 033	-	112 505 033
Total loans (after netting with value adjustments)	31.03.2021	-	161 492 514	-	161 492 514
	31.03.2020	-	112 505 033	-	112 505 033
Off-balance sheet					
Contingent liabilities		-	2 560 760	-	2 560 760
Irrevocable commitments		-	23 787 308	450 000	24 237 308
Obligations to pay up shares and make further contributions		-	-	-	-
Credit commitments		-	-	-	-
Total off-balance sheet	31.03.2021	-	26 348 069	450 000	26 798 069
	31.03.2020	-	21 214 722	432 000	21 646 722
Impaired loans/receivables					
		Gross debt amount in CHF	Estimated liquidation value of collateral in CHF	Net debt amount in CHF	Individual value adjustments in CHF
Total	31.03.2021	-	-	-	-
	31.03.2020	-	-	-	-

Table 2: Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

Investec Bank (Switzerland) AG does not have any trading portfolios or other financial instruments at fair value as at 31 March 2021 and 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

Table 3: Presentation of derivative financial instruments (assets and liabilities)

Overview of collateral	Trading Instruments			Hedging Instruments		
	Positive replacement values in CHF	Negative replacement values in CHF	Contract volume in CHF	Positive replacement values in CHF	Negative replacement values in CHF	Contract volume in CHF
Interest rate instruments						
- Forward contracts	-	-	-	-	-	-
Equity securities						
- Forward contracts	-	-	-	-	-	-
Foreign exchange/precious metals						
- Forward contracts	430 559	(415 047)	28 504 515	104 952	(2 908)	23 804 177
- Combined interest rate/currency swaps	-	-	-	3 195	(1 332 085)	15 223 348
Total	31.03.2021	430 559	(415 047)	28 504 515	108 146	(1 334 993)
	31.03.2020	246 533	(228 060)	27 991 226	191 092	(18 178)

Of which value determined using a valuation model in CHF

31.03.21	430 559	(415 047)	108 146	(1 334 993)
31.03.20	246 533	(228 060)	191 092	(18 178)

Overview of collateral	31.03.2021			31.03.2020		
	Central clearing houses in CHF	Banks and securities in CHF	Other customers in CHF	Central clearing houses in CHF	Banks and securities in CHF	Other customers in CHF
Positive replacement values (after netting agreements)	-	132 711	405 994	-	219 097	218 528

NOTES TO THE FINANCIAL STATEMENTS

Table 4: Breakdown of financial investments

	Book value 31.03.2021 in CHF	Book value 31.03.2020 in CHF	Fair value 31.03.2021 in CHF	Fair value 31.03.2020 in CHF
Debt securities*	32 477 125	29 993 375	33 658 756	27 025 153
– of which, held until maturity	32 477 125	29 993 375	33 658 756	27 025 153
Equity securities	24 436	17 267	24 436	17 267
– of which, qualified participations	–	–	–	–
Total*	32 501 561	30 010 642	33 683 192	27 042 419
of which, securities eligible for repo transactions in accordance with liquidity requirements	–	–	–	–

*Debt securities consist of one counterparty which is unrated.

The fair value of the debt securities held until maturity was higher (prior year lower) than its book value due to a decrease in market rates in the current year.

Table 5: Presentation of tangible fixed assets

	Acquisition cost in CHF	Accumulated depreciation in CHF	Book value 31.03.2020 in CHF	2020/2021					Book value 31.03.2021 in CHF
				Reclass- ification in CHF	Additions in CHF	Disposals in CHF	Depreciation in CHF	Reversals in CHF	
Proprietary or separately acquired software	3 361 862	(1 842 145)	1 519 717	–	47 660	–	(589 437)	–	977 940
Other tangible fixed assets	15 549	(13 532)	2 018	–	–	–	(2 018)	–	–
Total tangible fixed assets			1 521 735	–	47 660	–	(591 455)	–	977 940

*For a certain project depreciation was performed on a 3 year basis in line with the duration of the contract rather than in 5 years.

