

NEDBANK PRIVATE WEALTH LIMITED

Abridged consolidated and company financial statements

For the year ended 31 December 2022

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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 R Harris	c,b	16 July 2019	
A J Corlett	a,d	17 March 2020	
J J O Wilson	b	17 March 2020	
N A 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 2022.

Principal activities

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

The Company is a licensed bank incorporated in the Isle of Man, whose 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 Great Britain Pound sterling ("sterling") and foreign currency time deposits. The Company's wholly owned subsidiaries, are listed in note 5 of these financial statements. Prior to the disposal of Nedgroup Trust Limited, completed on 29 April 2022, Group activities include trustee and company administration services provided through the Company's wholly owned subsidiaries and trust subsidiaries, located in the Channel Islands. These businesses are regulated by the Jersey Financial Services Commission and Guernsey Financial Services Commission.

Disposal of Subsidiary

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. As noted above the transaction was completed on 29 April 2022. The results of Nedgroup Trust Limited and its subsidiaries for the period to 29 April 2022 have been included in the consolidated financial statements under discontinued operations (see note 10).

Results

The retained profit for the year after tax amounted to £25,310,000 of which £10,718,000 relates to continuing activities, £14,020,000 relates to the sale of the discontinued operation (note 10) and £572,000 to discontinuing activities (2021: £3,365,000, £1,446,000 continuing; £1,919,000 discontinuing) which has been transferred to retained earnings. A significant feature contributing to the increased level of retained profits is the interest rate environment, heavily influenced by macro-economic conditions. In the prior year, Central Banks had responded to the COVID-19 pandemic by reducing interest rates to historically low levels. In the current year, by contrast, inflationary pressures have led to rate increases, thereby returning the Group earnings closer to pre-pandemic levels.

Dividend

In the year under review, the Group has declared and paid dividends of £7,758,290 (2021: £1,500,000).

Climate Change

The Directors consider that the Group has an important role to play in support of the Nedbank Group Limited Energy Policy in combatting climate change. This is detailed in the Nedbank Group Task Force on Climate-Related Financial Disclosures Report for the year to 31 December 2021 (due to be next updated during 2023) ([Nedbank Group - TCFD Report 2021](#)): "As part of our journey as a purpose-led business, we are committed to playing a leading role in addressing climate change in ways that are sensitive to the local socioeconomic context and climate vulnerability."

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 the ways it invests and lends.

DIRECTORS' REPORT (CONTINUED)

The Group Directors and staff take all reasonable steps 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 in recent periods include funding the planting of trees in countries across the globe, introducing a Cycle to Work Scheme, installation of motion sensitive LED lighting, paper saving initiatives and providing all our staff with reusable water bottles and a "bag for life" made from recycled plastic bottles.

In March 2022, the Company also added a range of Sustainable Investment Strategies to its Discretionary Asset Management range. These complement the Company's existing responsible investment approach in recognition of the fact that investors are increasingly demanding that companies act fairly, with due regard to their employees and that they respect the environment in which they operate. They also closely align with the Company's own values.

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 invaded Ukraine, causing an armed conflict between two of Europe's major food and energy producers. This led to the United States of America, the United Kingdom and the European Union amongst others, issuing a wide range of sanctions against Russian institutions, companies and individuals. The Directors have undertaken a risk assessment of the Group's position and evaluated its relationship with certain clients, concluding that direct exposure to Russian clients or counterparties is minimal. Where indirect exposure exists, the Directors are satisfied that the risk is limited and well mitigated by risk management procedures in place such as, dealing with financial institutions of reputable standing, ongoing monitoring of counterparties by the Nedbank Sovereign and Financial Institutions Credit Unit and the regular review of the macroeconomic and microeconomic environment by the Group's Treasury Risk Asset and Liability Committee. The Group's assessment also included a review of resilience with respect to Cybersecurity threat, given the elevated risk of State sponsored attacks.

The conflict has resulted in the rise of energy and food prices in countries across the world which, when combined with supply shortages linked to recovery from the COVID-19 pandemic, has significantly increased inflation. In an attempt to manage the inflationary spike, Central banks in the United States of America, United Kingdom and Europe have significantly increased interest rates, which was a major contributing factor to the increase in interest income and expenses as highlighted in these financial statements.

The Directors will continue to review this developing situation but are not aware of any matters that would lead to revisions of the 2022 Consolidated Financial Statements.

Brexit response and considerations

NPWL is an active member of UK Finance, the leading financial services industry body in the UK and uses that association, alongside other sources, to remain abreast of industry developments, including geopolitical changes. These are 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 in which it is based and has satisfied itself that its model remains appropriate in the post-Brexit era. There is no evidence of adverse trends regarding business flows or the quality of client asset book since the cessation of the Brexit transition period on 31 December 2020.

