NEDBANK PRIVATE WEALTH LIMITED

Directors' report and Abridged financial statements

For the year ended 31 December 2024

NEDBANK
PRIVATE WEALTH
SINCE 1834

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DIRECTORS AND OFFICERS

Directors

Name		Appointed	Resigned
C Blenkinsop		14 October 2011	
S Cummins		20 March 2018	
E M Kruger	e	20 March 2018	
I Ruggiero	a,b	12 August 2015	Effective 31 March 2025
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

KPMG Audit LLC
Heritage Court 41
Athol Street
Douglas
Isle of Man
IM1 1LA

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 2024.

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, United Kingdom Prudential Regulation 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 wholly owned subsidiaries of the Company are listed in note 8 of these financial statements.

Results

The retained profit for the year after tax amounted to £13,223,000 (2023: £17,286,000). £13,223,000 has been transferred to retained earnings (2023: £17,286,000).

The lower level of retained profits was influenced by the successful execution in late 2023 and early 2024 of the strategic decision to cease offering banking services to the corporate e-gaming sector; a change in deposit mix, with a larger proportion of average Fixed Term Deposits in 2024 compared to the prior year; and a tax rate increase in the Isle of Man. This change increased the banking taxation rate from 10% to 15%, in respect of the 2024/25 tax year only, with the 15% rate applying to those banks and retailers, like the Company, whose profits would otherwise be subject to a top-up tax outside the Isle of Man under the OECD's Pillar 2 Global Minimum Tax initiative. For Fiscal Years commencing on or after 1 January 2025, the Isle of Man's local Pillar 2 Domestic Top-up Tax will then apply (see note 11 of these financial statements for further information).

Dividend

In the year under review, the Company has declared and paid dividends of £32,500,000, 295.5 pence per share (2022: £9,000,0000, 81.8 pence per share). The higher dividend level in the year included the proceeds of the sale of Nedgroup Trust Limited, previously a subsidiary of the Company, concluded in April 2022.

Inflation, Interest rates and growth

Overall, 2024 saw economies navigating through inflationary pressures and geopolitical tensions, while striving to generate growth. The ongoing supply chain disruptions continued to affect production and pricing, contributing to the inflationary pressures and leading to cautious monetary policy adjustments.

The UK election in July 2024 saw a strong Labour victory, with the new government laying out a growth agenda for the UK economy. Through 2024, the UK did manage to avoid recession, although growth was sluggish, registering 0.1% in the final quarter of the year.

The Bank of England reduced the UK Bank Rate from 5.25% to 5% in August 2024 and to 4.75% in November 2024, with the Monetary Policy Committee commenting that it would continue to monitor closely the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each meeting. The Directors' expectation is that the Bank Rate will continue to trend downwards in 2025, albeit that the reductions could be modest given the current uncertainties in the marketplace.

Fraud Risk

The Directors recognise the increased incidence of fraud attempts being experienced by UK and International banks and the proactive stance the Company has adopted with industry forums such as UK Finance and the Isle of Man Bankers Association, which ensures the Company is well placed to address matters as they arise.

DIRECTORS' REPORT (CONTINUED)

Wealth Management Platform

The Company entered into an agreement with a leading wealth management technology provider in mid-2023 and is undertaking a programme of work to replace the Company's current wealth management platform. This programme saw much activity in 2024 and involves capital expenditure over 2024 and 2025, all of which has been built into forecasts reviewed by the Directors as part of the going-concern review.

The re-platforming exercise will bring significant business benefits, and the Directors recognise that there is some delivery risk. This has been assessed and is mitigated through a project Steering Committee with risk oversight via the Group's Enterprise-wide Risk Committee.

Geopolitical tensions

Russian occupation of Eastern and Southern Ukraine became entrenched during 2024 with both sides increasingly dependent upon foreign support to supply the war effort. Blocks on natural gas exports, foodstuffs and the effects of an expanded sanctions regime all served to expand the impact of the conflict globally.

As a result of the invasion in 2022, the United States of America, the United Kingdom and the European Union amongst others, issued a wide range of sanctions against Russian institutions, companies and individuals which continued through 2024. As reported in the prior year, 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 continues to be minimal. The Group has an embargo on new Russian-nexus clients, investments and payment activity. 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.