Operating lease commitments	31.03.2021				31.03.2020			
	Greater than Less than 1 year in CHF	Less than 1 year, less than 5 years in CHF	Greater than 5 years in CHF	Total in CHF	Greater than Less than 1 year in CHF	Less than 1 year, less than 5 years in CHF	Greater than 5 years in CHF	Total in CHF
Rental lease commitments for bank premises	513 591	331 024	–	844 615	511 400	824 093	–	1 335 493
– of which are cancellable within 1 year				–				–

NOTES TO THE FINANCIAL STATEMENTS

Table 6: Breakdown of other assets and other liabilities

	31.03.2021		31.03.2020	
	Other Assets in CHF	Other Liabilities in CHF	Other Assets in CHF	Other Liabilities in CHF
Compensation account	–	–	–	–
Indirect taxes	86 093	310 673	416	292 670
Pension scheme accrual	–	221 165	–	230 872
Miscellaneous assets and liabilities	3 444 939	6 091 762	910 831	229 329
Total other assets and liabilities	3 531 032	6 623 600	911 247	752 870

Table 7: Disclosures on the economic situation of the pension schemes

Investec Bank (Switzerland) AG does not have its own pension scheme. There are no liabilities relating to the pension scheme of the Bank and no equity instruments of the Bank held by the respective pension scheme. There are no reserves for the contribution to the pension plan by the employer (employer contribution reserves) available.

The bank's pension scheme has been with AXA Foundation for Occupational Benefits since 1 January 2007.

Until 31 December 2018 the pension scheme was based on a full insurance model, which guaranteed nominal value and interest on all members' retirement assets at any time as all risks – longevity risk, investment risk, death and disability risk – were 100% re-insured.

Following the transformation of AXA Foundation for Occupational Benefits from a full insurance model to a semi-autonomous model with pooled assets on 1 January 2019, the longevity and investment risks are no longer re-insured, but borne by AXA Foundation. This means that since 1 January 2019, nominal value and interest are guaranteed in case of a member leaving the pension scheme (vested rights) or going into retirement only. In all other cases, the longevity and investment risks are borne by the pension fund and its members.

	Overfunding/ underfunding at end of current year in CHF	Economic interest of the bank/financial group in CHF 31.03.2021	Economic interest of the bank/financial group in CHF 31.03.2020	Change in economic interest (economic benefit/ obligation) versus previous year in CHF	Contributions paid for the current period in CHF	Pension expenses in personnel expenses in CHF 31.03.2021	Pension expenses in personnel expenses in CHF 31.03.2020

Details on the Bank's pension fund is in line with Swiss GAAP FER 16.

NOTES TO THE FINANCIAL STATEMENTS

Table 8: Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year

	31.03.2020 in CHF	Use in conformity with designated purpose in CHF	Reclass- ification in CHF	Currency differences in CHF	Past due interest, recoveries in CHF	New creations charged to income in CHF	Releases to income in CHF	31.03.2021 in CHF
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-	-	-	-	-	-	-
Other provisions	309 755	(37 219)	-	-	-	-	-	272 537
Total provisions	309 755	(37 219)	-	-	-	-	-	272 537
Reserves for general banking risks	-	-	-	-	-	-	-	-
Value adjustments for default and country risks								
- of which, value adjustments for default risks in respect of impaired loans/receivables								
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

Other Provisions

Other provisions of CHF 222.5k are for legal costs relating to potential Madoff claims (2009) and CHF 50k for potential Stamp tax charges.

Litigation

Other than the potential Madoff claims mentioned above, no material litigation is currently ongoing for the Bank.

