



— OUT OF THE ORDINARY

Investec Bank (Switzerland) AG

Annual Report for the financial year
1 April 2021 to 31 March 2022



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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	October 2021
Mark Currie	Johannesburg, South Africa	Chairman	Employed by Investec Bank Ltd	October 2021	July 2022
Dr. Thomas A. Frick	Zurich, Switzerland	Vice-Chairman	Yes	July 2005; Vice-Chairman since June 2012	July 2022
Prof. Dr. Bruno Gehrig	Winterthur, Switzerland	Member	Yes	January 2014	July 2022

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 Wohlman was replaced by Mark Currie in October 2021.

Mark Currie, South African, b. 1963

Mark has been in Investment Banking since joining the Investec Group in 1993. Mark has held numerous positions in trading, structuring, debt origination and advisory. He became Group Chief Risk Officer for the Group in September 2020.

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. He has resigned as at 31.03.2022.

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
Shaun Karpelowsky	Chief Executive Officer ("CEO")	October 2021
Peter Gyger	Chief Executive Officer ("Deputy CEO")	October 2021
Melanie Abromowitz	Chief Finance 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

Shaun Karpelowsky, CEO, German, b. 1981

Shaun joined Investec Bank, London in 2008 and has held several senior leadership roles within the Group. Prior to his appointment as CEO, Shaun served as lead advisor to the Group's executive, with responsibility for restructuring and enhancing the performance of several of Investec's banking businesses in Europe and Asia. Shaun holds an MBA from the University of Chicago (Booth).

Peter Gyger, Deputy 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 CEO's role. Peter has vast experience across a range of private banking and wealth management services. Prior to joining us, 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) between 1989 and 2001.

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 in 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 14 years. He holds a degree in economics as well as in 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 25 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 past 12 months has seen a period of significant change for Investec Bank Switzerland.

The Investec Group reconfirmed its commitment to the Bank and approved a new growth strategy for the business, focused on utilising the Bank to grow Investec's international wealth franchise and integrating the Bank more effectively into the Group.

In order to deliver this new growth strategy, a new CEO and Chairman were appointed from within the Group.

It is in this context that we are pleased to report that the Bank recorded a profit.

The Bank achieved a significant increase in client assets of 12.3% in this financial year. All of this increase was due to net new inflows. Of note is the growth of 24% in the discretionary managed book which contributed significantly to fee growth this year. Loans to customers also increased during the year increasing interest revenues. Business costs were well managed and overall costs reduced this year as non-recurring variable people costs were not incurred.

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 311% against a regulatory requirement of 100%. With a BIS tier 1 capital ratio of 23%, the Bank is well placed to grow its Assets under Management and further its overall business objectives.

Despite the global challenges experienced with financial markets, excellent client service has been maintained resulting in a steady growth in clients. For this, we congratulate and thank the Bank's new executive team and staff.

We are very excited to be part of the next step in the Bank's new strategy and to assist in guiding this growing business.

We would like to express our sincere appreciation and gratitude for the 10-year long service that outgoing Chairman, Ian Wohlman, has given the Bank. He led the board of directors diligently through some challenging years.

After eight years of service, Bruno Gehrig has resigned as a member of the board of directors and will be replaced by the outgoing CEO, Peter Gyger (subject to regulatory approval). We also express our thanks to Bruno for his commitment to the Bank.

Finally, we thank all our staff for their huge efforts and commitment during a challenging and exciting year for the business. We look forward to growing our business and building our capabilities to offer an even greater service to our clients.

For and on behalf of the board of directors,

Mark Currie
Chairman

Comment on business activities

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. The Bank's main revenue is generated from managing clients' portfolios. It earns an ancillary 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.

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). The Bank has now broadened its lending to include lending to Swiss corporations and invest in lending deals originated by the Investec Group.

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.

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.

Outsourcing of business activities

The Bank outsourced the printing and dispatch of client statements to TCS (Tata Consultancy Services Switzerland Ltd, Zurich). The IT Application operation and management of the banking system "TCS BaNCS" is 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 38.8 full time equivalent (FTE) staff members (including contractors) compared with 39.8 in the prior year.