Going concern

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate because there are no known 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.

The Directors assessment of adopting the going concern basis of accounting took into account both current performance and the Group's outlook, which included considerations on potential impact of a resurgence of COVID-19, impact of recent bank failures, and the economic pressures of the continuing Russia-Ukraine conflict 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:

DIRECTORS' REPORT (CONTINUED)

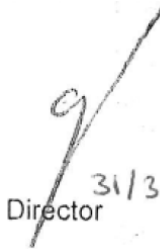
- the possible impacts on profit due to recent and forecast interest and inflation rate changes, movements in customer deposits and loan balances, potential reductions in revenues derived from assets under management and administration during highly stressed and falling markets, and potential increases 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 continuing activities of 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



31/3/23
Director

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 2022, and related notes, are derived from the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2022.

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 2023.

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
31 March 2023

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.

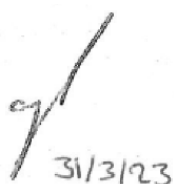
ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Cash and cash equivalents		60,642	84,489
Government treasury bills		257,643	234,494
Certificates of deposit		639,040	563,484
Floating rate notes		215,497	157,400
Loans and advances to other banks		73,329	42,564
Loans and advances to related parties		85,100	95,404
Derivatives and forward exchange contracts		7,953	2,274
Loans and advances to customers		378,786	432,067
Accrued interest receivable		6,673	407
Other assets		7,497	12,166
Deferred tax assets		2	506
Investments		3,714	3,248
Property and equipment		290	397
Right of use asset		5,380	5,985
Assets held for sale	10	-	7,320
Pension scheme asset		369	-
Total assets		1,741,915	1,642,205
Liabilities			
Derivatives and forward exchange contracts		1,959	1,736
Deposits from customers		1,599,343	1,509,684
Deposits by related parties		3,194	2,748
Accrued interest payable		2,036	799
Other liabilities		10,426	16,654
Current tax liability		994	111
Deferred tax liability		11	20
Provisions	8	1,068	68
Pension scheme liability		-	6,988
Right of use lease liability	3	6,080	6,615
Liabilities directly associated with assets held for sale	10	-	3,494
Total liabilities		1,625,111	1,548,917
Shareholder's equity			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,160	2,764
Retained earnings		103,644	79,524
Total shareholder's equity		116,804	93,288
Total liabilities and shareholder's equity		1,741,915	1,642,205

The notes on pages 8 to 12 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23 March 2023 and were signed on their behalf by:



Director
Craig Blenkinsop



Director
Stuart Cummins

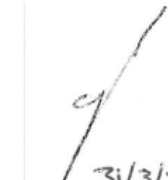
ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Cash and cash equivalents		60,642	84,489
Government treasury bills		257,643	234,494
Certificates of deposit		639,040	563,484
Floating rate notes		215,497	157,400
Loans and advances to banks		73,329	42,564
Loans and advances to related parties		85,100	95,404
Derivatives and forward exchange contracts		7,953	2,274
Loans and advances to customers		378,786	432,067
Accrued interest receivable		6,673	407
Other assets		7,497	12,166
Deferred tax assets		2	506
Investments		3,714	3,248
Investments in subsidiaries	5	4	5,004
Property and equipment		290	397
Right of use asset		5,380	5,985
Pension scheme asset		369	-
Total assets		1,741,919	1,639,889
Liabilities			
Derivatives and forward exchange contracts		1,959	1,736
Deposits from customers		1,599,343	1,509,684
Deposits by related parties		3,194	6,414
Due to subsidiary companies		4	4
Accrued interest payable		2,036	799
Other liabilities		10,426	16,654
Current tax liability		994	111
Deferred tax liability		11	20
Provisions	8	1,068	68
Pension scheme liability		-	6,988
Right of use lease liability	3	6,080	6,615
Total liabilities		1,625,115	1,549,093
Shareholder's equity			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,160	2,764
Retained earnings		103,644	77,032
Total shareholder's equity		116,804	90,796
Total liabilities and shareholder's equity		1,741,919	1,639,889


The notes on pages 8 to 12 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23 March 2023 and were signed on their behalf by:



31/3/23
Director

Craig Blenkinsop



31/03/2023
Director

Stuart Cummins

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

(forming part of the abridged consolidated financial statements for the year ended 31 December 2022)

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 2022, 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 2022 and with those of previous years.

2.1 Changes in accounting policies

There are no changes in accounting policies effective from 1st January 2022 which have a material impact on these abridged financial statements.

3 Commitments (Group and Company)

There were no capital commitments at 31 December 2022 (2021: £nil). There are commitments outstanding that have been entered into during the normal course of business. These comprise unutilised client loan facilities of £7,658,288 (2021: £12,918,667).