Conflict in the Middle East continued throughout 2024 with permanent peace in the region being difficult to achieve.

Conflicts aside, the implementation by the Trump administration of an 'America First' policy, since the US election in November 2024, has the potential to cause risks to the global economy. The subsequent challenges by the US to the established norms of trade, alliances, migration and multilateralism is causing a significant level of uncertainty looking forward. If widespread US trade tariffs become a reality, these are likely to lead to retaliatory moves, with economic consequences that are unlikely to be positive for investment markets. As noted in the going-concern section of this report, these economic factors and geopolitical tensions have been taken into consideration as part of the going-concern process.

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. The Group supports The Nedbank Climate Change Position for which the latest statement can be found here:

https://www.nedbank.co.za/content/nedbank/desktop/gt/en/aboutus/green-and-caring/sustainability.html

The Directors recognise the importance of understanding the key risks and challenges posed by climate change and have taken steps to address and mitigate related risks, including the recognition of Physical and Transition risks associated with climate change. These risks also form part of the Going-Concern Assessment.

During 2023, the Directors developed and approved NPWLs Climate Risk Management Framework which covers, Strategic commitment, Regulatory compliance, Stakeholder expectations and operational resilience.

The Group also takes all reasonable steps to limit the impact of its' business on the planet; by reducing its' carbon footprint and acting sustainably; whilst also trying to influence others to do the same. To this end, in 2024 the Company created a Sustainability Committee which supports the Senior Leadership Team in developing and implementing the Company's sustainability and climate strategy, goals and standards.

DIRECTORS' REPORT (CONTINUED)

Corporate e-Gaming clients

The Group has a long history of providing wealth management, investment advice and private banking services to private clients and their families, previously also providing some commercial banking services to a number of firms within the e-Gaming sector.

In the prior year the Group completed a review of the growth strategy and made the decision to focus on core private client investment and wealth management services, as the Group continues to build on key strengths and further develop its client offering. This focus is particularly helpful at a time that the Company is making substantial investment into a new wealth management platform. As a result, the Directors approved a strategic initiative to cease the provision of commercial banking and payment services to the e-Gaming sector.

From May 2023, NPWL provided notice to clients that the provision of commercial banking and payment services to the e-Gaming sector would cease to be provided. In doing so, NPWL worked with, and ensured that, the Isle of Man Government Department of Enterprise, Isle of Man Gambling Supervision Commission and the Isle of Man Financial Services Authority were kept informed of the decision. NPWL worked alongside its corporate e-Gaming clients throughout the period, to support smooth transitions to alternative banking providers.

The move to cease providing banking services to the corporate e-Gaming sector was successfully completed in 2024, seeing known outflows of client deposits in both 2023 and 2024. NPWL had ample liquidity to absorb these strategic outflows and now has an increased focus on NPWLs core private client business segment.

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 and Company to continue as a going-concern. The Group and Company 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 of the potential impact of each of the matters referred to above, impact of bank failures, and the economic pressures of the continuing geopolitical tension 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 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' REPORT (CONTINUED)

Auditor Rotation

In accordance with the rule issued by the Independent Regulatory Board for Auditors (IRBA) in South Africa, the Group's previous statutory auditor, Deloitte LLP, retired from their position at the conclusion of their external audit responsibilities for the year ending December 31 2023. This was due to mandatory rotation requirements at a Nedbank Group level in South Africa. The Nedbank Group auditor had served for the maximum permissible term of five consecutive years.

Following a detailed selection process, the Board appointed KPMG Audit LLC, on retirement of Deloitte LLP, and remain committed to maintaining the high standards of financial transparency and accountability.

Directors

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

On behalf of the Board

Stuart Cummins
Chief Executive Officer - Director
25 March 2025

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 and company statement of financial position as at 31 December 2024 and selected explanatory notes, are derived from the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2024.

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the audited financial statements prepared 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 our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The abridged financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 March 2025.

Director's 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.

Auditors' 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."

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.