Impact of COVID-19 on Business Activities

Investec Bank (Switzerland) AG was able to continue trading during the Covid-19 crisis. Staff were able to work from home. From mid-February 2022, a hybrid, flexible workplace model has been implemented. No material technology or operational issues were experienced during the financial year.

Information on capital and liquidity ratios

Capital and Liquidity ratios according to FINMA Circular 2020/01

	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021
Eligible capital (CHF '000)					
Common Equity Tier 1 capital (CET 1)	55 072				55 021
Common Equity Tier 1 capital without the effects of the transitional provisions for expected losses	–				–
Tier 1 capital (T1)	55 072				55 021
Tier 1 capital without the effects of the transitional provisions for expected losses	–				–
Total capital, total	55 072				55 021
Total capital without the effects of the transitional provisions for expected losses	–				–
Risk-weighted assets (RWA) (CHF '000)					
RWA	240 014				211 604
Minimum capital	19 201				16 928
Risk-based capital ratios (in % of RWA)					
CET 1 ratio (%)	22.9				26.0
CET 1 ratio without the effects of the transitional provisions for expected losses (%)	0.0				0.0
Tier 1 capital ratio (%)	22.9				26.0
Tier 1 capital without the effects of the transitional provisions for expected losses (%)	0.0				0.0
Total capital ratio (%)	22.9				26.0
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) (%)	14.9				18.0
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)	489 246				436 176
Basel III leverage ratio (Tier 1 capital in % of the total exposure)	11.3				12.6
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)	56 042	61 026	47 537	49 315	55 266
LCR denominator: Total of net cash outflow (CHF)	18 928	15 286	18 484	16 845	17 081
LCR (in %)	296	399	257	293	324
Net stable funding ratio (NSFR)					
Available stable refinancing (CHF '000)	264 397				246 960
Required stable refinancing (CHF '000)	143 176				134 684
Net stable funding ratio (NSFR) (in %)	185				183

Annual financial statements



Balance sheet as at 31 March 2022 and 31 March 2021

As at 31 March in CHF	Notes	2022	2021
Assets			
Liquid assets		64 707 230	64 833 145
Amounts due from banks		139 107 163	141 439 334
Amounts due from customers	1	197 889 819	161 492 514
Positive replacement values of derivative financial investments	2,3,13	134 118	538 705
Financial investments	4	40 809 818	32 501 561
Accrued income and prepaid expenses		2 587 274	1 725 303
Tangible fixed assets	5	626 942	977 940
Other assets	6,7	4 454 041	3 531 032
Total assets	13,14,15,16,17	450 316 406	407 039 533
Liabilities			
Amounts due to banks		90 899 996	75 743 291
Amounts due in respect of customer deposits		300 473 666	265 362 567
Negative replacement values of derivative financial instruments	2,3,13	597 287	1 750 040
Accrued expenses and deferred income		1 719 688	2 266 100
Other liabilities	6,8	1 296 962	6 623 600
Provisions	8	256 777	272 537
Total Liabilities		395 244 376	352 018 136
Equity			
Share 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		(33 702 577)	(31 880 922)
Profit/(loss) (for the period)		50 633	(1 821 656)
Total Equity		55 072 031	55 021 398
Total Liabilities and Equity	13,14,17	450 316 406	407 039 533

Off-balance sheet transactions as at 31 March 2022 and 31 March 2021

As at 31 March in CHF	Notes	2022	2021
Contingent liabilities	1,18	1 922 139	2 560 760
Irrevocable commitments	1,19	20 984 292	24 237 308

Irrevocable commitments for the year ending 31 March 2022 and 31 March 2021 include undrawn commitments on Corporate Lending deals.

Undrawn commitments on Corporate Lending deals represent CHF 5 719k for the year ending 31 March 2022 compared with CHF 6 175k for the year ending 31 March 2021.