The Group has not issued any guarantees during the year (2021: £920,076).

Lease liabilities reconciliation

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening balance	6,615	7,327	6,615	7,195
Interest expense	232	250	232	250
Acquisitions	-	-	-	-
Derecognition	-	-	-	-
Lease modifications	-	-	-	-
Lease payments	(767)	(830)	(767)	(830)
Effects of movements in foreign exchange and other movements	-	-	-	-
Transferred to liabilities directly associated with assets held for sale	-	(132)	-	-
	<u>6,080</u>	<u>6,615</u>	<u>6,080</u>	<u>6,615</u>
Closing balance	6,080	6,615	6,080	6,615

Lease liabilities: Current vs Non-Current

	Group	Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current	762	730	762	730
Non-current	5,318	5,885	5,318	5,885
	<u>6,080</u>	<u>6,615</u>	<u>6,080</u>	<u>6,615</u>
Total	6,080	6,615	6,080	6,615

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2022)

4 Share capital

	Issued and fully paid	
	2022 £'000	2021 £'000
11,000,000 Authorised 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 2022	Cost £'000 2021
Nedgroup Trust Limited (Note 10) (Disposed on 29 April 2022)	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	2
Nedgroup Private Wealth Nominees (UK) Limited	Nominee	100%	Isle of Man	2	2
NPW Pension Trustees Limited	Pension Trustee	100%	Isle of Man	-	-
				4	5,004

6 Ultimate holding company and controlling party

As at 31 December 2022 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. All claims have been provided for where the Company anticipate that a payment is probable, based on individual circumstances and evidence provided.

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 Depositors' Compensation Scheme Regulations 2010.

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 £100,000,000 from the Treasury and £100,000,000 from 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 0.175% 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 £50,000 and a maximum annual contribution of £500,000. During the year the Company paid contributions of £nil (2021: £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 2022)

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 (2021: £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 2022 the Bank paid contributions of £123,653 (2021: £154,801) 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening balance	68	890	68	890
Utilised in the year	-	(925)	-	(925)
Released in the year	-	-	-	-
Legal provision	1,000	103	1,000	103
Closing balance	1,068	68	1,068	68

The Company strives to operate to the highest of standards, undertaking remedial actions to address any relevant self or externally identified matters brought to the attention of management. The financial services industry is a highly regulated environment and such actions include those to ensure compliance with the regulations of all jurisdictions in which the Company operates.

Following a review by the directors of all known matters, a new provision has been raised representing an estimate of the expected outflow of resources where an obligating event has been identified. A probability-weighted approach has been used to assess the quantum of the provision, and address the uncertainties therein, with the assessment that the quantum of outflow of resources required to resolve this matter in full is likely to be £1m.

The closing provision also includes £68k of VAT on investment management services.

9 Audited Financial Statements

A copy of the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2022 is available on request at the Company's registered office.

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2022)

10 Discontinued Operations

On 21 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 was completed on 29 April 2022. Nedgroup Trust Limited was accordingly designated as a discontinued operation until the completion of the disposal. The profit from discontinued operations, is the profit generated by Nedgroup Trust Limited for the period to 29 April 2022.

Nedgroup Trust Limited Statement of Profit and Loss

	2022* £'000	2021 £'000
Interest income calculated using the effective interest method	-	-
Fee and commission income	3,043	9,132
Total income	3,043	9,132
General administrative expenses	(2,408)	(7,000)
Profit before tax	635	2,132
Income tax expense	(63)	(213)
Profit from discontinued operations, net of tax for the year	572	1,919

* For the period to 29 April 2022

Nedgroup Trust Limited Extract of Statement of Financial Position

	2022** £'000	2021 £'000
Assets		
Cash and cash equivalents	2,696	1,753
Other assets	4,489	3,572
Property and equipment	471	403
Right of use asset	1,344	1,592
Assets of discontinued operations held for sale	9,000	7,320
Liabilities		
Other Liabilities	2,219	1,540
Current tax liability	55	381
Right of use lease liability	1,421	1,573
Liabilities of discontinued operations	3,695	3,494

**As at 29 April 2022 date of disposal

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2022)

10 Discontinued Operations (continued)

Proceeds from sale of Nedgroup Trust Limited

	Group	Company
	2022	2022
	£'000	£'000
Cash Proceeds from Sale	19,873	19,873
Transaction costs	(548)	(548)
Recognition of inter-group cash	-	960
	<hr/>	<hr/>
Proceeds from sale	19,325	20,285
Less recognition of inter-group cash	-	(960)
Net assets of subsidiary at disposal	(5,305)	-
Investment in subsidiary at disposal	-	(5,000)
	<hr/>	<hr/>
Net proceeds from sale	14,020	14,325