KPMG Audit LLC

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM1 1LA

25 March 2025

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

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 (Rule 2.22(4) of the Isle of Man Financial Services Rulebook) may differ from legislation in other jurisdictions.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Cash and cash equivalents		**31,903**	29,929
Government treasury bills		**218,878**	301,609
Certificates of deposit		**338,789**	412,633
Floating rate notes		**216,548**	256,186
Loans and advances to other banks		**57,977**	85,063
Loans and advances to related parties		**83,809**	70,602
Derivatives and forward exchange contracts		**4,578**	5,260
Loans and advances to customers		**328,716**	325,704
Accrued interest receivable		**10,644**	12,363
Other assets		**16,578**	10,363
Deferred tax assets		**8**	-
Investments		**282**	672
Property and equipment		**594**	236
Intangible assets		**7,061**	807
Right of use asset		**4,178**	4,830
Pension scheme asset		**2,408**	1,145
Total assets		**1,322,951**	1,517,402
Liabilities			
Derivatives and forward exchange contracts		**1,773**	1,313
Deposits from customers		**1,179,213**	1,356,084
Deposits from related parties		**4,123**	3,468
Accrued interest payable		**3,402**	4,245
Other liabilities		**18,156**	17,766
Current tax liability		**1,544**	1,523
Deferred tax liability		**447**	109
Provisions	12	**-**	367
Right of use lease liability	10	**4,881**	5,678
Total liabilities		**1,213,539**	1,390,553
Shareholder's equity			
Issued capital	6	**11,000**	11,000
Fair value reserve		**1,439**	624
Retained earnings		**96,973**	115,225
Total shareholder's equity		**109,412**	126,849
Total liabilities and shareholder's equity		**1,322,951**	1,517,402

The notes on pages 10 to 16 form part of the financial statements.

These financial statements were approved by the Board of Directors on 20 March 2025 and were signed on their behalf by:

Stuart Cummins
Chief Executive Officer - Director
25 March 2025

Craig Blenkinsop
Chief Financial Officer - Director
25 March 2025

ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Cash and cash equivalents		**31,903**	29,929
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Certificates of deposit		**338,789**	412,633
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Loans and advances to customers		**328,716**	325,704
Accrued interest receivable		**10,644**	12,363
Other assets		**16,578**	10,363
Deferred tax assets		**8**	-
Investments		**282**	672
Investments in subsidiaries	8	**4**	4
Property and equipment		**594**	236
Intangible assets		**7,061**	807
Right of use asset		**4,178**	4,830
Pension scheme asset		**2,408**	1,145
Total assets		**1,322,955**	1,517,406
Liabilities			
Derivatives and forward exchange contracts		**1,773**	1,313
Deposits from customers		**1,179,213**	1,356,084
Deposits from related parties		**4,123**	3,468
Due to subsidiary companies		**4**	4
Accrued interest payable		**3,402**	4,245
Other liabilities		**18,156**	17,766
Current tax liability		**1,544**	1,523
Deferred tax liability		**447**	109
Provisions	12	**-**	367
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Fair value reserve		**1,439**	624
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Total shareholder's equity		**109,412**	126,849
Total liabilities and shareholder's equity		**1,322,955**	1,517,406

The notes on pages 10 to 16 form part of the financial statements.

These financial statements were approved by the Board of Directors on 20 March 2025 and were signed on their behalf by:

Stuart Cummins
Chief Executive Officer - Director
25 March 2025

Craig Blenkinsop
Chief Financial Officer - Director
25 March 2025

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(forming part of the abridged financial statements for the year ended 31 December 2024)

1 Basis of preparation

These abridged financial statements are prepared in a manner required by Rule 2.22(4) of the Isle of Man Financial Services Rulebook ("The Rule"). This Rule requires the preparation of abridged financial statements which contain the Consolidated and Company Statements of Financial Position and selected explanatory notes as derived from the audited financial statements for the year ended 31 December 2024.

The Group financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) and the Company financial statements in accordance with IFRSs with the exclusion of the Statement of Profit and Loss or a Company Statement of Other Comprehensive Income as permitted by the Isle of Man Companies Act 2006.

2 Accounting policies

These abridged financial statements incorporate accounting policies that are consistent with those adopted in the Group and Company financial statements for the year ended 31 December 2024 and with those of previous years. Where reference is made to Group it also means Company unless the context otherwise suggests.

3 Changes in accounting policies

There are no changes in accounting policies effective from 1st January 2024 which have a material impact on these abridged financial statements.

4 Audited Financial Statements

A copy of the audited financial statements of Nedbank Private Wealth Limited for the year ended 31 December 2024 is available on request at the Company's registered office.