Income statement for the years ending 31 March 2022 and 31 March 2021

As at 31 March in CHF	Notes	2021/2022	2020/2021
Result from interest operations			
Interest and discount income		3 936 716	3 119 856
Interest and dividend income from financial investments		1 663 640	1 623 035
Interest expense		(559 008)	(571 683)
Gross result from interest operations		5 041 348	4 171 208
Subtotal net result from interest operations	23	5 041 348	4 171 208
Result from commission business and services			
Commission income from securities trading and investment activities		8 066 401	7 003 011
Commission income from lending activities		45 816	562 205
Commission income from other services		161 238	167 045
Commission expense		(824 273)	(935 264)
Subtotal result from commission business and services		7 449 182	6 796 997
Result from trading activities and the fair value option	22	1 472 617	1 200 283
Other result from ordinary activities			
Other ordinary income		4 573	24 080
Other ordinary expenses		–	(4 011)
Subtotal other result from ordinary activities		4 573	20 069
Total revenues		13 967 720	12 188 557
Operating expenses			
Personnel expenses	24	(8 341 862)	(8 560 880)
General and administrative expenses	25	(4 934 307)	(4 674 712)
Subtotal operating expenses		(13 276 169)	(13 235 593)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		(444 880)	(591 455)
Changes to provisions and other value adjustments and losses		(31 130)	(40 606)
Operating result		215 541	(1 679 097)
Extraordinary expenses	26	(23 346)	–
Taxes	28	(141 562)	(142 559)
Profit/(Loss) for the year		50 633	(1 821 656)

Carrying forward of losses for the years ending 31 March 2022 and 31 March 2021

As at 31 March in CHF	Notes	2021/2022	2020/2021
Carrying forward of losses			
Profit/(Loss)		50 633	(1 821 656)
Loss carried forward		(33 702 577)	(31 880 922)
Accumulated loss		(33 651 944)	(33 702 577)
New amount carried forward		(33 651 944)	(33 702 577)

Statement of changes in equity

In CHF	Share 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	-	-	(30 580 922)	-	-	(1 821 656)	55 021 398
Other allocations to (transfers from) other reserves	-	-	-	-	-	(1 821 656)	-	-	1 821 656	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-	50 633	50 633
Equity at the end of the current period	83 000 000	-	4 423 975	-	-	(32 402 577)	-	-	50 633	55 072 031

Notes to the financial statements

General business

Investec Bank (Switzerland) AG, whose registered office is in Zurich, 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 business including wealth and investment and other related services. 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 a separate line in the balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded with the exchange rate on 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 recorded in the income statement. Exchange rate fluctuations between the trade date and settlement date of a transaction are recorded in the income statement.

Currency	31.03.2022	31.03.2021
USD	0.92100	0.94275
EUR	1.02221	1.10590
GBP	1.21053	1.29909

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. The Bank automatically charges interests on client accounts and so it does not have past due interests.

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 proactive 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 risk

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 risk 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. As a FINMA category 5 Bank, the Bank continues to apply the existing approach with value adjustments for latent default risks, where a value adjustment would only be made when a certain loss event has occurred. No value adjustments have been made for latent default risks. 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 and volatility, allowing for customary security margins. Corporate lending debt exposure is monitored on a regular basis for compliance with covenants, financial performance and amounts due. Investments in 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.

Notes to the financial statements

Liquidity risk is the risk that we have insufficient capacity to fund increase in assets, or are unable to meet our obligations when they are 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.

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 presented every quarter at the meetings of the Board of Directors.

Operational risk

Operational risk reflects 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 risk 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 risk 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 transaction processing and controls is also key in order to reduce risks. Effectiveness of controls is regularly evaluated.

In order to foster a proactive approach to the management and control of operational risk, 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 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 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				
	Secured by mortgage in CHF	Other collateral in CHF	Unsecured in CHF	Total in CHF	
Loans (before netting with value adjustments)					
Amounts due from customers	–	197 889 819	–	197 889 819	
Mortgages					
– Residential properties	–	–	–	–	
– Commercial and industrial premises	–	–	–	–	
Total loans (before netting with value adjustments)	31.03.2022	– 197 889 819	–	– 197 889 819	
	31.03.2021	– 161 492 514	–	– 161 492 514	
Total loans (after netting with value adjustments)	31.03.2022	– 197 889 819	–	– 197 889 819	
	31.03.2021	– 161 492 514	–	– 161 492 514	
Off-balance sheet					
Contingent liabilities	–	1 922 139	–	1 922 139	
Irrevocable commitments	–	20 542 292	442 000	20 984 292	
Obligations to pay up shares and make further contributions	–	–	–	–	
Credit commitments	–	–	–	–	
Total off-balance sheet	31.03.2022	– 22 464 432	442 000	22 906 432	
	31.03.2021	– 26 348 069	450 000	26 798 069	
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	31.03.2022	–	–	–	–
	31.03.2021	–	–	–	–

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 2022 and 31 March 2021.