NOTES TO THE FINANCIAL STATEMENTS

Table 9: Presentation of the bank's capital

Bank's capital	31.03.2021			31.03.2020		
	Total par value in CHF	Number of shares	Capital eligible for dividend in CHF	Total par value in CHF	Number of shares	Capital eligible for dividend in CHF
Share capital	83 000 000	83 000	83 000 000	83 000 000	83 000	83 000 000
- of which, paid up	83 000 000	83 000	83 000 000	83 000 000	83 000	83 000 000
Total Bank's capital	83 000 000	83 000	83 000 000	83 000 000	83 000	83 000 000
Significant shareholder:	31.03.2021		31.03.2020			
	Nominal in CHF	in %	Nominal in CHF	in %		
Investec Bank Plc	83 000 000	100%	83 000 000	100%		

The parent company of Investec Bank plc is Investec 1 Limited, which is a 100% subsidiary of Investec plc, a company listed on the London Stock Exchange.

There are neither conditional nor significant shareholders without voting rights.

There are no equity rights or options in Investec Bank (Switzerland) AG held by directors or employees as it is a wholly owned subsidiary of Investec Bank plc.

Table 10: Number and value of equity securities or options on equity securities held by all executives and directors

The Investec Group operates a staff share scheme for employees, the majority of which are on an equity settled basis. Its purpose is to promote an esprit de corp within the organisation, create an awareness of Investec's performance, and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

There are two plans: one has a five year vesting period where 75% of options issued vest after 4 years and 25% vest after 5 years; the other plan has a five year vesting period where 33.33% of options issued vest in year 3, 33.33% in year 4, and 33.3% in year 5.

All share options issued have a zero strike price. For 2020/2021 the amount recognised in the income statement for the staff share scheme was CHF 319k (2019/2020 CHF 430k).

On 13 March 2020, Investec successfully completed the demerger of Investec Asset Management (IAM). The overall effect of the demerger was to move IAM SA under Ninety One Limited (a South African entity incorporated specifically to act as a holding company for the IAM business going forward) and IAM UK (which together with IAM SA and their respective subsidiaries, comprise the Ninety One Business).

Ninety One plc and Ninety One Limited have then been listed as a Dual Listed Company. This demerger has had an impact on the above-mentioned share scheme. Employees that are participants in the staff share scheme will be entitled to receive the initially awarded Investec share options and will also receive (in proportion to the value) the right to receive one Ninety One option for every two Investec options awarded that will vest over the same remaining vesting period as the original Investec award. The employees will continue to render services to Investec. Employees will receive Ninety One shares only on share options issued before the demerger.

The weighted average share price during the year was GBP 3.87/CHF 4.67 (2019/2020 GBP 4.41/CHF 5.29).

The yearly charges are calculated and recharged from Investec Group to the Bank. The staff share scheme is not related to the Bank's shares but to the shares of Investec plc and Ninety One plc.

The amount of equity securities and options with Investec Bank (Switzerland) AG are zero.

NOTES TO THE FINANCIAL STATEMENTS

Table 11: Disclosure of amounts due from/to related parties

	31.03.2021		31.03.2020	
	Amounts due from in CHF	Amounts due to in CHF	Amounts due from in CHF	Amounts due to in CHF
Holders of qualified participations	1 663 481	15 746 662	1 483 232	27 869 996
Group companies	–	–	–	–
Linked companies	33 355 515	58 597 122	30 292 222	35 680 824
Transactions with members of governing bodies	–	–	–	–
Other related parties	–	–	–	–

Transactions with related parties

The Bank partially undertakes refinancing with affiliated entities and significant shareholders at market rates.

The Bank had as at 31 March 2021 CHF 324k in current accounts (31 March 2020 CHF 30k). Overnight deposits amounted to CHF 1 207k (31 March 2020 CHF 1 233k).

As at 31 March 2021, the total amount of sub-participated transactions by the Bank from the Group amounted to CHF 97 400k (31 March 2020 CHF 70 833k).

As at 31 March 2021, the total amount of sub-participated transactions from the Bank to the Group amounted to CHF 35 703k (31 March 2020 CHF 0k).