5 Dividend

Dividends of £32,500,000, being 295.5 pence per share (2023: £9,000,000, 81.8 pence per share) were declared and paid during the year.

6 Share capital

	Issued and fully paid	
	2024	2023
	£'000	£'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.

7 Capital management

Regulatory capital

The Company's lead regulator, the Isle of Man Financial Services Authority, sets and monitors capital requirements for the parent company. The individual subsidiary and branch operations are directly supervised by their local regulators.

The Company had regulatory capital as at the 31 December 2024 of £85,406,000 (2023: £107,975,000). The Company holds regulatory capital in the form of Common Equity Tier 1 capital and Regulatory adjustment Tier 2 capital. As at 31 December 2024 Tier 1 capital represented £84,738,000 and Tier 2 represented £668,000 (2023: Tier 1 £107,469,000 & Tier 2 £506,000).

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged financial statements for the year ended 31 December 2024)

7 **Capital management (continued)**

Regulatory capital (continued)

The Company's policy is to maintain a ratio of total capital to total risk weighted assets in excess of that prescribed by the lead regulator. As at 31 December 2024 the Company was required to hold minimum capital of £53,605,000 (2023: £53,673,000). The policy has been complied with throughout.

The Company has complied with all externally imposed capital requirements throughout the year and there have been no material changes in the Company's management of capital during the year.

8 **Subsidiary undertakings**

Name	**Activity**	**Holding**	**Place of incorporation**	**Cost £'000 2024**	Cost £'000 2023
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	4

Investments in subsidiary undertakings are accounted for at cost. The risks associated with the subsidiary undertakings are managed in line with the Nedbank Group Enterprise-wide Risk Management framework. In relation to the nominee companies these are vehicles to hold Client Assets on behalf of the Company in regard to its investment business. The Company would accept liability for all acts and omissions of these companies and does not identify any material risk in relation to their operation over and above that identified in its normal course of business. The principal risk associated with the NPW Pension Trustees Limited is the risk of litigation.

9 **Ultimate holding company and controlling party**

As at 31 December 2024, 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.

10 **Commitments**

Funds to meet capital expenditure commitments will be provided from the Group's resources, in the current period there is £5,422,000 (2023: £nil) of outstanding capital commitments, these are solely in relation to the development of a new Wealth Management platform. In addition, there are commitments outstanding that have been entered into during the normal course of business and capital expenditure which may be incurred in the normal course of business. Unutilised client loan facilities total £6,733,000 (2023: £10,585,000).

The Group has not issued any guarantees during the year (2023: £nil).

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged financial statements for the year ended 31 December 2024)

10 Commitments (continued)

Lease liabilities reconciliation

	Group and Company	
	2024	2023
	£'000	£'000
Balance as at 1 January 2024	**5,678**	6,080
Interest expense	**201**	218
Acquisitions	**-**	95
Derecognition	**-**	-
Lease modifications	**-**	-
Lease payments	**(998)**	(715)
Effects of movements in foreign exchange and other movements	**-**	-
Balance as at 31 December 2024	**4,881**	5,678

Lease liabilities: Current vs Non-Current

	Group and Company	
	2024	2023
	£'000	£'000
Current	**803**	816
Non-current	**4,078**	4,862
Total	**4,881**	5,678

11 Pillar 2 taxation

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar 2 model rules as applied in each local jurisdiction, with consequences for the Group as noted below.

Isle of Man taxation

The Isle of Man budget of 20 February 2024 introduced a change regarding the taxation of banks in the Isle of Man. For the 2024/25 year of assessment only from 1 April 2024, the 10% rate of tax was increased to 15% for banking entities:

- that are part of groups that are in scope of OECD Pillar 2 Global Minimum Tax; and
- that have an ultimate (or intermediate) parent entity located in a jurisdiction that has implemented a Pillar 2 Income-Inclusion Rule (IIR) for accounting periods commencing on or after a date no later than 1 January 2024.

This change did not impact any profits taxable at the 0% rate under the current '0/10' regime.

As part of the South African National Budget for 2024/2025, unveiled on 21 February 2024, the South Africa National Treasury announced their intention to apply Pillar 2 legislation with effect from 1 January 2024. South Africa then finalised the new legislation (Global Minimum Tax Act) in line with their intentions on 24 December 2024, with the rules effective for tax years starting from 1 January 2024.