Notes to the financial statements

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

	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	99 909	(26 672)	12 070 492	28 191	(365 149)	55 399 285
– Combined interest rate/currency swaps	3 318	(2 468)	746 012	2 702	(202 938)	15 564 914
Total	31.03.2022	103 226	(29 140)	12 816 503	30 892	(568 087)
	31.03.2021	430 559	(415 047)	28 504 515	108 146	(1 334 993)
Of which value determined using a valuation model in CHF						
31.03.22		103 226	(29 140)		30 892	(568 087)
31.03.21		430 559	(415 047)		108 146	(1 334 993)
	31.03.2022			31.03.2021		
	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)	–	30 892	103 226	–	132 711	405 994

Notes to the financial statements

Table 4: Breakdown of financial investments

	Book value 31.03.2022 in CHF	Book value 31.03.2021 in CHF	Fair value 31.03.2022 in CHF	Fair value 31.03.2021 in CHF
Debt securities*	30 263 275	32 477 125	30 378 015	33 658 756
Swiss Government Bond	10 339 018		10 302 000	
	40 602 293	32 477 125	40 680 015	33 658 756
– of which, held until maturity	40 602 293	32 477 125	33 658 756	33 658 756
Equity securities	207 526	24 436	207 526	24 436
– of which, qualified participations	–	–	–	–
Total*	40 809 818	32 501 561	40 887 541	33 683 192
of which, securities eligible for repo transactions in accordance with liquidity requirements	10 339 018	–	10 302 000	–

*Debt securities consist of one counterparty which is unrated.

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

Table 5: Presentation of tangible fixed assets

	Acquisition cost in CHF	Accumulated depreciation in CHF	Book value 31.03.2021 in CHF	2021/2022					Book value 31.03.2022 in CHF
				Reclass-ification in CHF	Additions in CHF	Disposals in CHF	Depreciation in CHF	Reversals in CHF	
Proprietary or separately acquired software	3 409 522	(2 431 582)	977 940	–	93 882	–	(444 880)	–	626 942
Other tangible fixed assets	15 549	(15 549)	–	–	–	–	–	–	–
Total tangible fixed assets			977 940	–	93 882	–	(444 880)	–	626 942

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

Operating lease commitments	31.03.2022				31.03.2021			
	Less than 1 year in CHF	1 year, less than 5 years in CHF	Greater than 5 years in CHF	Total in CHF	Less than 1 year in CHF	1 year, less than 5 years in CHF	Greater than 5 years in CHF	Total in CHF
Rental lease commitments for bank premises	462 538	1 690 605	281 767	2 434 911	513 591	331 024	–	844 615
– of which are cancellable within 1 year				–				–

Notes to the financial statements

Table 6: Breakdown of other assets and other liabilities

	31.03.2022		31.03.2021	
	Other Assets in CHF	Other Liabilities in CHF	Other Assets in CHF	Other Liabilities in CHF
Compensation account	–	–	–	–
Indirect taxes	115 455	324 200	86 093	310 673
Pension scheme accrual	–	246 937	–	221 165
Miscellaneous assets and liabilities	4 338 586	725 825	3 444 939	6 091 762
Total other assets and liabilities	4 454 041	1 296 962	3 531 032	6 623 600

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 is 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% reinsured.

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 reinsured, 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 31.03.2022	Economic interest of the bank/financial group in CHF 31.03.2021	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 31.03.2022	Pension expenses in personnel expenses in CHF 31.03.2021

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

	31.03.2021 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	31.03.2022 in CHF
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-	-	-
Provisions for expected losses	-	-	-	-	-	-	-	-
Provisions for inherent default risks	-	-	-	-	-	-	-	-
Provisions for latent default risks	-	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-	-	-	-	-	-	-
Other provisions	272 537	(15 760)	-	-	-	-	-	256 777
Total provisions	272 537	(15 760)	-	-	-	-	-	256 777
Reserves for general banking risks	-	-	-	-	-	-	-	-
Value adjustments for default and country risks								
- of which, value adjustments for expected losses in respect of impaired loans/receivables	-	-	-	-	-	-	-	-
- of which, value adjustments for inherent default risks	-	-	-	-	-	-	-	-
- of which, value adjustments for latent default risks	-	-	-	-	-	-	-	-

Other Provisions

Other provisions of CHF 206.8k 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	31.03.2022			31.03.2021		
	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:	31.03.2022		31.03.2021			
	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 and by employees, and disclosures on any employee participation schemes

The Investec Group operates a long-term incentive plan (LTIP) for employees, the majority of which are on an equity settled basis. The purpose of this staff share scheme 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 33.33% in year 5.

