

**NEDBANK PRIVATE WEALTH LIMITED**

Abridged consolidated financial statements

For the year ended 31 December 2020

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## DIRECTORS AND OFFICERS

### Directors

Name		Appointed	Resigned
J C Averty	a,b	26 October 2001	17 March 2020
C Blenkinsop		14 October 2011	
S Cummins		20 March 2018	
S P Fox		05 December 2011	17 March 2020
A G K Hamilton	b,c	17 June 2008	
E M Kruger	e	20 March 2018	
C D Parrish	a,d	25 January 2012	17 March 2020
I Ruggiero	a,b	12 August 2015	
S C Wilkins		20 March 2018	17 March 2020
J Harris	a	16 July 2019	
A Corlett	a,d	17 March 2020	
J Wilson	b	17 March 2020	

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  
PO Box 250  
Douglas  
Isle of Man  
IM99 1XJ

### 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 consolidated financial statements for the year ended 31 December 2020.

### 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.

### 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 impacted on the Group's net interest income. The retained profit for the year after tax amounted to £8,744,000 (2019: £13,162,000) which has been transferred to retained earnings.

### Dividend

Given the uncertainty created by the Covid-19 pandemic and cognisant of the request by the UK Prudential Regulation Authority for large UK banks to suspend dividends and buy backs on ordinary shares until the end of 2020, the Board followed a similar conservative approach choosing not to declare or pay a dividend during the year (2019: £8,900,0000).

### Covid-19

The coronavirus pandemic, which reached the UK in February 2020, is still ongoing. Nedbank Private Wealth Limited, through various management committee forums, continues to closely monitor the evolving situation and potential impact on the business. As part of this assessment, the Board has also performed a Going Concern review examining stressed scenarios over a three year period and has concluded there is no uncertainty regarding Nedbank Private Wealth Limited's ability to continue as a going concern.

### Brexit response and considerations

NPWL throughout 2020 maintained a vigilant watch on developments in the run up to the end of the post-Brexit transition period on 31 December 2020, coordinated through a dedicated Brexit Working Group, which included attendance at industry briefings and the provision of professional advisory input on potential impact areas across all business operations. The outcome of that process highlighted no material adverse impacts on the business model or changes to the firms' operations and NPWL continues to monitor the situation closely following the signing of the trade deal between the UK and the EU on 30 December 2020 as the UK economy in particular, adjusts to the new trading rules.

### 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.

## DIRECTORS' REPORT (CONTINUED)

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

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 2020, and related notes, are derived from the audited financial statements of Nedbank Private Wealth Limited (the "Company") for the year ended 31 December 2020.

In our opinion, the abridged financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the directors' report.

### 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 and the audited 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 audit opinion on the audited financial statements in our report dated 31 March 2021.

### DIRECTORS' RESPONSIBILITY FOR THE ABRIDGED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the abridged financial statements in accordance with the basis described in the directors' report.

### 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 Abridged Financial Statements.

This report, including the opinion, has been prepared for and only for the Company's member in accordance with Rule 2.22 of the Financial Services Rule Book and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Deloitte LLP  
Douglas, Isle of Man

29 April 2021

#### 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 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Cash and cash equivalents		95,759	85,310
Government treasury bills		397,860	248,994
Certificates of deposit		469,252	447,847
Floating rate notes		191,905	254,091
Loans and advances to other banks		70,726	44,633
Loans and advances to related parties		69,586	68,212
Derivatives and forward exchange contracts		374	443
Loans and advances to customers		422,069	423,379
Accrued interest receivable		1,318	3,560
Other assets		9,155	9,517
Deferred tax assets		845	617
Investments		3,174	2,351
Property and equipment		639	942
Right of use asset		6,793	7,262
<b>Total assets</b>		<b>1,739,455</b>	<b>1,597,158</b>
<b>Liabilities</b>			
Derivatives and forward exchange contracts		1,331	884
Deposits from customers		1,609,929	1,478,177
Deposits by related parties		2,328	5,398
Accrued interest payable		807	1,143
Other liabilities		16,899	8,434
Current tax liability		853	1,589
Deferred tax liability		47	52
Provisions	8	890	4,475
Pension scheme liability		11,386	6,595
Right of use lease liability	3	7,327	7,584
<b>Total liabilities</b>		<b>1,651,797</b>	<b>1,514,331</b>
<b>Shareholder's equity</b>			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,575	1,994
Retained earnings		74,083	69,833
<b>Total shareholder's equity</b>		<b>87,658</b>	<b>82,827</b>
<b>Total liabilities and shareholder's equity</b>		<b>1,739,455</b>	<b>1,597,158</b>

The notes on pages 7 to 9 form part of the financial statements.