As at 31 March 2021, off balance sheet FX derivative contract volumes with group entities amounted to CHF 53 026k (31 March 2020 CHF 37 114k). As at 31 March 2021, positive and negative replacement values with group companies respectively amounted to CHF 133k and CHF 1 726k (31 March 2020 CHF 219k and CHF 208k).

As of 31 March 2021, there are no outstanding transactions of governing bodies (31 March 2020 CHF 0k). All transactions with related parties were executed on the same conditions as would apply for third parties.

Table 12: Disclosure of holders of significant participations

	31.03.2021		31.03.2020	
	Nominal in CHF	% of equity	Nominal in CHF	% of equity
Holders of significant participations and groups of holders of participations with pooled voting rights				
with voting rights				
Investec Bank plc	83 000 000	100%	83 000 000	100%
without voting rights	–	0%	–	0%

NOTES TO THE FINANCIAL STATEMENTS

Table 13: Presentation of the maturity structure of financial instruments

	At sight in CHF	Cancellable in CHF	Due				No maturity in CHF	Total in CHF
			within 3 months in CHF	within 3 to 12 months in CHF	within 12 months to 5 years in CHF	after 5 years in CHF		
Asset/financial instruments								
Liquid assets	64 833 145	–	–	–	–	–	–	64 833 145
Amounts due from banks	65 548 040	–	75 891 295	–	–	–	–	141 439 334
Amounts due from securities financing transactions	–	–	–	–	–	–	–	–
Amounts due from customers	11 630 545	–	30 356 243	94 201 623	17 189 308	8 114 794	–	161 492 514
Mortgage loans	–	–	–	–	–	–	–	–
Trading portfolio assets	–	–	–	–	–	–	–	–
Positive Replacement values of derivative financial instruments	538 705	–	–	–	–	–	–	538 705
Other financial instruments at fair value	–	–	–	–	–	–	–	–
Financial investments	24 436	–	–	–	32 477 125	–	–	32 501 561
Total	142 574 869	–	106 247 538	94 201 623	49 666 433	8 114 794	–	400 805 258
	122 132 534	–	99 063 237	61 877 323	30 251 613	–	–	313 324 708
Debt capital/financial instruments								
Amounts due to banks	12 011 215	38 849 349	7 741 293	12 164 889	4 976 546	–	–	75 743 291
Liabilities from securities financing transactions	–	–	–	–	–	–	–	–
Amounts due in respect of customer deposits	220 926 709	12 390 285	16 665 895	4 320 687	11 058 990	–	–	265 362 567
Trading portfolio liabilities	–	–	–	–	–	–	–	–
Negative replacement values of derivative financial instruments	1 750 040	–	–	–	–	–	–	1 750 040
Liabilities from other financial instruments at fair value	–	–	–	–	–	–	–	–
Cash bonds	–	–	–	–	–	–	–	–
Bond issues and central mortgage institution loans	–	–	–	–	–	–	–	–
Total	234 687 965	51 239 634	24 407 188	16 485 576	16 035 536	–	–	342 855 898
	193 258 070	35 005 226	11 922 180	16 129 100	–	–	–	256 314 576