All LTIPs issued have a zero strike price. For 2021/2022 the amount recognised in the income statement for LTIPs was CHF 270k (2020/2021 CHF 319k).

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 LTIPs. Employees that are participants in their LTIPs will be entitled to receive the initially awarded Investec LTIPs 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.

The weighted average share price during the year was GBP 5.88/CHF 7.38 (2020/2021 GBP 3.87/CHF 4.67).

The yearly charges are calculated and recharged from Investec Group to the Bank. LTIPs are 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

	31.03.2022		31.03.2021	
	Amounts due from in CHF	Amounts due to in CHF	Amounts due from in CHF	Amounts due to in CHF
Holders of qualified participations	9 263 007	963 892	1 663 481	15 746 662
Group companies	–	–	–	–
Linked companies	31 128 333	91 008 651	33 355 515	58 597 122
Transactions with members of governing bodies	–	–	–	–
Other related parties	–	–	–	–
Total	40 391 341	91 972 544	35 018 996	74 343 784

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 2022 CHF 7 436k in current accounts (31 March 2021 CHF 324k). Overnight deposits amounted to CHF 1 796k (31 March 2021 CHF 1 207k).

As at 31 March 2022, the total amount sub-participated on corporate lending deals by the Group to the Bank amounted to CHF 120 169k (31 March 2021 CHF 97 400k).

As at 31 March 2022, the total amount sub-participated on corporate lending deals from the Bank to the Group amounted to CHF 31 834k (31 March 2021 CHF 35 703k).

As at 31 March 2022, off balance sheet FX derivative contract volumes with group entities amounted to CHF 70 964k (31 March 2021 CHF 53 026k).

As at 31 March 2022, positive and negative replacement values with group companies respectively amounted to CHF 31k and CHF 568k (31 March 2021 CHF 133k and CHF 1 726k).

As of 31 March 2022, there are no transactions with members of governing bodies (31 March 2021 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

	31.03.2022		31.03.2021	
	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	64 707 230	–	–	–	–	–	–	64 707 230
Amounts due from banks	41 980 140	–	97 127 023	–	–	–	–	139 107 163
Amounts due from securities financing transactions	–	–	–	–	–	–	–	–
Amounts due from customers	11 864 949	–	47 452 683	109 309 040	21 926 585	7 336 563	–	197 889 819
Mortgage loans	–	–	–	–	–	–	–	–
Trading portfolio assets	–	–	–	–	–	–	–	–
Positive Replacement values of derivative financial instruments	134 118	–	–	–	–	–	–	134 118
Other financial instruments at fair value	–	–	–	–	–	–	–	–
Financial investments	52 261	–	–	–	40 757 558	–	–	40 809 818
Total	129 040 698	–	144 579 706	109 309 040	52 382 143	7 336 563	–	442 648 149
	142 574 869	–	106 247 538	94 201 623	49 666 433	8 114 794	–	400 805 258
Debt capital/financial instruments								
Amounts due to banks	47 199 963	43 700 033	–	–	–	–	–	90 899 996
Liabilities from securities financing transactions	–	–	–	–	–	–	–	–
Amounts due in respect of customer deposits	217 380 329	57 322 849	10 585 269	363 159	14 822 060	–	–	300 473 666
Trading portfolio liabilities	–	–	–	–	–	–	–	–
Negative replacement values of derivative financial instruments	597 287	–	–	–	–	–	–	597 287
Liabilities from other financial instruments at fair value	–	–	–	–	–	–	–	–
Cash bonds	–	–	–	–	–	–	–	–
Bond issues and central mortgage institution loans	–	–	–	–	–	–	–	–
Total	265 177 579	101 022 882	10 585 269	363 159	14 822 060	–	–	391 970 949
	234 687 965	51 239 634	24 407 188	16 485 576	16 035 536	–	–	342 855 898