As South Africa is the jurisdiction in which the ultimate controlling party is incorporated, this has the effect of bringing the Group into the scope of the changes announced by the Isle of Man, increasing its effective tax rate in 2024 only to 13.75% for profits previously taxed at 10% under the 0/10 regime.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
(forming part of the abridged financial statements for the year ended 31 December 2024)

11 **Pillar 2 taxation (continued)**

Isle of Man taxation (continued)

For the year ended 2025, all profits in the Isle of Man will be taxed at an effective rate of 15%. On 20 May 2024, as part of the OECD's Pillar Two initiative, the Isle of Man announced the implementation of the Qualified Domestic Minimum Top-Up Tax (QDMTT) effective from 1 January 2025. This additional top up tax aims to ensure that all Isle of Man entities that are part of multinational enterprises (MNEs) pay a minimum effective tax rate of 15% on profits generated within the Isle of Man. The Group falls within the scope of this additional top-up tax which will increase the effective tax rate to 15%.

Jersey Taxation

Jersey did not opt to increase or apply any additional taxation rules for the period ended 31 December 2024, and thus the OECD Pillar 2 regime had no impact, with taxable profits remaining taxed at 10%.

On 22 October 2024, the States Assembly unanimously adopted the legislation to implement a Multinational Corporate Income Tax (MCIT) for in-scope entities, with an effective date of 1 January 2025. The MCIT applies to Jersey entities of MNE groups, the scope of which includes the Group.

The Group will be liable to the MCIT which ensures that in-scope MNEs pay an effective tax rate of 15% on their Jersey profits, this increasing the expected taxation rate for the Jersey branch to 15%.

United Kingdom Taxation

The UK has implemented the Pillar 2 global minimum tax rules through the introduction of the Multinational Top-up Tax (MTT) and the Domestic Top-up Tax (DTT) with effect for periods starting on or after 31 December 2023, the new taxes ensure that MNEs pay a minimum effective tax rate of 15% on their profits in each jurisdiction they operate in. The UK's Income Inclusion Rule (IIR), which applies for accounting periods beginning on or after 31 December 2023, is relevant to the group as it falls within the scope of the Pillar 2 framework. However, the Company itself is not impacted by the IIR, as any potential top-up tax obligations would be assessed at the level of the ultimate parent entity in South Africa. In addition, the current rate of taxation for the UK branch is 25%, and therefore no current or future top-up tax is expected to be required.

12 **Provisions**

	Group and Company	
	2024	2023
	£'000	£'000
Opening balance	**367**	1,068
Utilised in the year	**-**	(535)
Released in the year	**(367)**	(533)
Legal provision	**-**	367
Closing balance	**-**	367

On 21 December 2021, the Company entered into a Share Purchase Agreement ('SPA') to sell its former subsidiary, Nedgroup Trust limited, a sale that completed on 29 April 2022. This SPA contained certain warranties which are subject to "run-off" Insurance provisions. Included within these was a warranty in respect of any losses (excluding reputational loss and including indirect or consequential losses only to the extent that it results in loss of profit) that may be incurred by the acquirer relating to specific outstanding matters at the time of sale.

During 2023 the acquiring party was subject to a Court judgement and ordered to pay the costs that a beneficiary had incurred in relation to a legal matter under the specific matters above. The acquirer sought to recover these costs from NPWL under the warranties within the SPA and the Company in turn sought to recover costs incurred through run-off insurance.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged financial statements for the year ended 31 December 2024)

12 **Provisions (continued)**

A new provision of £367,000 was raised at the end of 2023 representing an estimate of the expected outflow of resources where an obligating event had been identified. A probability-weighted approach was 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 was likely to be £1,000,000. It was noted that the Company believed that the full costs of settlement would be recovered through run-off insurance but due to the timing and uncertainly of the future claim, no asset was realised in the prior year financial statements.

During 2024 the Company has received Gross claims from the acquiring company of £1,038,000 in respect of the matter above and a related matter covered by the run-off insurance arrangements. Consequently, the Company has paid the acquirer £584,000 following adjustments relating to the insurance excess and other deductions. This amount of £584,000 has been recovered in full by the Company from its run-off insurer. The provision of £367,000 raised at the end of 2023 has been utilised in full during the year.