NOTES TO THE FINANCIAL STATEMENTS

Table 14: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	31.03.2021		31.03.2020	
	Domestic in CHF	Foreign in CHF	Domestic in CHF	Foreign in CHF
Assets				
Liquid assets	64 833 145	–	50 417 032	469 615
Amounts due from banks	26 025 444	115 413 890	32 233 765	87 250 996
Amounts due from securities financing transactions	–	–	–	–
Amounts due from customers	8 636 697	152 855 817	481 125	112 023 908
Mortgage loans	–	–	–	–
Trading portfolio assets	–	–	–	–
Positive replacement values of derivative financial instruments	18 332	520 373	25 343	412 282
Other financial instruments at fair value	–	–	–	–
Financial investments	24 436	32 477 125	17 267	29 993 375
Accrued income and prepaid expenses	1 111 587	613 716	701 007	615 759
Participations	–	–	–	–
Tangible fixed assets	977 940	–	1 521 735	–
Intangible assets	–	–	–	–
Other assets	86 094	3 444 937	416	910 831
Capital not paid in	–	–	–	–
Total assets	101 713 675	305 325 858	85 397 690	231 676 767
Liabilities				
Amounts due to banks	–	75 743 291	2 745 100	62 291 494
Amounts due to securities financing transactions	–	–	–	–
Amounts due in respect of customer deposits	16 222 185	249 140 382	15 200 201	175 831 545
Trading portfolio liabilities	–	–	–	–
Negative replacement values of derivative financial instruments	3 195	1 746 845	1	246 236
Liabilities from other financial instruments at fair value	–	–	–	–
Cash bonds	–	–	–	–
Bond issues and central mortgage institution loans	–	–	–	–
Accrued expenses and deferred income	2 147 391	118 709	2 817 608	36 594
Other liabilities	3 482 268	3 141 332	618 530	134 340
Provisions	272 537	–	309 755	–
Reserves for general banking risks	–	–	–	–
Bank's capital	83 000 000	–	83 000 000	–
Statutory capital reserve	–	–	–	–
Statutory retained earnings reserve	4 423 975	–	4 423 975	–
Voluntary retained earnings reserve	1 300 000	–	1 300 000	–
Own shares (negative item)	–	–	–	–
Loss carried forward	(31 880 922)	–	(29 298 998)	–
Loss of the year	(1 821 656)	–	(2 581 924)	–
Total liabilities	77 148 973	329 890 560	78 534 248	238 540 209

NOTES TO THE FINANCIAL STATEMENTS

Table 15: Breakdown of total assets by country or group of countries (domicile principle)

	31.03.2021		31.03.2020	
	Absolute in CHF	Share as %	Absolute in CHF	Share as %
Assets				
Europe				
Switzerland	102 131 285	25.1%	85 716 158	27.0%
United Kingdom	83 679 137	20.6%	57 659 002	18.2%
Germany	75 261 135	18.5%	54 562 798	17.2%
Guernsey	36 038 135	8.9%	33 695 464	10.6%
Luxembourg	16 076 743	3.9%	35 692 571	11.3%
Ireland	5 005 220	1.2%	4 885 021	1.5%
Spain	4 983 198	1.2%	–	0.0%
Norway	4 512 700	1.1%	–	0.0%
Malta	3 447 548	0.8%	3 593 804	1.1%
Jersey	2 344 079	0.6%	44 641	0.0%
France	1 876 787	0.5%	165 782	0.1%
Isle of Man	275 187	0.1%	3 565 468	1.1%
Denmark	235 666	0.1%	215 227	0.1%
Other European countries	119 373	0.0%	106 310	0.0%
Greece	110 680	0.0%	107 943	0.0%
North America				
United States of America	8 667 386	2.1%	9 631 904	3.0%
St Kitts and Nevis	4 829 207	1.2%	4 337 171	1.4%
U.S. Virgin Islands	210 219	0.1%	220 076	0.1%
Other North American countries	20	0.0%	18	0.0%
Asia				
Japan	1 053 735	0.3%	2 546 520	0.8%
Israel	1 039 837	0.3%	–	0.0%
Malaysia	888 347	0.2%	852 033	0.3%
Other Asian countries	3 010	0.0%	2 564	0.0%
Central America				
Bermuda	12 100 957	3.0%	186	0.0%
Cayman Islands	10 626 692	2.6%	2 205 787	0.7%
British Virgin Islands	3 720 518	0.9%	3 373 613	1.1%
Panama	151 056	0.0%	–	0.0%
Other Central American countries	1	0.0%	17 198	0.0%
Africa				
South Africa	24 436 482	6.0%	8 855 491	2.8%
Mauritius	505 883	0.1%	176 608	0.1%
Other African countries	330 360	0.1%	186	0.0%
Australasia				
Australia	2 200 811	0.5%	4 735 963	1.5%
New Zealand	178 139	0.0%	108 947	0.0%
Total assets	407 039 533	100%	317 074 457	100%

