

NEDBANK PRIVATE WEALTH LIMITED

Abridged consolidated and company financial statements

For the year ended 31 December 2021

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DIRECTORS AND OFFICERS

Directors

Name		Appointed	Resigned
C Blenkinsop		14 October 2011	
S Cummins		20 March 2018	
A G K Hamilton	b,c	17 June 2008	16 November 2021
E M Kruger	e	20 March 2018	
I Ruggiero	a,b	12 August 2015	
J Harris	c, b	16 July 2019	
A Corlett	a,d	17 March 2020	
J Wilson	b	17 March 2020	
N Duggan	a,b	01 November 2021	

- Key:
- a. Member of Audit, Risk and Compliance Committee
 - b. Member of Remuneration Committee
 - c. Chairman of Audit, Risk and Compliance Committee
 - d. Chairman of Remuneration Committee
 - e. Chairman of the Board

Registered agent

ILS Fiduciaries (IOM) Limited
 First Floor
 Millennium House
 Victoria Road
 Douglas
 Isle of Man
 IM2 4RW

Auditors

Deloitte LLP
 The Old Courthouse
 Athol Street
 Douglas
 IM1 1LD

Registered office

St Mary's Court
 20 Hill Street
 Douglas
 Isle of Man
 IM1 1EU

DIRECTORS' REPORT

The Directors submit their report and the audited abridged consolidated financial statements for the year ended 31 December 2021.

Principal activities

Nedbank Private Wealth Limited (the "Company") and together with its subsidiaries (together the "Group"):

Nedbank Private Wealth Limited (the "Company") is a licensed bank incorporated in the Isle of Man. Group operations are regulated by the Isle of Man Financial Services Authority, Jersey Financial Services Commission, United Kingdom Financial Conduct Authority and the South African Reserve Bank.

The Company carries on the business of banking in all its aspects including the management of clients' investments and the acceptance of sterling and foreign currency time deposits. Trustee and company administration services are also provided through the Company's wholly-owned subsidiaries which are listed in note 5 to these financial statements.

Discontinued Operations

On 21 December 2021, the Company entered into an agreement to sell 100% of its shareholding in Nedgroup Trust Limited, a wholly owned subsidiary based in Guernsey. The transaction is subject to certain conditions, including required regulatory approvals, and is expected to complete in 2022. Nedgroup Trust Limited and its subsidiaries have accordingly been designated discontinued operations in the consolidated financial statements. The Group retains control over Nedgroup Trust Limited as at the year end and until the completion date.

Results

The response of Central Banks to the Covid-19 pandemic resulted in the UK and US bank base rates being cut to historic all-time lows which has negatively impacted on the Group's net interest income. The retained profit for the year after tax amounted to £3,365,000 of which £1,446,000 relates to continuing activities and £1,919,000 to discontinuing activities (2020: £8,744,000, £6,544,000 continuing; £2,200,000 discontinuing) which has been transferred to retained earnings.

Dividend

During 2020 the Directors were cognisant that the UK Prudential Regulation Authority (PRA) welcomed the decisions of the boards of the large UK banks to suspend dividends and buybacks on ordinary shares until the end of 2020. This exceptional request by the PRA reflected the unprecedented levels of economic uncertainty facing the global economy at that time due to the onset of the pandemic. The PRA's request was deemed to be a necessary precautionary step in order to reduce the possibility of an unsafe depletion of banks' capital in the face of a risk of unknown dimensions. The directors were of the opinion that this logic also held true for Group dividends and no dividends were declared or paid in 2020.

The PRA subsequently judged (December 2020) that an extension of this exceptional and precautionary action was not necessary and that there was scope for banks to recommence some distributions should their boards choose to do so. The Group accordingly declared and paid dividends of £1,500,000 in 2021 (2020: no dividend declared or paid).

Covid-19

The effects of the coronavirus pandemic were felt throughout 2021; governments continued with a range of restrictions to protect their populations and Central Banks in the UK and US maintained base rates at historic lows to protect their economies. In the UK, and many other nations, there has been an effective vaccine rollout programme to combat existing and emerging variants of the virus, such as the Omicron variant. As a result, the global economy continues to adapt and recover from the shock of the pandemic, and the strength of the rebound in demand has led to supply constraints internationally that are seeing the return of inflation and the likelihood of increasing interest rates.