Following a review by the Directors of all known matters in relation to the warranties claim and run-off insurance matters at the end of 2024, it has been concluded that the requirements of "IAS 37 Provisions, Contingent Liabilities and Contingent Assets" for a further provision have not been met. In respect of the warranty claim, there is no reliable estimate of what the amount of the obligation might be since there is no specific amount claimed against the acquirer. In relation to the other run-off Insurance matters, the Group has no present obligation (legal or constructive) in excess of the amounts paid to date. Consequently, the IAS37 requirements are not met, and no new provision has been made in 2024.

The Group 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 Group operates.

In May 2022 the Group took part in a Foreign Politically Exposed Persons ('FPEP') Thematic visit on the Isle of Man by the Isle of Man Financial Services Authority ("IOMFSA"). In advance of this the Group had self-identified required improvements with respect to FPEP procedures and controls, in line with the Group's ongoing risk and compliance roadmap, which had included an externally managed regulatory rules mapping exercise. The IOMFSA visit raised a number of findings, some of which had already been self-identified by the Group, and as a result concluded that a civil penalty was appropriate.

Following a review by the Directors of all known matters, a new provision was raised in 2022 representing an estimate of the expected outflow of resources where an obligating event had been identified. A probability-weighted approach was 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 was estimated to be £1,000,000.

The civil penalty was calculated at £764,550 and during 2023 the Directors agreed to an early settlement with the IOMFSA resulting in a 30% discount and a final figure of £535,000, with the remainder of the provision released.

It is important to highlight the following:

- This civil penalty was imposed due to findings from the FPEP Thematic.
- The IOMFSA acknowledged the constructive dialogue between NPW and the IOMFSA which is ongoing and gives credit for those pre-identified actions agreed by the Company's management as contained in the Risk & Compliance road map.
- The Company was already undertaking a programme of work in place at the time of the visit which was shared with the IOMFSA in advance of the FPEP Thematic visit.
- There is no suggestion by the IOMFSA that the FPEP Thematic found any evidence of money laundering or the financing of terrorism. In addition, the Company is satisfied none of the contraventions identified resulted in customer detriment or damage to the reputation of the Island.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
(forming part of the abridged financial statements for the year ended 31 December 2024)

12 **Provisions (continued)**

- It is also noted by the IOMFSA, that there were significant mitigating factors in this case. The Company committed to prompt and effective remedial action and has already taken substantial steps to address matters.

Further information in regard to the IOMFSA's findings and Civil Penalty can be found at: https://www.iomfsa.im/fsa-news/2023/dec/public-statement-concerning-the-imposition-of-a-civil-penalty-under-the-anti-money-laundering-countering-the-financing-of-terrorism-civil-penalties-regulations-2019-in-respect-of-nedbank-private-wealth-limited/

The Group, having agreed appropriate actions with the IOMFSA completed the remedial works in April 2024. In addition, those works were subject to additional independent assurance performed by Nedbank Group Internal Audit, which was completed in July 2024, with no issues arising and an overall 'Satisfactory' rating.

13 **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 Group anticipate that a payment is probable, based on individual circumstances and evidence provided.

Share Purchase Agreement warranty claim
The Directors judge that a Contingent Liability exists in respect of the Share Purchase Agreement warranty claim disclosed in note 12 and the associated insurance excess deduction as both are subject to future possible legal action, the outcome of which is unknown.

There is no reliable estimate of the financial impact of the first matter, as there is no specific amount claimed against the acquirer. This matter is covered by run-off insurance, but no asset is being raised as there is no provision for a current obligation.

In accepting the payments made by the Company during 2024, the acquirer reserved its position in respect of the insurance excess of £106k, noting that they were considering the SPA terms and whether this matter is covered as an insurance claim (in which case the figure is fully accepted) or by virtue of the express indemnity under the SPA (in which case no deduction would be applicable). This amount would not be recoverable by the Company under its run-off insurance arrangements.

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 other cases, 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 (2023: £nil) to the Scheme.

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 £17,700 (2023: £nil) to the Scheme.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
(forming part of the abridged financial statements for the year ended 31 December 2024)

13 Contingent liability (continued)

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 2024, the Bank paid contributions of £54,248 (2023: £87,699) 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.