NOTES TO THE FINANCIAL STATEMENTS

Table 16: Breakdown of total assets by credit rating of country groups (risk domicile view)

	31.03.2021		31.03.2020	
	Net foreign exposure in CHF	Net foreign exposure Share as %	Net foreign exposure in CHF	Net foreign exposure Share as %
System Rates				
1	348 407 137	85.6%	297 253 614	93.7%
2	–	0.0%	–	0.0%
3	888 849	0.2%	852 033	0.3%
4	1 548 228	0.4%	179 172	0.1%
5	24 587 538	6.0%	8 855 506	2.8%
6	330 358	0.1%	193	0.0%
7	4 829 211	1.2%	4 354 347	1.4%
Not rated	26 448 213	6.5%	5 579 592	1.8%
	407 039 533	100%	317 074 457	100%

Explanations of the ratings system used

The Bank does not use its own country ratings to classify asset risk and instead uses ratings from the FiRE regulatory reporting system, which is similar to the ratings used in the market.

The FiRE's rating scale uses numbers, with "1" considered as the best and "7" considered as the worst.

NOTES TO THE FINANCIAL STATEMENTS

Table 17: Presentation of assets and liabilities broken down by the most significant currencies for the Bank

	Currencies in CHF				
	CHF	USD	EUR	GBP	Other
Assets					
Liquid assets	64 833 145	–	–	–	–
Amounts due from banks	1 046 307	84 737 898	16 724 855	37 821 087	1 109 187
Amounts due from securities financing transactions	–	–	–	–	–
Amounts due from customers	4 290 708	53 148 492	61 483 600	42 569 713	–
Mortgage loans	–	–	–	–	–
Trading portfolio assets	–	–	–	–	–
Positive replacement values of derivative financial instruments	538 705	–	–	–	–
Other financial instruments at fair value	–	–	–	–	–
Financial investments	15 243	9 151	–	32 477 166	–
Accrued income and prepaid expenses	1 088 071	106 827	122 764	407 641	–
Participations	–	–	–	–	–
Tangible fixed assets	977 940	–	–	–	–
Intangible assets	–	–	–	–	–
Other assets	86 094	2 205 547	318 405	920 986	–
Capital not paid in	–	–	–	–	–
Total assets shown in balance sheet	72 876 213	140 207 916	78 649 624	114 196 594	1 109 187
Delivery entitlements from spot exchange and forward forex transactions	20 667 750	23 874 988	17 279 080	5 710 222	0
Total assets	93 543 963	164 082 904	95 928 704	119 906 815	1 109 187
Liabilities					
Amounts due to banks	193	9 635 717	31 103 231	35 004 151	–
Amounts due to securities financing transactions	–	–	–	–	–
Amounts due in respect of customer deposits	6 530 618	137 633 088	58 879 222	61 310 163	1 009 477
Trading portfolio liabilities	–	–	–	–	–
Negative replacement values of derivative financial instruments	1 750 040	–	–	–	–
Liabilities from other financial instruments at fair value	–	–	–	–	–
Cash bonds	–	–	–	–	–
Bonds issues and central mortgage institution loans	–	–	–	–	–
Accrued expenses and deferred income	1 726 474	89 601	116 212	333 812	–
Other liabilities	948 789	2 162 265	2 887 071	526 182	99 294
Provisions	272 537	–	–	–	–
Reserves for general banking risks	–	–	–	–	–
Bank's capital	83 000 000	–	–	–	–
Statutory capital reserve	–	–	–	–	–
Statutory retained earnings reserve	4 423 975	–	–	–	–
Voluntary retained earnings reserves	1 300 000	–	–	–	–
Own shares (negative item)	–	–	–	–	–
Profit carried forward/loss carried forward	(31 880 922)	–	–	–	–
Profit/loss (result of the period)	(1 821 656)	–	–	–	–
Total liabilities shown in the balance sheet	66 250 048	149 520 671	92 985 736	97 174 308	1 108 771
Delivery obligations from spot exchange and forward forex transactions	29 259 315	14 443 336	2 901 692	22 589 856	–
Total liabilities	95 509 364	163 964 007	95 887 428	119 764 163	1 108 771
Net position per currency	(1 965 401)	118 897	41 276	142 652	416