The Group, through various management committee forums, successfully managed the response to the pandemic to protect staff and ensure operational resilience. The evolving situation and potential impact on the business continue to be closely monitored. As part of this ongoing assessment, the Directors have considered Covid-19 issues in their Going Concern review that examines stressed scenarios over a three year period.

DIRECTORS' REPORT (CONTINUED)

Climate Change

The Directors consider that the Group has an important role to play in support of the Nedbank approach to combatting climate change. This is detailed in the Nedbank Group Task Force on Climate-Related Financial Disclosures Report for the year to 31 December 2020 (due to be next updated April 2022) ([Nedbank Group - TCFD Report 2020](#)): "We are a purpose-led organisation that considers our long-term sustainability as contingent on the success of the societies in which we operate. We will play a leading role in addressing climate change in ways that are sensitive to the local context, including climate vulnerability, development imperatives and structural economic challenges."

In November 2021 the Directors approved a climate change risk appetite statement (as part of the overarching risk appetite statements) which stated that the Company is committed to mitigate risks related to climate change which have significant implications for our clients, employees, suppliers and partners. The Company is committed to playing a leading role in addressing climate change in ways that are sensitive to the local socio-economic context and climate vulnerability. The Company will continuously demonstrate this commitment through active involvement in how it operates, invests and lends."

The Group Directors and staff do whatever we can to limit the impact of our business on the planet; by reducing our carbon footprint and acting sustainably; whilst also trying to influence others to do the same. Our Sustainability Forum, which includes climate change champions from across our international offices, meets regularly to initiate and progress sustainable initiatives. Examples of tangible actions that have been taken include funding the planting of trees in countries across the globe, introducing a Cycle to Work Scheme and providing all our staff with reusable water bottles and a "bag for life" made from recycled plastic bottles. Mindful of the impact our offices have, we have also installed motion sensitive LED lighting and paper saving initiatives for printers.

The Directors are cognisant of the Physical and Transition risks associated with climate change and the Group has measures in place to manage these. These risks also form part of the Going Concern Assessment.

Russia - Ukraine Conflict

In February 2022, Russia launched an invasion of Ukraine which has been followed by a wide range of sanctions against Russian institutions, companies and individuals. The directors have undertaken a risk assessment of the Groups position, concluding that direct exposure to Russian clients or counterparties is very small. Where indirect exposure exists, for example bank accounts associated with custodian arrangements, the Directors are satisfied that the risk is limited and well mitigated by; the financial standing of those institutions; ongoing monitoring by the Nedbank Sovereign and Financial Institutions Credit Unit and; regular review of the situation by the Groups Treasury Risk Asset and Liability Committee. The Group's assessment also included a review of resilience with respect to Cyber-threat, given the elevated risk of State sponsored attacks.

The Directors will continue to review this developing situation but are not aware of any matters that would lead to revisions of the 2021 Consolidated Financial Statements.

Brexit response and considerations

The Group continues to maintain a high level of vigilance on political and economic issues following the cessation of the Brexit transition period on 31 December 2020. Primary considerations include the impact on business flows and the quality of the client asset book, neither of which have evidenced an adverse trend in the period. NPWL is an active member of UK Finance, the leading financial services industry body in the UK and uses that association to remain abreast of industry developments, including geopolitical changes, which are also factored into the company's annual Internal Capital Adequacy Assessment Process and Going Concern review. The Group has previously reviewed its operations in each jurisdiction it is based and satisfied itself that its model remains appropriate in the post-Brexit era.

DIRECTORS' REPORT (CONTINUED)

Going concern

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern. The Group is not dependent on external finance and projected cash flows indicate adequate financial resources to meet liabilities as they fall due.