Notes to the financial statements

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

	31.03.2022		31.03.2021	
	Domestic in CHF	Foreign in CHF	Domestic in CHF	Foreign in CHF
Assets				
Liquid assets	64 707 230	–	64 833 145	–
Amounts due from banks	24 228 276	114 878 887	26 025 444	115 413 890
Amounts due from securities financing transactions	–	–	–	–
Amounts due from customers	7 861 040	190 028 779	8 636 697	152 855 817
Mortgage loans	–	–	–	–
Trading portfolio assets	–	–	–	–
Positive replacement values of derivative financial instruments	7 283	126 835	18 332	520 373
Other financial instruments at fair value	–	–	–	–
Financial investments	10 354 261	30 455 558	24 436	32 477 125
Accrued income and prepaid expenses	1 760 725	826 549	1 111 587	613 716
Participations	–	–	–	–
Tangible fixed assets	626 942	–	977 940	–
Intangible assets	–	–	–	–
Other assets	3 938 363	515 678	86 094	3 444 937
Capital not paid in	–	–	–	–
Total assets	113 484 120	336 832 286	101 713 675	305 325 858
Liabilities				
Amounts due to banks	–	90 899 996	–	75 743 291
Amounts due to securities financing transactions	–	–	–	–
Amounts due in respect of customer deposits	11 685 747	288 787 919	16 222 185	249 140 382
Trading portfolio liabilities	–	–	–	–
Negative replacement values of derivative financial instruments	–	597 286	3 195	1 746 845
Liabilities from other financial instruments at fair value	–	–	–	–
Cash bonds	–	–	–	–
Bond issues and central mortgage institution loans	–	–	–	–
Accrued expenses and deferred income	1 574 316	145 372	2 147 391	118 709
Other liabilities	772 906	524 056	3 482 268	3 141 332
Provisions	256 777	–	272 537	–
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	(33 702 577)	–	(31 880 922)	–
Profit/(loss) for the year	50 633	–	(1 821 65)	–
Total liabilities	69 361 777	380 954 629	77 148 973	329 890 560

Notes to the financial statements

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

	31.03.2022		31.03.2021	
	Absolute in CHF	Share as %	Absolute in CHF	Share as %
Assets				
Europe				
Switzerland	113 523 124	25.2%	102 131 285	25.1%
Germany	83 352 242	18.5%	75 261 135	18.5%
United Kingdom	65 039 234	14.4%	83 679 137	20.6%
Luxembourg	34 975 115	7.8%	16 076 743	3.9%
Guernsey	33 493 242	7.4%	36 038 135	8.9%
Belgium	12 894 135	2.9%	26 248	0.0%
Jersey	9 504 803	2.1%	2 344 079	0.6%
Ireland	8 283 788	1.8%	5 005 220	1.2%
Spain	4 608 539	1.0%	4 983 198	1.2%
Malta	2 291 072	0.5%	3 447 548	0.8%
Denmark	318 830	0.1%	235 666	0.1%
Isle of Man	229 610	0.1%	275 187	0.1%
Greece	102 397	0.0%	110 680	0.0%
Other European countries	3 018	0.0%	93 126	0.0%
France	192	0.0%	1 876 787	0.5%
Norway	–	0.0%	4 512 700	1.1%
North America				
United States of America	9 292 333	2.1%	8 667 386	2.1%
St Kitts and Nevis	6 494 511	1.4%	4 829 207	1.2%
U.S. Virgin Islands	195 485	0.0%	210 219	0.1%
Other North American countries	1 645 428	0.4%	20	0.0%
Asia				
Israel	3 687 446	0.8%	1 039 837	0.3%
Japan	1 175 700	0.3%	1 053 735	0.3%
Malaysia	821 163	0.2%	888 347	0.2%
Other Asian countries	21 033	0.0%	3 010	0.0%
Central America				
Cayman Islands	20 476 512	4.5%	10 626 692	2.6%
British Virgin Islands	13 630 584	3.0%	3 720 518	0.9%
Bermuda	3 520 853	0.8%	12 100 957	3.0%
Panama	136 572	0.0%	151 056	0.0%
Other Central American countries	–	0.0%	1	0.0%
Africa				
South Africa	17 813 295	4.0%	24 436 482	6.0%
Mauritius	1 309 868	0.3%	505 883	0.1%
Other African countries	1 146	0.0%	330 360	0.1%
Australasia				
Australia	1 292 401	0.3%	2 200 811	0.5%
New Zealand	182 734	0.0%	178 139	0.0%
Total assets	450 316 406	100%	407 039 533	100%