NOTES TO THE FINANCIAL STATEMENTS

Table 18: Breakdown of contingent liabilities and contingent assets

	31.03.2021 in CHF	31.03.2020 in CHF
Guarantees to secure credits and similar	2 560 760	2 071 868
Performance guarantees and similar	–	–
Irrevocable commitments arising from documentary letters of credit	–	–
Other contingent liabilities	–	–
Total contingent liabilities	2 560 760	2 071 868
Contingent assets from tax losses carried forward	–	–
Other contingent assets	–	–
Total contingent assets	–	–

Table 19: Breakdown of irrevocable commitments

	31.03.2021 in CHF	31.03.2020 in CHF
Commitments arising from acceptances	17 612 747	18 812 857
Other credit commitments	6 624 561	761 997
Total	24 237 308	19 574 854

The undrawn commitments on corporate lending are included within Other credit commitments.

There were CHF 6 175k in the year ending 31 March 2021 compared with CHF 330k in the year ending 31 March 2020.

Table 20: Breakdown of fiduciary transactions

	31.03.2021 in CHF	31.03.2020 in CHF
Fiduciary investments with third-party companies	130 626 374	167 176 801
Fiduciary investments with group companies and linked companies	–	–
Total fiduciary transactions	130 626 374	167 176 801

NOTES TO THE FINANCIAL STATEMENTS

Table 21: Breakdown of managed assets and presentation of their development

	31.03.2021 in CHF	31.03.2020 in CHF
Breakdown of managed assets		
Type of managed assets		
Assets in collective investment schemes managed by the Bank	–	–
Assets under discretionary asset management agreements	488 941	319 130
Other managed assets	1 645 800	1 408 627
Total managed assets (including double counting)	2 134 741	1 727 757
Custody only assets	–	–
Total customer assets	2 134 741	1 727 757
of which, double counting	–	–

	31.03.2021 in CHF	31.03.2020 in CHF
Presentation of the development of managed assets		
Total managed assets (including double counting) at beginning	1 727 757	1 893 955
+/- net new money outflow	(14 119)	11 278
+/- price gains/losses, interest, dividends and currency gains/(losses)	421 103	(177 475)
+/- other effects	–	–
Total managed assets (including double counting) at end	2 134 741	1 727 757

Assets in own-managed collective investment instruments did not exist at the balance sheet date.

Assets with asset management mandates include all client assets for which the Bank has been instructed by way of an appropriate asset management mandate (directly or indirectly) to invest the clients' assets in a defined framework on their behalf.

Other managed assets include all client assets for which the Bank has been instructed by way of an appropriate administration or advisory mandate (including custody and collection activities).

Custody only assets are custody accounts which are held exclusively for safekeeping/custody purposes.

Net new money comprises the acquisition of new clients, lost clients and inflows and outflows from existing clients.

Performance related changes in assets as such as share price movements, interest and dividend payments, as well as interest charged to clients are not considered as inflows and outflows.