In the Directors assessment of adopting the going concern basis of accounting, the Board took into account both current performance and the Group's outlook, which considered the potential impact of the Covid-19 pandemic on the Group's capital and funding position as well as the Group's operational resilience. As part of this assessment, the Board considered a variety of scenarios, taking into account:

- the possible impacts on profit due to recent and forecast interest rate changes, movements in customer deposits and loan balances, potential reductions in revenues derived from assets under management and administration during highly stressed and falling markets, and potential increases in loan loss provisions arising from stressed collateral values during volatile economic periods;
- the sufficiency of the Group's capital base throughout the going concern period, including by reference to the results of stress testing which is performed as an integral part of the ICAAP;
- the adequacy of the Group's liquidity;
- the status of the parent Nedbank Group and the financial and operational linkages that exist with the Company given current exposures to the parent and ability to request for parental financial support; and
- the operational resilience of the Group's priority business functions, dependencies on suppliers, and the ability to provide continuity of service to its customers.

Based on the current financial forecasts and stress test analysis, the Group's capital, funding, and operational capabilities support the Board's assessment that they have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

Directors

The present Board and those Directors who served during the year are shown on page 1.

On behalf of the Board



Director

22 APRIL 2022

St Mary's Court
20 Hill Street
Douglas
Isle of Man
IM1 1EU

REPORT OF THE INDEPENDENT AUDITOR ON THE ABRIDGED FINANCIAL STATEMENTS TO THE MEMBER OF NEDBANK PRIVATE WEALTH LIMITED

Opinion

The abridged financial statements, which comprise the abridged consolidated statement of financial position and the abridged company statement of financial position as at 31 December 2021, and related notes, are derived from the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2021.

In our opinion the abridged financial statements are consistent, in all material respects with the audited financial statements in accordance with rule 2.22(4) of the Isle of Man Financial Services Rulebook.

Abridged Financial Statements

The abridged financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the abridged financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The abridged financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified opinion on the audited financial statements in our report dated 24 March 2022.

Directors' Responsibility for the Abridged Financial Statements

The Directors are responsible for the preparation of the abridged financial statements in accordance with rule 2.22(4) of the Isle of Man Financial Services Rulebook.

Auditor's responsibility

Our responsibility is to express an opinion on whether the abridged financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements issued by the International Auditing and Assurance Standards Board (IAASB).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 2.22 of the Isle of Man Financial Services Rulebook. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report on the abridged financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



Deloitte LLP
Douglas, Isle of Man
22 April 2022

Notes:

- (a) The maintenance and integrity of the Nedbank Private Wealth Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the abridged financial statements since they were initially presented on the website.
- (b) Legislation in the Isle of Man governing the preparation and dissemination of abridged financial statements may differ from legislation in other jurisdictions.


ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Cash and cash equivalents		84,489	95,759
Government treasury bills		234,494	397,860
Certificates of deposit		563,484	469,252
Floating rate notes		157,400	191,905
Loans and advances to other banks		42,564	70,726
Loans and advances to related parties		95,404	69,586
Derivatives and forward exchange contracts		2,274	374
Loans and advances to customers		432,067	422,069
Accrued interest receivable		407	1,318
Other assets		12,166	9,155
Deferred tax assets		506	845
Investments		3,248	3,174
Property and equipment		397	639
Right of use asset		5,985	6,793
Assets held for sale	10	7,320	-
Total assets		1,642,205	1,739,455
Liabilities			
Derivatives and forward exchange contracts		1,736	1,331
Deposits from customers		1,509,684	1,609,929
Deposits by related parties		2,748	2,328
Accrued interest payable		799	807
Other liabilities		16,654	16,899
Current tax liability		111	853
Deferred tax liability		20	47
Provisions	8	68	890
Pension scheme liability		6,988	11,386
Right of use lease liability	3	6,615	7,327
Liabilities directly associated with assets held for sale	10	3,494	-
Total liabilities		1,548,917	1,651,797
Shareholder's equity			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,764	2,575
Retained earnings		79,524	74,083
Total shareholder's equity		93,288	87,658
Total liabilities and shareholder's equity		1,642,205	1,739,455

The notes on pages 8 to 11 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23 March 2022 and were signed on their behalf by:



Director
Craig Blenkinsop
22 APRIL 2022



Director
Stuart Cummins
22 APRIL 2022

ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021


	Notes	2021 £'000	2020 £'000
Assets			
Cash and cash equivalents		84,489	94,715
Government treasury bills		234,494	397,860
Certificates of deposit		563,484	469,252
Floating rate notes		157,400	191,905
Loans and advances to banks		42,564	70,726
Loans and advances to related parties		95,404	69,586
Derivatives and forward exchange contracts		2,274	374
Loans and advances to customers		432,067	422,069
Accrued interest receivable		407	1,318
Other assets		12,166	6,486
Deferred tax assets		506	845
Investments		3,248	3,174
Investments in subsidiaries	4	5,004	5,004
Property and equipment		397	617
Right of use asset		5,985	6,590
Total assets		1,639,889	1,740,521
Liabilities			
Derivatives and forward exchange contracts		1,736	1,331
Deposits from customers		1,509,684	1,609,929
Deposits by related parties		6,414	7,328
Due to subsidiary companies		4	4
Accrued interest payable		799	807
Other liabilities		16,654	15,380
Current tax liability		111	639
Deferred tax liability		20	47
Provisions	8	68	890
Pension scheme liability		6,988	11,386
Right of use lease liability	3	6,615	7,195
Total liabilities		1,549,093	1,654,936
Shareholder's equity			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,764	2,575
Retained earnings		77,032	72,010
Total shareholder's equity		90,796	85,585
Total liabilities and shareholder's equity		1,639,889	1,740,521

The notes on pages 8 to 11 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23 March 2022 and were signed on their behalf by:



Director
 Craig Blenkinsop
 22 APRIL 2022



Director
 Stuart Cummins
 22 APRIL 2022

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

(forming part of the abridged consolidated financial statements for the year ended 31 December 2021)

1 Basis of preparation

These abridged financial statements are derived from the audited annual financial statements of the Group and Parent Company for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2 Accounting policies

These abridged financial statements incorporate accounting policies that are consistent with those adopted in the Group and Parent Company financial statements for the year ended 31 December 2021 and with those of previous years.

2.1 Changes in accounting policies

There are no changes in accounting policies effective from 1st January 2021 which have a material impact on these abridged financial statements.

3 Commitments (Group and Company)

There were no capital commitments at 31 December 2021 (2020: £nil).

There are commitments outstanding that have been entered into during the normal course of business. These comprise unutilised client loan facilities of £12,918,667 (2020: £20,063,905).

The Group has issued guarantees of £920,076 (2020: £920,076) during the year. All guarantees are related party guarantees.

Lease liabilities reconciliation

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Opening balance	7,327	7,584	7,195	7,287
Interest expense	250	266	250	259
Acquisitions	-	-	-	-
Derecognition	-	-	-	-
Lease modifications	-	253	-	253
Lease payments	(830)	(776)	(830)	(604)
Effects of movements in foreign exchange and other movements	-	-	-	-
Transferred to liabilities directly associated with assets held for sale	(132)	-	-	-
Closing balance	6,615	7,327	6,615	7,195

Lease liabilities: Current vs Non-Current

	Group £'000	Company £'000
Current	730	730
Non-Current	5,885	5,885
Total	6,615	6,615

**NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
 (CONTINUED)**

(forming part of the abridged consolidated financial statements for the year ended 31 December 2021)

4 Share capital

	Issued any fully paid	
	2021	2020
	£'000	£'000
11,000,000 Ordinary equity shares of £1 each	11,000	11,000

The Company has one class of ordinary shares which carry no right to fixed income.

5 Subsidiary undertakings

Name	Activity	Holding	Place of incorporation	Cost £'000
Nedgroup Trust Limited	Trust	100%	Guernsey	5,000
Nedgroup Private Wealth Nominees (Jersey) Limited	Nominee	100%	Jersey	-
Nedgroup Private Wealth Nominees (IOM) Limited	Nominee	100%	Isle of Man	2
Nedgroup Private Wealth Nominees (UK) Limited	Nominee	100%	Isle of Man	2
NPW Pension Trustees Limited	Pension Trustee	100%	Isle of Man	-
				5,004

6 Ultimate holding company and controlling party

As at 31 December 2021 Nedbank Private Wealth Limited was a wholly-owned subsidiary of Nedgroup International Holdings Limited which is incorporated in the Isle of Man. The controlling party of Nedbank Private Wealth Limited is Nedbank Group Limited.