Notes to the financial statements

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

	31.03.2022		31.03.2021	
	Net foreign exposure in CHF	Net foreign exposure Share as %	Net foreign exposure in CHF	Net foreign exposure Share as %
System Rates				
1	386 090 586	85.7%	348 407 137	85.6%
2	–	0.0%	–	0.0%
3	821 163	0.2%	888 849	0.2%
4	1 330 857	0.3%	1 548 228	0.4%
5	17 949 867	4.0%	24 587 538	6.0%
6	772	0.0%	330 358	0.1%
7	6 494 929	1.4%	4 829 211	1.2%
Not rated	37 628 233	8.4%	26 448 213	6.5%
	450 316 406	100%	407 039 533	100%

Explanations of the ratings system used

The Bank 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	64 707 230	–	–	–	–
Amounts due from banks	461 024	98 452 558	15 111 074	23 884 156	1 198 351
Amounts due from securities financing transactions	–	–	–	–	–
Amounts due from customers	9 629 270	60 387 306	74 022 513	53 850 730	–
Mortgage loans	–	–	–	–	–
Trading portfolio assets	–	–	–	–	–
Positive replacement values of derivative financial instruments	134 118	–	–	–	–
Other financial instruments at fair value	–	–	–	–	–
Financial investments	10 354 261	192 213	–	30 263 345	–
Accrued income and prepaid expenses	1 816 251	159 602	150 286	461 136	–
Participations	–	–	–	–	–
Tangible fixed assets	626 942	–	–	–	–
Intangible assets	–	–	–	–	–
Other assets	244 539	3 862 649	293 106	53 747	–
Capital not paid in	–	–	–	–	–
Total assets shown in balance sheet	87 973 635	163 054 327	89 576 979	108 513 114	1 198 351
Delivery entitlements from spot exchange and forward forex transactions	19 355 873	51 225 937	7 939 340	5 259 553	–
Total assets	107 329 508	214 280 264	97 516 319	113 772 667	1 198 351
Liabilities					
Amounts due to banks	1 016	45 654 751	10 175 493	35 068 735	–
Amounts due to securities financing transactions	–	–	–	–	–
Amounts due in respect of customer deposits	7 621 299	155 249 314	83 930 991	52 473 710	1 198 351
Trading portfolio liabilities	–	–	–	–	–
Negative replacement values of derivative financial instruments	597 287	–	–	–	–
Liabilities from other financial instruments at fair value	–	–	–	–	–
Cash bonds	–	–	–	–	–
Bonds issues and central mortgage institution loans	–	–	–	–	–
Accrued expenses and deferred income	1 153 665	72 529	144 962	348 532	–
Other liabilities	816 345	319 459	12 870	148 289	–
Provisions	256 777	–	–	–	–
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)	(33 702 577)	–	–	–	–
Profit/(loss) (result of the period)	50 633	–	–	–	–
Total liabilities shown in the balance sheet	65 518 420	–	94 264 316	88 039 267	1 198 351
Delivery obligations from spot exchange and forward forex transactions	43 052 287	12 813 454	3 211 152	25 592 230	–
Total liabilities	108 570 707	214 109 506	97 475 468	113 631 497	1 198 351
Net position per currency	(1 241 199)	170 757	40 851	141 170	–

Notes to the financial statements

Table 18: Breakdown of contingent liabilities and contingent assets

	31.03.2022 in CHF	31.03.2021 in CHF
Guarantees to secure credits and similar	1 922 139	2 560 760
Performance guarantees and similar	–	–
Irrevocable commitments arising from documentary letters of credit	–	–
Other contingent liabilities	–	–
Total contingent liabilities	1 922 139	2 560 760
Contingent assets from tax losses carried forward	–	–
Other contingent assets	–	–
Total contingent assets	–	–

Table 19: Breakdown of irrevocable commitments

	31.03.2022 in CHF	31.03.2021 in CHF
Commitments arising from acceptances	14 750 843	17 612 747
Other credit commitments	6 233 449	6 624 561
Total	20 984 292	24 237 308

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

There were CHF 5 719k for the year ending 31 March 2022 compared with CHF 6 175k for the year ending 31 March 2021.