These financial statements were approved by the Board of Directors on 24<sup>th</sup> March 2021 and were signed on their behalf by:



Director  
Craig Blenkinsop  
29<sup>th</sup> April 2021



Director  
Stuart Cummins  
29<sup>th</sup> April 2021

## ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Cash and cash equivalents		94,715	84,611
Government treasury bills		397,860	248,994
Certificates of deposit		469,252	447,847
Floating rate notes		191,905	254,091
Loans and advances to banks		70,726	44,633
Loans and advances to related parties		69,586	70,248
Derivatives and forward exchange contracts		374	443
Loans and advances to customers		422,069	423,379
Accrued interest receivable		1,318	3,560
Other assets		6,486	6,668
Deferred tax assets		845	488
Investments		3,174	2,351
Investments in subsidiaries		5,004	5,004
Property and equipment		617	893
Right of use asset		6,590	6,924
<b>Total assets</b>		<b>1,740,521</b>	<b>1,600,134</b>
<b>Liabilities</b>			
Derivatives and forward exchange contracts		1,331	884
Deposits from customers		1,609,929	1,478,152
Deposits by related parties		7,328	11,126
Due to subsidiary companies		4	4
Accrued interest payable		807	1,143
Other liabilities		15,380	5,896
Current tax liability		639	1,565
Deferred tax liability		47	52
Provisions	8	890	4,475
Pension scheme liability		11,386	6,595
Right of use lease liability	3	7,195	7,287
<b>Total liabilities</b>		<b>1,654,936</b>	<b>1,517,179</b>
<b>Shareholder's equity</b>			
Issued capital	4	11,000	11,000
Fair value and share option reserves		2,575	1,994
Retained earnings		72,010	69,961
<b>Total shareholder's equity</b>		<b>85,585</b>	<b>82,955</b>
<b>Total liabilities and shareholder's equity</b>		<b>1,740,521</b>	<b>1,600,134</b>

The notes on pages 7 to 9 form part of the financial statements.

These financial statements were approved by the Board of Directors on 24<sup>th</sup> March 2021 and were signed on their behalf by:



Director  
Craig Blenkinsop  
29<sup>th</sup> April 2021



Director  
Stuart Cummins  
29<sup>th</sup> April 2021



**NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS**  
(forming part of the abridged consolidated financial statements for the year ended 31 December 2020)

**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 2020, 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 2020 and with those of previous years.

**2.1 Changes in accounting policies**

There are no changes in accounting policies effective from 1st January 2020 which have a material impact on these abridged financial statements.

**3 Commitments (Group and Company)**

There were no capital commitments at 31 December 2020 (2019: £nil).

There are commitments outstanding that have been entered into during the normal course of business. These comprise unutilised client loan facilities of £20,063,905 (2019: £30,178,265).

The Group has issued guarantees of £920,076 (2019: £1,851,868) during the year. All guarantees are related party guarantees.

**Lease liabilities reconciliation**

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Opening balance</b>	<b>7,584</b>	8,233	<b>7,287</b>	7,769
Interest expense	<b>266</b>	285	<b>259</b>	272
Acquisitions	-	-	-	-
Derecognition	-	-	-	-
Lease modifications	<b>253</b>	-	<b>253</b>	-
Lease payments	<b>(776)</b>	(934)	<b>(604)</b>	(754)
Effects of movements in foreign exchange and other movements	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Closing balance</b>	<b>7,327</b>	7,584	<b>7,195</b>	7,287
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Lease liabilities: Current vs Non-Current**

	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Current	860	728
Non-Current	6,467	6,467
	<hr/>	<hr/>
<b>Total</b>	<b>7,327</b>	<b>7,195</b>
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## NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(forming part of the abridged consolidated financial statements for the year ended 31 December 2020)

### 4 Share capital

	Issued any fully paid	
	2020	2019
	£'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 2020 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 (2019: £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 2020)

### 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 (2019: £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 2020 the Bank paid contributions of £156,385 (2019: £80,076) 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Opening balance	4,475	93	4,475	93
Utilised in the year	(4,035)	-	(4,035)	-
Released in the year	-	(93)	-	(93)
New provision	450	4,475	450	4,475
Closing balance	<u>890</u>	<u>4,475</u>	<u>890</u>	<u>4,475</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 2020 is available on request at the Company's registered office.