7 Contingent liability
Claims in the Normal Course of Business

During the normal course of business the Group occasionally receives claims related to services which have been provided. There are no claims that have not been provided for as per note 8.

Depositors' Compensation Scheme

The Company is licensed by the Isle of Man Financial Services Authority ("IOMFSA") to conduct deposit-taking activities. All retail deposit-taking institutions in the Isle of Man are members of the statutory Isle of Man Depositors' Compensation Scheme under the Compensation of Depositors Regulations 2008 as amended by the Compensation of Depositors (Amendment) Regulations 2008 ("the Scheme").

The Scheme provides compensation to a maximum of 100% of the first £50,000 or currency equivalent of individual depositors and £20,000 in any other case, subject to a maximum of £200,000,000 for all participants, in the event of the failure of a participant institution to meet its obligations to depositors.

Such a failure triggers the payment of a levy by each participant calculated at 0.125% of average deposit liabilities over such period preceding the levying of the contribution as deemed appropriate by the Scheme Manager, with a minimum annual contribution of £35,000 and a maximum annual contribution of £350,000. During the year the Company paid contributions of £nil (2020: £nil) to the Scheme.

**NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
 (CONTINUED)**

(forming part of the abridged consolidated financial statements for the year ended 31 December 2021)

7 Contingent liability (continued)

The Jersey branch operation of the Company is licensed by the JFSC to conduct deposit-taking activities. All retail deposit-taking institutions in Jersey are members of the statutory Jersey Depositors' Compensation Scheme under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009.

The Jersey Scheme provides compensation to a maximum of 100% of the first £50,000 or currency equivalent of individual depositors, subject to a maximum of £100,000,000 in any five year period. During the year the Company paid contributions of £nil (2020: £nil) to the Scheme.

The London branch operation is licenced by the UKFCA, and therefore participates in the Financial Services Compensation Scheme ('FSCS'). The FSCS has provided compensation to consumers following the collapse of a number of deposit takers. The compensation paid out to consumers is currently funded through loans from the Bank of England and HM Treasury. In order to repay the loan principal that is not expected to be recovered, the FSCS levies participating financial institutions.

In 2021 the Bank paid contributions of £154,801 (2020: £156,385) to the FSCS. The bank could be liable to pay a further proportion of the outstanding borrowings that the FSCS has borrowed from HM Treasury. The ultimate FSCS levy to the industry as a result of the collapses cannot currently be estimated reliably as it is dependent on various uncertain factors including the potential recoveries of assets by the FSCS and changes in the level of protected deposits and the population of FSCS members at the time.

8 Provisions

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Opening balance	890	4,475	890	4,475
Utilised in the year	(925)	(4,035)	(925)	(4,035)
Released in the year	-	-	-	-
New provision	103	450	103	450
Closing balance	<u>68</u>	<u>890</u>	<u>68</u>	<u>890</u>

These amounts relate to legal fees and operating provisions incurred in the normal course of business.

9 Audited Financial Statements

A copy of the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2021 is available on request at the Company's registered office.

10 Discontinued Operations

On 21st December 2021, Nedbank Private Wealth Limited entered into an agreement to sell 100% of its shareholding in Nedgroup Trust Limited, a wholly owned subsidiary based in Guernsey. The transaction is subject to certain conditions, including required regulatory approvals, and is expected to complete in 2022. Nedgroup Trust Limited has accordingly been designated as a discontinued operation. No impairment loss has been recognised as the discontinued operation has been measured at its carrying amount.

**NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

(forming part of the abridged consolidated financial statements for the year ended 31 December 2021)

10 Discontinued Operations (continued)**Nedgroup Trust Limited major classes of assets and liabilities comprising operations classified as held for sale.**

	2021
	£'000
Assets	
Cash and cash equivalents	1,753
Other assets	3,572
Property and equipment	403
Right of use asset	1,592
	<hr/>
Assets of discontinued operations held for sale	7,320
	<hr/>
Liabilities	
Other Liabilities	1,540
Current tax liability	381
Right of use lease liability	1,573
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Liabilities of discontinued operations	3,494
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