Table 20: Breakdown of fiduciary transactions

	31.03.2022 in CHF	31.03.2021 in CHF
Fiduciary investments with third-party companies	181 673 329	130 626 374
Fiduciary investments with group companies and linked companies	–	–
Total fiduciary transactions	181 673 329	130 626 374

Notes to the financial statements

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

Breakdown of managed assets	31.03.2022 in CHF	31.03.2021 in CHF
Type of managed assets		
Assets in collective investment schemes managed by the Bank	–	–
Assets under discretionary asset management agreements	568 756	488 941
Other managed assets	1 828 838	1 645 800
Total managed assets (including double counting)	2 397 594	2 134 741
Custody only assets	–	–
Total customer assets	2 397 594	2 134 741
of which, double counting	–	–

Presentation of the development of managed assets	31.03.2022 in CHF	31.03.2021 in CHF
Total managed assets (including double counting) at the beginning of the year	2 134 741	1 727 757
+/- net new money inflows/(outflows)	267 993	(14 119)
+/- price gains/(losses), interest, dividends and currency gains/(losses)	(5 140)	421 103
+/- other effects	–	–
Total managed assets (including double counting) at the end of the year	2 397 594	2 134 741

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.

Notes to the financial statements

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

	31.03.2022 in CHF	31.03.2021 in CHF
Interest rate instruments (including funds)	–	–
Equity securities (including funds)	–	–
Foreign currencies	1 472 617	1 200 283
Commodities/precious metals	–	–
Total result from trading activities	1 472 617	1 200 283
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

	31.03.2022 in CHF	31.03.2021 in CHF
Positive effect of negative interest rates on the income statement	42 929	(4 896)
Negative effect of negative interest rates on the income statement	(495 187)	(428 232)
Net effect of negative interest	(452 258)	(433 128)

Table 24: Breakdown of personnel expenses

	31.03.2022 in CHF	31.03.2021 in CHF
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	7 073 813	7 316 845
– of which, expenses relating to share-based compensation and alternative forms of variable compensation	962 749	1 486 329
Social insurance benefits	1 227 530	1 196 352
Other personnel expenses	40 520	47 684
Total personnel expenses	8 341 862	8 560 880

Notes to the financial statements

Table 25: Breakdown of general and administrative expenses

	31.03.2022 in CHF	31.03.2021 in CHF
General and administrative expenses are to be broken down as follows:		
– Office space expenses	526 008	531 215
– Expenses for information and communications technology	2 508 374	2 531 237
– Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	–	–
– Fees of audit firm(s) (Art. 961a no. 2 CO)	234 808	204 857
of which, for financial and regulatory audits	234 808	204 857
of which, for other services	–	–
– Other operating expenses	1 665 118	1 407 403
Total general and administrative expenses	4 934 307	4 674 712

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 2021/2022, there was extraordinary expense items of CHF 23k for restructuring costs.

In 2020/2021, there was no extraordinary items.

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.

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

	31.03.2022 in CHF	31.03.2021 in CHF
Income tax	–	–
Capital tax	141 562	142 559
Total current tax	141 562	142 559
Tax rate on capital	0.17%	0.17%

There is no income tax payable for the current year as the Bank can use a portion of its accumulated losses to offset its current year profit. In the prior year, it had no income tax payable as the Bank was loss making.

Tax losses carried forward of CHF 23 567k exist as at 31 March 2022 (CHF 26 982k as at 31 March 2021), having been accumulated over the last 7 years.

Report of the statutory auditor 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 2022.

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 2022 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, 14 July 2022

Ernst & Young Ltd

 Johannes Smit
(Qualified Signature)

Licensed audit expert
(Auditor in charge)

 Georg Schweizer
(Qualified Signature)

Licensed audit expert

Our services

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