NOTES TO THE FINANCIAL STATEMENTS

Table 22: Breakdown of the result from trading activities and the fair value option

	31.03.2021 in CHF	31.03.2020 in CHF
Interest rate instruments (including funds)	–	–
Equity securities (including funds)	–	–
Foreign currencies	1 200 283	929 285
Commodities/precious metals	–	–
Total result from trading activities	1 200 283	929 285
of which, from fair value option	–	–

The trading result is derived from the wealth management business area as well as market movement of open FX swaps and Forwards used for hedging.

Table 23: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

	31.03.2021 in CHF	31.03.2020 in CHF
Positive effect of negative interest rates on the income statement	(4 896)	61 047
Negative effect of negative interest rates on the income statement	(428 232)	(268 355)
Net effect of negative interest	(433 128)	(207 308)

Table 24: Breakdown of personnel expenses

	31.03.2021 in CHF	31.03.2020 in CHF
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	7 316 845	7 580 391
– of which, expenses relating to share-based compensation and alternative forms of variable compensation	1 486 329	1 359 495
Social insurance benefits	1 196 352	1 191 524
Other personnel expenses	47 684	86 550
Total personnel expenses	8 560 880	8 858 465

NOTES TO THE FINANCIAL STATEMENTS

Table 25: Breakdown of general and administrative expenses

	31.03.2021 in CHF	31.03.2020 in CHF
General and administrative expenses are to be broken down as follows:		
– Office space expenses	531 215	535 989
– Expenses for information and communications technology	2 531 237	2 067 283
– Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	–	–
– Fees of audit firm(s) (Art. 961a no. 2 CO)	204 857	219 156
of which, for financial and regulatory audits	204 857	219 156
of which, for other services	–	–
– Other operating expenses	1 407 403	2 329 801
Total general and administrative expenses	4 674 712	5 152 229

Table 26: Explanations regarding material losses, extraordinary income and expenses as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

In 2020/2021, there was no extraordinary income.

In 2019/2020 year, there was CHF 333k extraordinary income recognised resulting from the corrections of overstated previous years' Pension Liabilities.

Table 27: Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

Investec Bank (Switzerland) AG does not have any branches abroad or companies that should be consolidated according to Art.34 of the Banking Ordinance.

The Bank established in 2016 a representation office in Lausanne. This representation office is fully incorporated in the Bank's accounting at the Zurich headquarters.

Table 28: Presentation of current taxes, deferred taxes and disclosure of tax rate

	31.03.2021 in CHF	31.03.2020 in CHF
Income tax	–	–
Capital tax	142 559	142 559
Total current tax	142 559	142 559
Tax rate on capital	0.17%	0.17%

There is no income tax payable for the current year or previous year due to Investec Bank (Switzerland) AG's current loss situation.

Tax losses carried forward of CHF 26 982k exist as at 31 March 2021 (CHF 27 320k as at 31 March 2020), having been accumulated over the last 7 years.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the General Meeting of Investec Bank (Switzerland) AG, Zurich

As statutory auditor, we have audited the financial statements of Investec Bank (Switzerland) AG, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 8 to 31), for the year ended 31 March 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2021 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements


We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.


We recommend that the financial statements submitted to you be approved.

Zurich, 9 July 2020

Ernst & Young Ltd

 Johannes Smit
(Qualified Signature)

Licensed audit expert
(Auditor in charge)

 Georg Schweizer
(Qualified Signature)

Licensed audit expert

Wealth management

- Bespoke discretionary management services
- Execution services on a full range of financial instruments
- Expertise in alternative investments
- Open architecture investment process

Traditional Banking

- Payments, debit and credit cards
- Term and Notice Deposits including fiduciary deposits
- Client online access
- Custody services
- Broking services across all asset classes
- Foreign exchange trading (spot, forwards, swaps) including Non-Deliverable Forwards and precious metal (physical allocated and non-allocated and on account)

Lending and Credit Services

- Lombard and cash-backed lending
- Indemnities/Guarantees
- Corporate lending

— OUT OF THE ORDINARY

